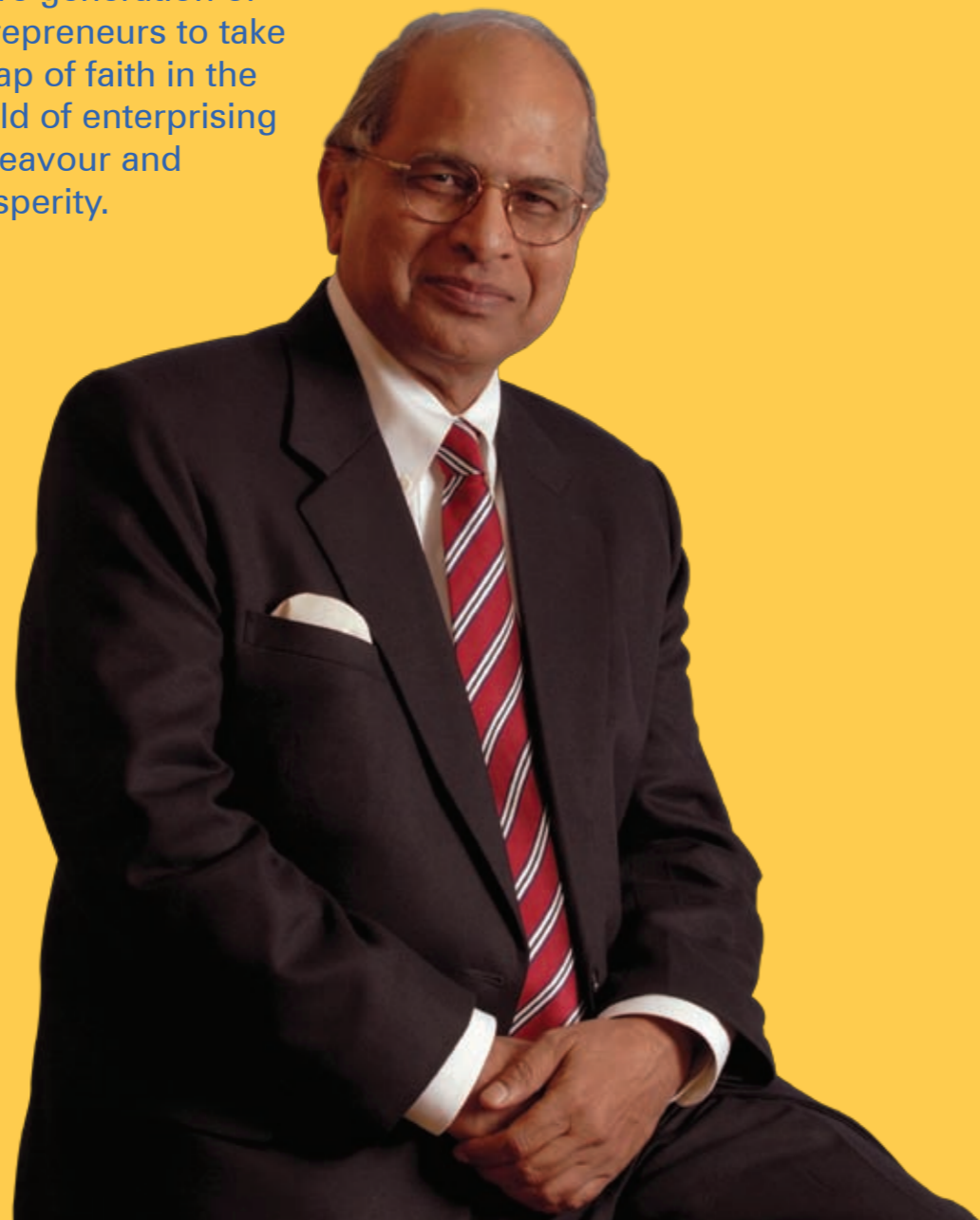


CHAIRMAN'S STATEMENT

Even before the concepts of 'discovering the fortune at the bottom of the pyramid' and 'reaching at the grassroots' came in vogue, we were working towards supporting an entire generation of entrepreneurs to take a leap of faith in the world of enterprising endeavour and prosperity.



Since our inception, we have worked hard to build a sustainable and scalable business. We will continue to remain on the path of being a catalyst for the growth of India.

Dear Shareholders,

The rapid, linear growth path of the Indian economic landscape is an uncontested fact.

Growth, however, is achieved in the true sense only when it is for everyone. Only when the lowest common denominator of the society benefits from the dividends of growth does it reach its true objectives. Only when development reduces the divide between the various strata that exist in society is it considered beneficial. A country progresses only when its constituents are upwardly mobile.

In short, true growth includes one and all.

However, it is not the sole responsibility of the government or policy makers to drive the engine of growth. Industry needs to be an equal participant in creating an atmosphere of opportunity and economic self dependence for all. It is imperative that an increase in prosperity levels be facilitated through the creation of industrial infrastructure, service opportunities and a broad based entrepreneurial culture that spurs further growth.

At Shriram Transport, we have modelled our business around this concept of inclusive growth, by focusing not on the target group being already pursued by financial institutions but that which are outside the influence of economic resurgence. Therefore, even before the concepts of 'discovering the fortune at the bottom of the pyramid' and 'reaching at the grassroots' came in vogue, we were working towards supporting an entire generation of entrepreneurs to take a leap of faith in the world of enterprising endeavour and prosperity. We positioned ourselves in the world of helping the national road logistics industry by financing pre-owned trucks across the country.

There is, however, a long way to go. The Indian economy is expected to continue to grow at a rapid pace in the coming years. This growth to sustain would need large-scale development of infrastructure. The Government of India has already realised the need and has increased the total allocation for infrastructure development to Rs. 19,60,000 cr in its eleventh five year plan 2007-12. This is expected to create additional demand for new commercial vehicles, at the same time would increase demand for pre-owned commercial vehicles in wake of better logistics, increased production and large-scale infrastructure creation. We expect

the market for pre-owned commercial vehicles to increase faster than new vehicles as increased demand for vehicles would result in increased freight rate and better earnings of drivers, leading to a surge in the first time users and small truck owners. The impact of this growth is also going to create higher demand for various other commercial vehicles – passenger commercial vehicles, tractors and construction equipment.

Our consistent performance and growth is testimony to the strengths we have infused our business with. However, in order that we remain sustainable and harness the opportunity landscape, we have invested our organisation with people, systems and processes. These initiatives will surely help us in countering any adversity in our external operating environment. We view with concern the rising interest rate scenario that prevails across the world today, but are confident that we will continue to remain competitive.

The year 2007-08 was important for Shriram Transport. We produced good results, in a year when the Indian auto sector performed unevenly. We made excellent progress increasing our customer base, enhancing our asset base and introducing new verticals and products in making the growth sustainable for future years. And most significantly, we continued to execute well in all of our markets, creating value for our customers, our communities, our employees – and you, our shareholders.

Since our inception, we have worked hard to build a sustainable and scalable business. We will continue to remain on the path of being a catalyst for the growth of India. We are equally committed to growing shareholder value and being a responsible corporate citizen. I seek your support and encouragement in this journey.

Best regards,

Arun Duggal, Chairman