



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED



INVESTOR UPDATE

December 8, 2006

HALF YEAR ENDED SEPTEMBER 2006

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

43.5% YoY increase in operating income from Rs 4,282.3mn to Rs 6,144.9mn in the half year ended September'06

- Profit after Tax up 23.7% YoY to Rs 870.5mn

Financial Highlights - (H1 FY'07 v/s H1 FY'06)

- **Net Operating Income up by 43.5% to Rs 6,144.9mn**
 - ✓ Fund based Income at Rs 6,071.3mn
 - ✓ Fee based Income at Rs 73.6mn
- **Core Operating Profits up 45.1% to Rs 2,032.5mn**
- **PAT up 23.7% Rs 870.5mn**
- **Total disbursements increased by 94.9% to Rs 30,763.1mn.** Pre-owned CV disbursements constituted 64.1% of total disbursements
- **Net Interest Margin at 9.27%**
- **Net Spread at 3.27%**

Operational Highlights (H1 FY'07)

- **Strengthen the branch network** with addition of 25 new branches taking the total branch network to 321
- **Partnered with 45 local financiers** to strengthen the franchisee model taking the total number of partnerships to over 100
- **Added 144 employees** taking the total employee strength to 3,853
- Appointed film star Dharmendra as brand ambassador for a period of one year starting May 2006

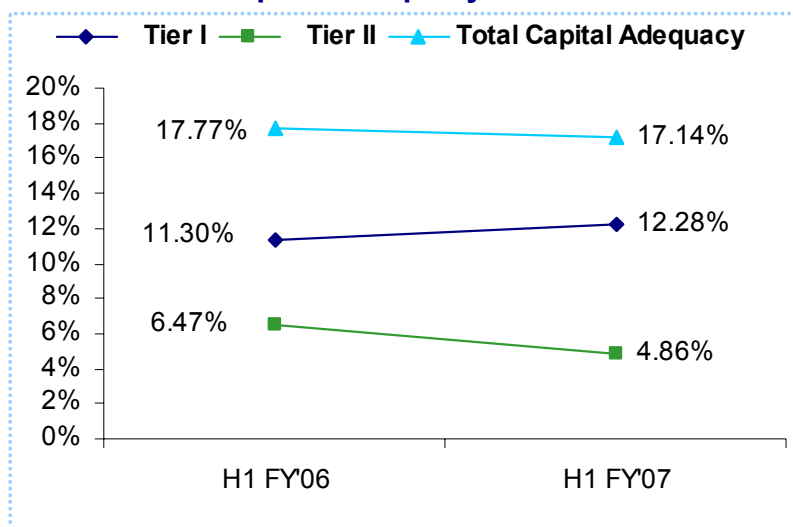
Other Highlights (H1 FY'07)

- Allotted 5,715,000 Equity Shares of Rs.10/- each for cash at a premium of Rs.25/- against the optionally convertible warrants to UNO Investments in August 2006
- Declared an Interim dividend of Rs 1/- per share for the year 2006-07

Spread Analysis

	H1 FY'06	H1 FY'07
Avg. Yield on Assets	22.8%	19.4%
Avg. Cost of Funds	11.4%	10.3%
Gross Spread	11.4%	9.2%
NPA provisioning	2.1%	2.4%
Overhead Cost	5.2%	3.5%
Net Spread	4.2%	3.3%

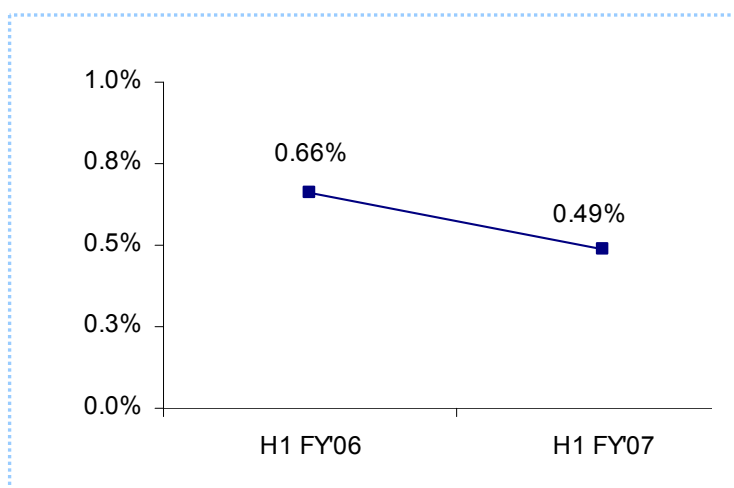
Capital Adequacy Ratio



The company maintains capital adequacy well above the statutory requirement of 12%

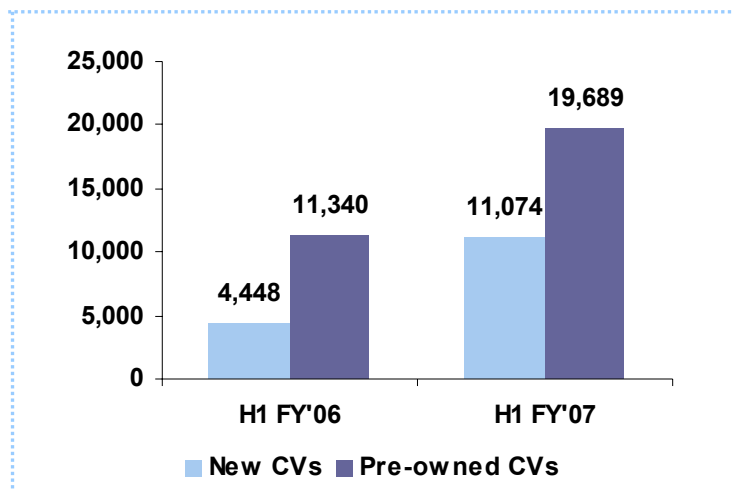
Improving asset quality reflected in declining Net NPAs/Net Loans ratio

Net NPAs / Net Loans



Balance Sheet Analysis

Disbursements

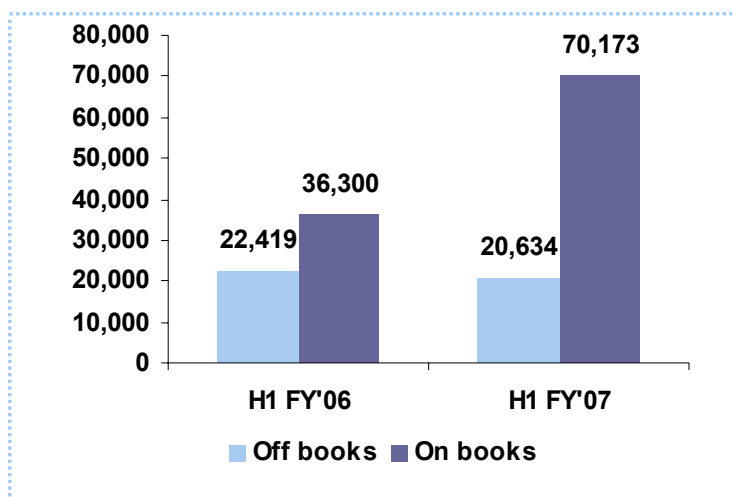


Figures in Rs mn

149% YoY increase in New CV Disbursements and 74.3% increase in Pre-owned CV Disbursements

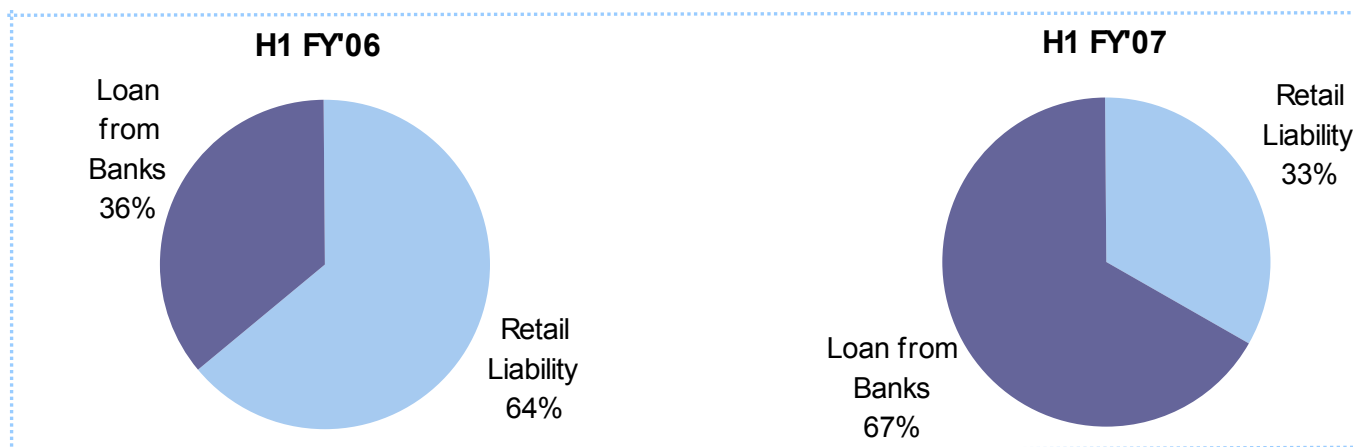
93.3% YoY increase in On-books assets under management

Assets under Management



Figures in Rs mn

Borrowing Profile



Financials – Half Yearly

Profit and Loss Statement

Figures in Rs mn

	H1 FY'06	H1 FY'07	% Chg YoY
Fund based	4,077.0	6,071.3	48.9%
Fee based	205.3	73.6	-64.2%
Operating Income	4,282.3	6,144.9	43.5%
Interest expended	1,975.2	2,994.4	51.6%
Personnel cost	197.9	336.1	69.9%
Operating expenditure	708.6	781.8	10.3%
Core Operating Profit (Profit before Provisions & Contingencies)	1,400.6	2,032.5	45.1%
Other income	41.6	32.7	-21.3%
Operating Profit	1,442.2	2,065.2	43.2%
Provisions for Bad Debts	374.6	746.3	99.2%
PBT	1,067.6	1,318.9	23.5%
Tax	364.0	448.4	23.2%
PAT	703.6	870.5	23.7%
EPS	4.8	5.1	7.3%
Book Value per Share	34.8	54.6	57.0%

Key Ratios

	H1 FY'06	H1 FY'07
Net Interest Margin	9.72%	9.27%
Return on Avg. Net Worth	30.28%	19.41%
Return on Avg. Assets	3.87%	2.74%
Fee-Income % of Total income	4.75%	1.19%
Interest Coverage Ratio	2.19	2.06

Balance Sheet

Figures in Rs mn

	H1 FY'06	H1 FY'07
Liabilities		
Shareholder Funds		
Equity Capital	1,418.1	1,749.3
Reserves	3,566.5	7,809.0
Preference Capital	538.8	-
Loans		
Secured	30,094.0	52,291.8
Unsecured	4,488.5	11,649.7
Current Liabilities	6,093.5	8,923.1
Deferred Tax Liability	1,290.1	1,336.9
Total	47,489.6	83,759.7
Assets		
Fixed Assets	1,397.3	1,261.3
Loans & Advances	595.2	479.3
Cash & Bank balances	5,438.9	5,748.0
Investments	243.3	91.5
Truck receivables	36,299.5	70,173.0
Current Assets	3,515.4	6,006.5
Total	47,489.6	83,759.7

Financials - Quarterly

Profit and Loss Statement

Figures in Rs mn

	Q2FY'06	Q1FY'07	Q2FY'07	% Chg QoQ	% Chg YoY
Fund based	2,337.3	2,709.4	3,361.9	24.1%	43.8%
Fee based	94.1	36.5	37.1	1.6%	-60.6%
Operating Income	2,431.4	2,745.9	3,399.0	23.8%	39.8%
Interest expended	1,043.9	1,343.8	1,650.6	22.8%	58.1%
Personnel cost	108.6	158.6	177.5	11.9%	63.5%
Operating expenditure	403.3	316.4	465.4	47.1%	15.4%
Core Operating Profit (Profit before Provisions & Contingencies)	875.6	927.1	1,105.4	19.2%	26.2%
Other income	9.3	12.0	20.7	72.7%	122.8%
Operating Profit	884.9	939.1	1,126.1	19.9%	27.3%
Provisions for Bad Debts	272.3	306.9	439.4	43.2%	61.4%
PBT	612.6	632.2	686.7	8.6%	12.1%
Tax	208.4	221.8	226.6	2.2%	8.7%
PAT	404.2	410.4	460.1	12.1%	13.8%
EPS	2.8	2.4	2.7	10.7%	-2.5%
Book Value	34.8	52.3	54.6	4.5%	57.0%

Key Ratios

	Q2FY'06	Q1 FY'07	Q2FY'07
Net Interest Margin	9.63%	9.22%	9.31%
Return on Avg. Net Worth	33.95%	19.05%	20.00%
Return on Avg. Assets	4.26%	2.79%	2.73%
Fee-Income % of Total income	3.85%	1.32%	1.08%
Interest Coverage Ratio	2.34	2.05	2.07

About Shriram Transport Finance Co. Ltd.

Shriram Transport Finance Co Ltd. is the largest asset financing NBFC with assets under management of Rs 90.8bn. 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 4 regional offices, 50 divisional offices and 300 branches covering 91.3% of truck owners and employs more than 1,500 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.

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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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