



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED



INVESTOR UPDATE

October 25, 2007

QUARTER ENDED September 30, 2007



71% YoY increase in operating income to Rs 5,692mn

Profit after Tax up 108% YoY to Rs 959mn
Total Assets Under Management stands at Rs 148bn

Financial Highlights - (Q2 FY'08 v/s Q2 FY'07)

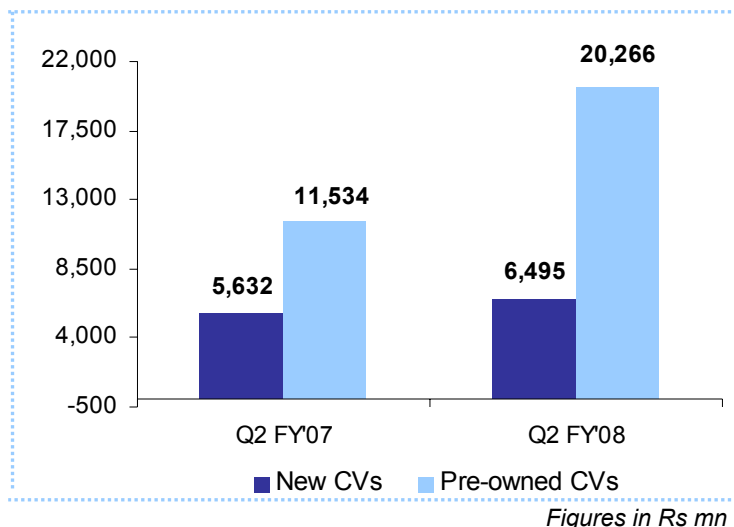
- **Operating Income up 71.2% to Rs 5,692.3mn:**
 - ✓ Fund-based Income up 65.3% to Rs 5,387.7mn.
 - ✓ Securitisation Income up to Rs 279.6mn from Rs 21.5mn.
- **Core Operating Profits up 90.6% to Rs 2,096.9mn.**
- **PAT up 108.5% to Rs 959.3mn.**
- **Total disbursements up 55.9% to Rs 26,761mn.** Pre-owned CV disbursements comprised 75.7% of total disbursements.
- **Net Interest Margin stands at 8.36%.**
- **Net Spread expanded to 4.68% from 3.53%.**
- **RoE increased to 30.77% from 20.04%.**
- **Healthy asset quality with Gross NPAs at 1.90% and Net NPAs at 0.98%.**

Operational & Other Highlights (Q2 FY'08)

- **Strengthened the marketing set-up** with addition of 8 branch offices taking the total count of branch network to 391.
- **To meet the ambitious growth plans**, the Board has approved to issue fresh capital by way of shares/warrants, ADR/GDR and/or by way of QIP (Qualified Institutional Placements) or preferential allotment basis as per SEBI (DIP) Guidelines, 2000.
- **Allotted 7,000 Equity Shares** of Rs. 10 each fully paid up to the employees under the ESOP scheme.
- 69,00,000 warrants held by Shriram Holdings (Madras) Pvt. Ltd have been converted into equity shares of Rs.10 each at a premium of Rs.102 per share

Balance Sheet Analysis

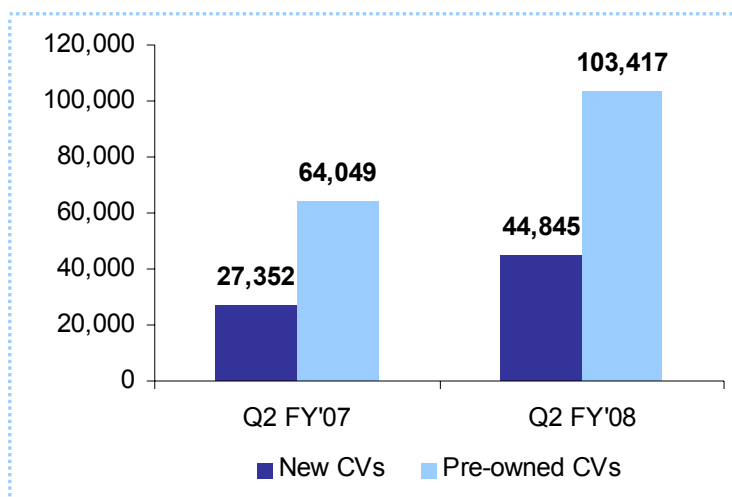
Disbursements



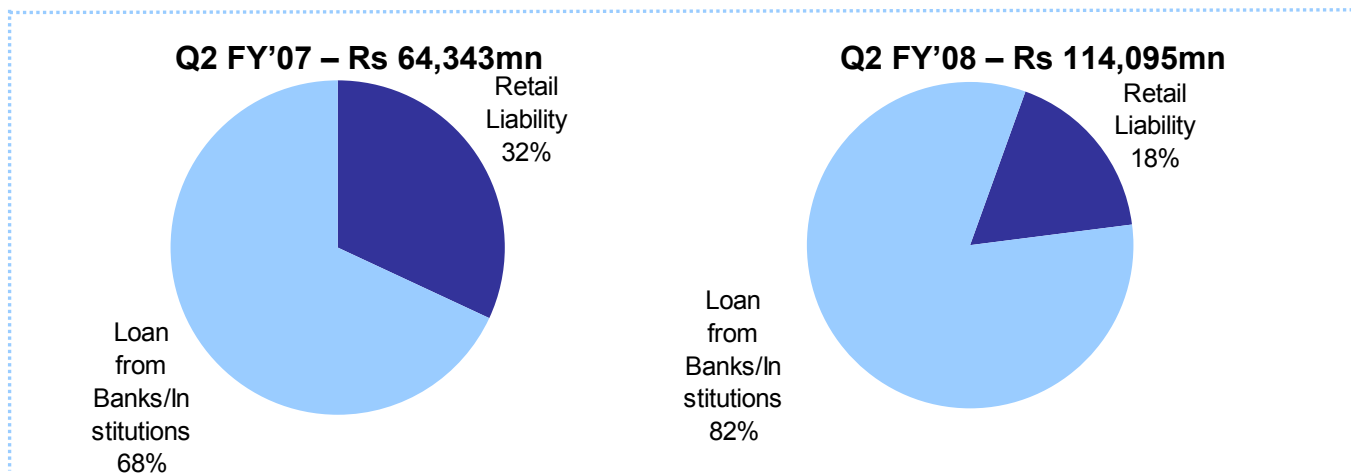
76% YoY increase in Pre-owned CV disbursements

Total Assets under Management grew by 62% YoY and 11% QoQ to Rs 148.2bn

Assets under Management



Borrowing Profile



Financials – Quarterly

Profit and Loss Statement

Figures in Rs mn

Profit & Loss Statement	Q2 FY'07	Q1 FY'08	Q2 FY'08	YoY %	QoQ %
Income from Financing operations					
- Fund Based	3,259.0	4,471.0	5,387.7	65.3%	20.5%
- Income from Securitisation	21.5	302.8	279.6	1199.3%	-7.7%
- Fee based	43.9	27.6	25.0	-43.1%	-9.4%
Operating Income	3,324.4	4,801.3	5,692.3	71.2%	18.6%
Interest expended	1,677.7	2,323.5	2,869.2	71.0%	23.5%
Personnel cost	177.5	270.8	259.6	46.2%	-4.1%
Operating expenditure	368.9	459.1	466.5	26.5%	1.6%
Core Operating Profit (Profit before Provisions & Contingencies)	1,100.3	1,747.9	2,096.9	90.6%	20.0%
Other Income	16.4	2.8	3.1	-80.9%	14.0%
Operating Profit	1,116.7	1,750.7	2,100.1	88.1%	20.0%
Provisions for Bad Debts	430.1	568.6	629.5	46.3%	10.7%
PBT	686.6	1,182.1	1,470.6	114.2%	24.4%
Tax	226.5	432.9	511.3	125.7%	18.1%
PAT	460.1	749.3	959.3	108.5%	28.0%
EPS	2.69	4.07	5.08	88.8%	24.8%
Book Value	54.27	63.13	69.63	28.3%	10.3%

Key Ratios

Key Ratios (%)	Q2 FY'07	Q1 FY'08	Q2 FY'08
Yield on Interest earning assets	18.49%	16.89%	17.89%
Cost of interest bearing Liabilities	10.66%	9.95%	10.70%
Net Interest Margin	8.97%	8.11%	8.36%
Return on Avg. Net Worth	20.04%	26.65%	30.77%
Return on Avg. Assets	2.36%	2.70%	3.05%
Fee-Income % of Total income	5.26%	2.30%	1.75%
Interest Coverage Ratio	1.99	2.07	1.99

Balance Sheet

Figures in Rs mn

Balance Sheet	Q2 FY'07	Q1 FY'08	Q2 FY'08
Liabilities			
Shareholder Funds			
Equity Capital	1,749	1,842	1,912
Reserves	7,745	9,787	11,396
Loans			
Secured	52,680	64,527	79,054
Unsecured	11,663	27,415	35,041
Current Liabilities	7,560	9,412	9,493
Deferred Tax Liability	1,337	866	866
Total	82,734	113,849	137,762
Assets			
Fixed Assets	1,591	1,631	1,662
Loans & Advances	888	495	205
Cash & Bank balances	4,723	8,712	12,670
Investments	92	918	2,167
Truck receivables	72,111	100,206	118,796
Current Assets	3,330	1,887	2,262
Total	82,734	113,849	137,762

Spread Analysis

Spread Analysis	Q2 FY'07	Q1 FY'08	Q2 FY'08
Total Income/ Avg. total assets	17.17%	17.34%	18.11%
Interest cost/ Avg. total assets	8.62%	8.39%	9.12%
Gross Spread	8.55%	8.95%	8.99%
NPA provisioning/ Avg. total assets	2.21%	2.05%	2.00%
Overhead Cost/ Avg. total assets	2.81%	2.63%	2.31%
Net Spread	3.53%	4.27%	4.68%

About Shriram Transport Finance Co. Ltd.

Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with assets under management of Rs 148bn. The company is a leader in organized financing of pre-owned trucks with strategic presence in 4-10 year old trucks and a market share of 20-25%. It has a pan-India presence with a network of 6 regional offices, 85 divisional offices and 391 branches, and employs 6,318 employees including 2,410 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 a vertically integrated business model and offers a number 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 TPG New Bridge, Chrys Capital, Citicorp, Quantum & UTI Bank providing it growth capital support. For more information please visit www.stfc.in.

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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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