



Shriram Transport Finance Company Limited

Registered Address: 123, Angappa Naicken Street, Chennai – 600 001.

Administrative Office: 101-105, Shiv Chambers, 1st Floor “B” Wing, Sector – 11 C.B.D. Belapur Navi
Mumbai -400614 Tel: 27580171, 27580172 Fax : 27580176

Website: www.shriram.com

Issue of 25 Unsecured Redeemable Non-Convertible Debentures of the face value of Rs 100, 00,000/- each, at par, aggregating Rs 25 crore

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in this offering. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Debentures have not been recommended or approved by Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the Risk Factors on page 3 of the Information Memorandum.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

“F1+ (ind)” by Fitch, indicating strongest capacity for timely repayment of financial commitments

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The Rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc. Please refer page no. 8 for details.

LISTING

The Unsecured Redeemable Non-Convertible Debentures (NCDs) are proposed to be listed on The Stock Exchange Mumbai (BSE)

ISSUE OPEN FROM: 8th August, 2005 to 8th August, 2005

REGISTRARS
Integrated Enterprises (India) Limited 2nd Floor , Menees Tower, No 1, Ramakrishna Street, T. Nagar Chennai – 600017

DEFINITIONS

The Company / Issuer / Borrower / STFC	Shriram Transport Finance Co. Ltd., a company incorporated under the Companies Act, 1956 and having its Registered Office at 123, Angappa Naicken Street, Chennai – 600 001
Articles	Articles of Association of the Company
Board	Board of Directors of the Company or a Committee thereof
Debenture-holder	The holder of the Debentures
Debentures	Unsecured Redeemable Non-Convertible Debentures
Deemed Date of Allotment	30 days from the date of closure of the Issue or date of utilisation of proceeds, whichever is earlier.
Depository/ ies	National Securities Depository Limited (NSDL) and/or Central Depository Services Limited (CDSL)
DP	Depository Participant
DRR	Debenture Redemption Reserve
FY	Financial Year
Green shoe Option	Right to retain over subscription
I.T. Act	The Income-tax Act, 1961 as amended from time to time
Information Memorandum/ Document	This Information Memorandum through which the Debentures are being offered for private placement
Issue	Issue of 25 Unsecured Redeemable Non-Convertible Debentures of the face value of Rs 100,00,000/- each ,at par, aggregating Rs. 25 crore.
Memorandum	Memorandum of Association of the Company
NCD	Non-Convertible Debenture
RBI	The Reserve Bank of India
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
SEBI Guidelines / DIP	SEBI (Disclosure and Investor Protection) Guidelines, 2000 (as amended from time to time)
The Act	The Companies Act, 1956 (as amended from time to time)

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RISK FACTORS

The investors should consider the following risk factors carefully for evaluating the Company and its business before making any investment decision. Unless the context requires otherwise, the risk factors described below apply to Shriram Transport Finance Company Limited only.

Internal Factors

NPA's -The company's gross and net NPAs stood at 0.56% as on 31st March 2005.

Outstanding Litigations and Defaults STFC. is a defendant in a number of legal proceedings, as mentioned in the paragraph “Outstanding Litigations or Defaults” elsewhere in the document, which if determined against it, could have an adverse impact on its financial condition.

Management Perception

All these litigations are pending at various levels of adjudication and have come up in the normal course of business of the Company.

External Factors

Market Risk (Product Demand)

The company is in the business of vehicle financing. The overall demand for the company's products is linked to macro parameters like GDP growth, demand for vehicles and the overall growth of the Indian economy. A slow down in India's economic growth will have an adverse impact and demand for credit. The performance may also be affected by political, economic developments and natural disasters like earthquake, flood, drought, etc., These factors may affect the demand for the products as well as the recovery of dues from the customers.

Management Perception

The Management of the company have been in the Automobile Financing for decades and their rich experience has guided the company for years to weather such changes successfully. The Company has also been successful in retaining its employees who have been with the company for long periods, developing close relationship with the customers and the knowledge of the market. The company is present all over India with loyal customers who have been doing business with it for decades.

Credit Risk

Being a financial intermediary, the company faces credit risk of default by the customers.

Management Perception

The company has set up adequate systems to measure, monitor and manage credit risk for individual borrowers and also at the geographical / product level. There is constant updation of information through contacts with customers, dealers and interactions with regulatory bodies and industry experts, for the purpose of maximising quality business. While business sourcing, recovery and customer handling are decentralized at branch level, work relating to credit appraisal, designing and pricing of products and policies is done centrally. Training programmes and guidelines are provided with the object of implementing appropriate links between the policy goals

and the operational level. Adequate systems have been put in place for controlling the bad debt portfolio. This process has enabled the company to consistently maintain low level of delinquencies in the retail portfolio.

Interest rate / Liquidity Risk

The economic value of companies assets and liabilities and off balance sheet position get affected due to variation in market interest rate. Further, the liquidity risk is the potential inability of the company to meet its liability as they become due.

Management Perception

The management of Interest rate risk and liquidity risk are part of the critical component of risk management. Management of Interest rate risk aims at capturing the risk arising from maturity and repricing mismatches and is measured from earning prospective. It involves measuring the duration gap and analyzing the impact of changes in the Net Interest income in the near term due to change in the interest rate. Cash flows are monitored continuously and appropriate steps are taken to set right mismatches if any, to address the liquidity risk. The funding requirements are accessed based on the behavioral pattern of the assets and liabilities that are classified into specified time buckets.

Legal and Statutory Risk

Being a Financial intermediary, the company's operations are regulated by RBI and further the company is required to comply with statutory enactments like Companies Act, SEBI Guidelines etc.,

Management Perception

The Company has taken adequate steps for complying with the prudential norms and other directions issued by the Reserve Bank of India in respect of non-banking finance companies. Additionally, measures have also been taken to ensure proper compliance under the provisions of the Companies Act, 1956, regulations and guidelines issued by the Securities and Exchange Board of India, Listing Agreement of the Stock Exchanges, various labour laws and other related legislations.

TERMS OF THE DEBENTURES

Issue of 25 Unsecured, Redeemable, Non-Convertible Debentures of the Face Value of Rs.100,00,000/- each at par, aggregating Rs 25 Crore.

Instrument	Unsecured, Redeemable, Non-Convertible Debentures ("NCDs / Debentures")
Issue Amount	Rs25crore
Rating	F1+ (ind) by Fitch
Maturity	364days from deemed date of allotment
Redemption	Bullet.
Put / call option	None
Coupon Rate	6.40% p.a.
Coupon payment	On maturity
Record date	15 days before the maturity date (for interest and principal payment)
Face value & Minimum Application	Rs. 1 crore
Day Count basis	Actual/365
Issue & Redemption Price	At par
Interest on application money	At the applicable coupon rate payable from the date of realisation of the cheque by the Issuer till one day before the deemed date of allotment. Interest on application money will be payable on the Deemed Date of Allotment.
Listing	To be listed on the The Stock Exchange Mumbai.

PART I

GENERAL INFORMATION

SHRIRAM TRANSPORT FINANCE LIMITED

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Issue of 25 Unsecured, Redeemable, Non-Convertible Debentures of the Face Value of Rs.100,00,000/- each at par, aggregating Rs. 25 Crore.

Authority for the Issue

The issue of Debentures is made pursuant to the Resolution of the Committee of Directors of the Company passed at its meeting held on August 8, 2005.

No further approvals are required from any Government authority for the private placement.

Disclaimer Clause

This Memorandum of Private Placement (“Information Memorandum”) is neither a Prospectus nor a Statement in Lieu of Prospectus. The resource raising through Unsecured, redeemable, non-convertible debentures, to be listed on The Stock Exchange Mumbai (BSE) (hereinafter referred to as “Debentures”) is being made strictly on a Private Placement basis. It is not, and should not be deemed to constitute an offer or an invitation to subscribe to Debentures issued by Shriram Transport Finance Limited. (“the Company”/ “the Issuer”/) by or on behalf of the Company “the Arranger” or any of them to subscribe for or purchase, any of the Debentures in any jurisdiction or under any circumstances in which such offer or invitation is unauthorized or unlawful. This Information is not intended to be circulated to more than 49 persons. The contents of this Information Memorandum are intended to be used by the person to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced. Potential investors are required to make their independent evaluation and judgment before making the investment.

This Information Memorandum has not been submitted, cleared or approved by SEBI and has been prepared to facilitate investors to take a well informed decision for making investment in the issue. It should be clearly understood that the Company is solely responsible for the correctness, adequacy and disclosure of all relevant information in this document.

No person is authorized in connection with the issuance and sale of the Debentures to give any information or to make any representation not contained in this Information Memorandum, and, if given or made, any information or representation not contained herein must not be relied upon as having been authorized by the Company or the Lead Arranger.

The Debentures will be issued solely and sold on a private placement basis. This Information Memorandum cannot be acted upon by any person other than to whom it has been specifically addressed. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Information Memorandum has been prepared by the Company solely for use in connection with the issue and sale of the Debentures. Each prospective purchaser, by accepting delivery of this Information Memorandum, agrees to the foregoing and to make no copies of this Information Memorandum.

The Company believes that the information contained in this Information Memorandum is accurate in all respects as of the date hereof. The Arrangers have not separately verified the information contained in this Information Memorandum and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger as to the accuracy or completeness of any information contained in this Information Memorandum. Each

person receiving this Information Memorandum acknowledges that such person has not relied on the Arranger nor on any person affiliated with the Arrangers in connection with its investigation of the accuracy of such information or its investment decision.

This Information Memorandum should not be construed as a recommendation by the Company or by the Arranger to any person to subscribe /purchase the Debentures. Potential investors should make their own independent investigation of the financial condition or otherwise of the Company and the terms of this private placement and the Debentures, including the merits and risks involved.

This Information Memorandum is issued by the Company and signed by its authorized signatories.

Disclaimer Statement from the Issuer

Shriram Transport accepts no responsibility for statements made otherwise than in the document or any other material issued by or at the instance of Shriram Transport and anyone placing reliance on any other source of information would be doing so at his own risk.

Minimum Subscription

In terms of the subsequent clarifications issued by SEBI (Ref No.: SEBI/MRD/SE/AT/46/2003) dated December 22, 2003 the minimum subscription is not applicable to privately placed debt securities

Issue of Allotment Letter(s) / Refund Order(s) and Interest In Case of Delay in Despatch

The Company shall credit the allotted securities to the respective beneficiary account in dematerialised form. The credit to demat account / refund orders etc. will be done as per the prevailing statutory / regulatory guidelines.

The company shall pay interest as per the provision of Companies Act/ DIP Guidelines if the allotment has not been made and/or the Refund Orders have not been dispatched to the investors within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

The Company will make available adequate funds for this purpose.

Issue Schedule

The issue schedule is as follows.

Date of Opening of the issue	8 th August, 2005
Date of Closing of the issue	8 th August, 2005
Deemed Date of Allotment	8 th August, 2005

Intermediaries and Auditors

Auditors

M/s. G. D. Apte & Co. Chartered Accountants
Dream Presidency,
1202/17E, Apte Road,
Pune-411004.

Registrars

Integrated Enterprises (India) Limited
2nd Floor , Menees Tower,
No 1, Ramakrishna Street,
T. Nagar Chennai – 600017

Trustees

IL&FS Trust Company Limited
 The IL&FS Financial Centre
 Plot C-22 , G Block , Bandra Kurla Complex
 Bandra (East)
 Mumbai – 400051
 Tel: (022) 2653 3333
 Fax :(022) 2653 3297

Credit Rating

Fitch has assigned rating of “F1+” (ind) to the debenture programme as communicated vide their letter 7th June, 2005 for Rs. 50 crore

The rating indicates the Strongest Capacity for timely payment of financial commitments Copy of the rating letter is enclosed in the Appendix for reference.

Credit Rating (Previous Four Years)

Credit ratings obtained by the Company from Fitch during the last 4 years are as follows:

Year	Short Term	Long Term	Fixed Deposit
2002-2003	F1(ind)	A(ind)	tA(ind)
2003-2004	F1 (ind)	-	tA(ind)
2004-2005	F1+ (ind)	A+(ind)	tA+(ind)
2005-06	F1+(ind)	-	tAA-(ind)

Please note that, the rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The Rating agencies have a right to suspend, withdraw the rating at any time on the basis of new information etc.

Underwriting of the issue

The Issue of Debentures has not been underwritten

Compliance Officer

Mr. K. Prakash
 Company Secretary
 101-105 Shiv Chambers, 1st Floor, B Wing,
 Sector 11, CBD Belapur
 NAvi Mumbai – 400614
 Tel :(022) 275780171 / 27580172
 Fax :(022) 27580176

The Investors can contact the Compliance Officer in case of any pre-issue/post-issue related problems such as non-receipt of letters of allotment/Debenture certificates/refund orders, etc.

CAPITAL STRUCTURE (as on 31st March, 2005)

			Amount (Rs Lakhs)
Authorised share capital			
7,50,00,000 Equity Shares of Rs. 10/- each			
50,00,000 Preference Shares of Rs.100/- each			5,000.00
Issued, subscribed and fully paid-up			
6,54,28,549 (previous year 4,18,99549) Equity Shares of Rs10/- each			6542.85
Privately Placed Cumulative Redeemable Preference Shares of Rs.100/- eacg			
No of Shares	Rate	Date of Redemption	
3,960	6.00%	01/04/2009	3.96
260	8.00%	01/01/2006	0.26
24,17,850	9.00%	05/05/2005	2,417.85
15,530	12.00%	19/06/2005	15.53
25,940	12.50%	01/01/2006	25.94
30,600	14.00%	03/04/2005	30.60
36,510	15.00%	07/04/2005	36.51
Loans			
Secured Loans			131,949.21
Unsecured Loans			16,242.23

Shareholding pattern

Category	No. of Shares	% of Shares
Corporate Bodies	21,624,567.00	33.05
Banks	3,188,660.00	4.87
Clearing Members	210,198.00	0.32
Foreign Institutional Investors	13,601,249.00	20.79
Mutual Funds	9,745.00	0.01
Non Resident Indians	305,696.00	0.47
Overseas Corporate Bodies	2,050,050.00	3.13
Public	24,436,734.00	37.35
Unit Trust of India	1,650	0.00
TOTAL	6,54,28,549	100.00

Present Issue of Debentures

Issue 25 Unsecured, Redeemable, Non-Convertible Debentures of the Face Value of Rs.100,00,000/- each at par, aggregating Rs 25 Crore.

Paid up Capital after the issue

The issue is done through private placement of Debentures which would not have any impact on the Paid- up- capital of the company

Notes to Capital Structure**Promoters Contribution**

The issue is to raise medium term debentures, on a private placement basis. There is no intention of the promoters / group to subscribe these debentures.

Associate Companies**Name of the Company**

1. Shriram Investments Limited
2. Shriram Overseas limited
3. Shriram City Union Finance Limited

Shareholding as on 30th September, 2005

Category	No.of Shares Held	% of Share Holding
Promoter's Holding		
Promoters		
Indian Promoters	7651717	11.69
Shriram Holdings Madras Pvt Ltd	7404112	11.32
Sub Total	7651717	11.69
Non Promoter's Holding		
Institutional Investors		
Mutual Funds and UTI	11295	0.02
Banks,Financial Institutions,Insurance Companies	2925399	4.47
UTI Bank Ltd	2355172	3.6
FIIS	2438911	3.73
Goldman Sachs Investments Mauritius	1113780	1.7
Sub Total	5375605	8.22
Others		
Private Corporate Bodies	13926471	21.29
Citicorp Finance (India) Ltd	6079525	9.29
Shriram Properties Pvt Ltd	1700000	2.6
Reliance Capital Ltd	2450000	3.74
Indian Public	19811236	30.28
G Vijaya	2050000	3.13
NRIs/OCBs	617484	0.94
Any Other		
Clearing Members	258007	0.39
Shriram Group Executives Welfa	2078000	3.18
Trusts	600	0
Uno Investments - Foreign Comp	13659429	20.88
Nederlandse Financierings Maat	2050000	3.13
Sub Total	52401227	80.09
Grand Total	65428549	100

Notes:

1. Total Foreign Shareholding is 1,87,65,824 equity shares representing 28.68% of the total capital.
2. ADR/GDR holding in the Company is Nil.

Bridge Finance if any raised against the proceeds of the issue

The objective of this Transaction is to augment the funds position of the Shriram Group and thus provide it more leverage for growth.

ESOP Details

The Company has not offered any shares under the ESOP scheme

Stock Market Data

- i. High, low and average market prices of the share of the company during the preceding Three years

The Stock Exchange Mumbai

Year	High	Low
2003	36.50	12.05
2004	41.00	18.40
2005 (Jan- Mar)	61.55	35.10

National Stock Exchange of India Limited

Year	High	Low
2003	36.45	14.05
2004	38.60	18.80
2005 (Jan- Mar)	62.30	35.15

- ii. Monthly high and low prices for the last six months

The Stock Exchange Mumbai

Month	High	Low
October 2004	30.55	28.40
November 2004	32.75	29.00
December 2004	35.95	31.00
January 2005	40.55	35.10
February 2005	47.35	36.25
March 2005	61.55	43.45

National Stock Exchange of India Limited

Month	High	Low
October 2004	30.60	28.50
November 2004	32.80	29.20
December 2004	36.00	31.25
January 2005	40.05	35.15
February 2005	47.35	36.25
March 2005	62.30	43.00

Number of shares traded on the days when the high and low prices were recorded in the relevant stock exchange during said period of (i) and (ii) above

The Stock Exchange Mumbai

Year	High	No of Shares Traded	Low	No of Shares Traded
2003	36.50	5397918	12.05	255082
2004	41.00	2392168	18.40	871148
2005 (Jan- Mar)	61.55	3192485	35.10	1483744

The Stock Exchange Mumbai

Month	High	Low	No of Shares Traded
October 2004	30.55	28.40	554159
November 2004	32.75	29.00	580947
December 2004	35.95	31.00	876780
January 2005	40.55	35.10	1483744
February 2005	47.35	36.25	2071404
March 2005	61.55	43.45	3192485

National Stock Exchange of India Limited

Year	High	No of Shares Traded	Low	No of Shares Traded
2003	36.45	4298753	14.05	107915
2004	38.60	2368697	18.80	746886
2005 (Jan- Mar)	62.30	4641098	35.15	1871730

National Stock Exchange of India Limited

Month	High	Low	No of Shares Traded
October 2004	30.60	28.50	901437
November 2004	32.80	29.20	647240
December 2004	36.00	31.25	1167026
January 2005	40.05	35.15	1871730
February 2005	47.35	36.25	3054366
March 2005	62.30	43.00	4641098

Current Market Price

- Rs. 113.05 as on 29th December, 2005

TERMS OF THE PRESENT ISSUE

Private placement of 25 Unsecured Redeemable Non-Convertible Debentures of the face value of Rs 100, 00,000/- each at par aggregating Rs 25 crore

The Debentures being offered are subject to the provisions of the Act, the Memorandum and Articles of Association, the terms of this Information Memorandum, Application Form and other terms and conditions as may be incorporated in the Trustee Agreement, Letter(s) of Allotment and/or Debenture Certificate(s). Over and above such terms and conditions, the Debentures shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/the Government of India/RBI and/or other authorities and other documents that may be executed in respect of the Debentures.

Instrument	Unsecured, Redeemable, Non-Convertible Debentures ("NCDs / Debentures")
Issue Amount	Rs25crore
Rating	F1+ Ind by Fitch
Maturity	364days from deemed date of allotment
Redemption	Bullet.
Put / call option	None
Coupon Rate	6.40% p.a.
Coupon payment	On maturity
Record date	15 days before the maturity date (for interest and principal payment)
Face value & Minimum Application	Rs. 1 crore
Day Count basis	Actual/365
Issue & Redemption Price	At par
Interest on application money	At the applicable coupon rate payable from the date of realisation of the cheque by the Issuer till one day before the deemed date of allotment. Interest on application money will be payable on the Deemed Date of Allotment.
Listing	To be listed on the The Stock Exchange Mumbai.

Nature of Debentures

Unsecured, Redeemable, Non-Convertible, Debentures.

Rights of Debentureholders

The Debentureholders will not be entitled to any rights and privileges of shareholders other than those available to them under statutory requirements. The Debentures shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Company. The Debentures shall be subjected to other usual terms and conditions incorporated in the Debenture certificate(s) that will be issued to the allottee(s) of such Debentures by the Company, as per the Memorandum and Articles of Association of the Company.

Who can apply

The following categories of investors, when specifically approached, are eligible to apply for this private placement of Debentures

- Companies and Bodies Corporate including Public Sector Undertakings..
- Commercial Banks
- Regional Rural Banks
- Financial Institutions
- Insurance Companies
- Mutual Funds
- Any other investor authorised to invest in these Debentures.

All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Availability of Information Memorandum and Application Forms

Copies of Information Memorandum & Application Forms may be obtained from offices of Shriram Transport.

Mode of Payment

All cheques/drafts must be made payable to “**Shriram Transport Finance Company Limited**” and crossed “A/C PAYEE ONLY”

Submission of Completed Application Forms

All applications duly completed and accompanied by account payee cheques/ stockinvests/ drafts/ cash shall be submitted at the branches of the Bankers.

Procedure for applications by Mutual Funds and Multiple Applications

The applications forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

- (a) SEBI registration certificate
- (b) Resolution authorizing investment and containing operating instructions
- (c) Specimen Signature of authorized signatories

Despatch of Refund Orders

The company shall ensure dispatch of refund orders and debenture certificates by registered post only and adequate funds for the purpose shall be made available.

Undertaking by the Issuer

The Issuer Company undertakes that:

- the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;
- the funds required for despatch of refund orders/allotment letters/certificates by registered post/Speed Post shall be made available by the issuer company;
- Necessary co-operation to the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.
- That the company shall forward the details of utilization of the funds raised through the debentures duly certified by the statutory auditors of the company, to the debenture trustees
- That the company shall disclose the complete name and address of the debenture trustee in the annual report
- That the company shall provide a compliance certificate to the debenture holders (on yearly basis) in respect of compliance with the terms and conditions of issue of debentures as contained in the document, duly certified by the debenture trustee.
- That the company shall furnish a confirmation certificate to the debenture trustee (on yearly basis) that the security created by the company in favour of the debenture holders is properly maintained and is adequate enough to meet the payment obligations towards the debenture holders in the event of default

Utilization of Proceeds

Statement by the Board of Directors:

- I. Details of all monies utilized out of Issue shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies had been utilized; and
- II. Details of all unutilized monies out of issue of Debentures, if any, shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilized monies have been invested.

TAX BENEFITS

For the investors

A Debenture holder is advised to consider in his own case the tax implications in respect of subscription to the Debentures after consulting his tax advisor.

For the Company

1. Interest is allowable expenditure under I.T. Rules. Refer to section relevant.
2. The Company does not enjoy any other special tax benefits.

PARTICULARS OF THE ISSUE

Objects of the issue

The funds are being raised for augmenting for enhancing the resources of the Company. The Company has achieved a strong growth in its asset base for over the past few years and expects a higher trend of growth in the future. In order to maintain the growth in its assets, the Company wishes to issue debentures aggregating Rs.25 crore.

Listing

The Non-Convertible Redeemable Debentures (NCDs) are proposed to be listed on the The Stock Exchange Mumbai (BSE).

Depository Arrangement

The Company has made depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issue and holding of the Debentures in dematerialised form.

As per the provisions of Depositories Act, 1996, the Debentures issued by The Company can be held in a dematerialised form, i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. In this context:

- Two tripartite agreements have been signed
 - Tripartite Agreement dated 29/03/2000 with CDSL
 - Tripartite Agreement dated 08/09/2004 with NSDL
- An applicant has the option to seek allotment of Debentures in electronic mode.
- An applicant who wishes to apply for Debentures in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.

- The applicant seeking allotment of Debentures in the electronic form must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application form under the heading 'Request for Debentures in Electronic Form.
- Debentures allotted to an applicant in the electronic account form will be credited directly to the applicant's respective beneficiary account(s) with the DP.
- For subscription in electronic form, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- If incomplete/incorrect details are given under the heading 'Request for Debentures in electronic form' in the application form, it will be deemed to be an application for Debentures in physical form.
- In case of allotment of Debentures in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.
- Separate applications in physical and dematerialised form would be considered as multiple applications and are liable to be rejected at the sole discretion of the Company.

Face Value

Each Debenture shall have a face value of Rs.100,00,000 /- (Rupees One Crore only)

Payment on Application

The full face value of the Debentures applied for, is to be paid along with the application form.

Date of Allotment

The Date of Allotment is 8th August, 2005

Minimum Lot Size

The minimum lot size for trading of the Debentures on the BSE is 1 Debenture

Payment of Interest

The rate of interest is 6.40% p.a. payable annually .The interest payable to each Debentureholder shall be paid by interest warrants bearing the interest payment dates. Such warrants shall be dispatched to the Debentureholders whose names appear in the Register of Debentureholders on the record date, and in case of joint holders to the one whose name appears first in the Register of Debentureholders. In the event of the Company not receiving any notice of transfer on the record date i.e. 30 days before the interest payment date, the transferee(s) for the Debenture shall not have any claim against the Company in respect of amount so paid to the registered Debentureholders

The interest shall be computed on the basis of actual number of days elapsed in a year, for this purpose a year to comprise of a period of 365 days except incase of a leap year where the year will comprise of 366 days.

Wherever the signature(s) of such transferor(s) in the intimation sent to the Company is/are not in accordance with the specimen signature(s) of such transferor(s) available on the records of the Company, all payments on such Debenture(s) will be kept at abeyance by the Company till such time as the Company is satisfied in this regard.

No interest / interest on interest shall accrue on the Debentures after the date of maturity of the respective instruments.

The last interest payment will be proportionately made on the redemption date.

Interest on Application Money

Interest on Application Money is payable at the applicable coupon rate (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of Income Tax Act, 1961 or any statutory modification or reenactment thereof), will be paid on the entire application money on all valid applications. The same will be released within 30 days from the Date of Allotment.

Such interest shall be paid for the period commencing from the date of realisation of the cheque(s)/draft(s) up to one day prior to the date of allotment. The interest warrants will be dispatched by registered post at the sole risk of the applicant, to the sole/first applicant.

No interest on application money would be payable in cases of invalid applications.

Effect of Holidays

Should any of dates defined above or elsewhere in the Information Memorandum, excepting the Date of Allotment, fall on a Sunday or a Public Holiday in Mumbai, the interest for the period would be paid on the immediate preceding or succeeding working day in Mumbai with interest upto the day preceding the actual date of payment. The interest for the next succeeding interest period will correspondingly be adjusted.

Tax Deduction at Source

Income tax will be deducted at source from interest on application money as per applicable provisions of the Income Tax Act, 1961 and as applicable from time to time. In respect of interest on application money, the relevant document (Form 15AA / 15H) should be submitted along with the application form.

Where any deduction of Income Tax is made at source, the Company shall send to the Debenture holder a Certificate of Tax Deduction at Source.

Purchase and Sale of Debentures

The Company may, at any time and from time to time, purchase Debentures at the price available in the Capital Market in accordance with the applicable laws. Such Debentures may, at the option of the Company, be cancelled, held or reissued at such a price and on such terms and conditions as the Company may deem fit and as permitted by law.

Re-issue of Debentures

Where the Company has redeemed any such Debentures, subject to the provisions of Section 121 of the Companies Act and other applicable provisions, the Company shall have and shall be deemed always to have had the right to keep such Debentures alive for the purpose of reissue and in exercising such right, the Company shall have and shall be deemed always to have had the power to re-issue such Debentures either by re-issuing the same Debentures or by issuing other Debentures in their place.

Mode of Transfer

The Debenture(s) now being issued shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the existing debentures of the Company. The Company shall register the transfer of Debenture(s) only when a proper instrument of transfer, duly executed by or on behalf of the transferor(s) and by or on behalf of transferee(s) and specifying the name, address and occupation, if any of the transferee(s), has been delivered to the Head Office of the Company, along with the Debenture certificate(s) and other appropriate transfer documents for registration. All requests for transfer

should be submitted to the Head Office of the Company prior to the Record Date for payment of interest/ principal.

The transferee shall also furnish name, address and specimen signatures and wherever necessary, authority for purchase of Debentures. The Company after examining the adequacy and correctness of the documentation shall register the transfer in its books.

Provided further that nothing in this section shall prejudice any power of the Company to register as Debenture holder any person to whom the right to any Debenture of the Company has been transmitted by operation of law.

Transfer of Debentures in dematerialised form would be in accordance with the rules / procedures as prescribed by NSDL / Depository participant

Succession

In the event of demise of the sole/first holder of the Debenture, the Company will recognise the Executor or Administrator of the deceased Debentureholder, or a holder of Succession Certificate or other legal representative as having title to the Debentures. The Company shall not be bound to recognise such executor, administrator or holder, unless such executor or administrator obtains probate or letter of administration or such holder is the holder of a succession certificate or other legal representation, as the case may be, from a duly constituted Court in India. The Board of Directors, if in their absolute discretion think fit, may dispense with production of probate or letter of administration, in order to recognise such holder as being entitled to the Debentures standing in the name of the deceased Debentureholder.

Payment on Redemption

The payment of the redemption amount of the Debentures will be made by the Company to the Registered Debentureholders recorded in the books of the Company and in the case of joint holders, to the one whose name appears first in the Register of Debentureholders as on the record date. In the event of the Company not receiving any notice of transfer along with the original Debenture certificates, before the record date, the transferee(s) for the Debenture(s) shall not have any claim against the Company in respect to the amount so paid to the Registered Debentureholders.

On the final maturity date, the Debentures held in the physical form will be redeemed by the Company against the surrender of duly discharged Debenture certificates sent to the Company on by registered post with acknowledgement due or by hand delivery to the Company at the Registered Office or to such other person(s) at such address as may be notified by the Company from time to time, before the record date for redemption

The Debentures held in the Dematerialised Form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Debentureholders whose name appears in the Register of Debentureholders on the record date. Such payment will be a legal discharge of the liability of the Company towards the Debentureholders. On such payment being made, the Company will inform NSDL and accordingly the account of the Debentureholders with NSDL will be adjusted.

The Company's liability to the Debentureholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due dates of redemption in all events. Further the Company will not be liable to pay any interest or compensation from the dates of such redemption.

On the Company dispatching the amount as specified above in respect of the Debentures, the liability of the Company shall stand extinguished.

Debenture Redemption Reserve

As per the circular of the Department of Company affairs (No. 6/3/2001-CL.V) dated 18th April 2002, Debenture Redemption reserve is not required to be created for issue of privately placed debentures by Non-Banking Finance Companies /registered with Reserve Bank of India under Section 45 IA of the RBI (Amendment) Act 1997.

Rights of Debentureholders

The Debentureholders will not be entitled to any rights and privileges of shareholders other than those available to them under statutory requirements. The Debentures shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Company. The Debentures shall be subjected to other usual terms and conditions incorporated in the Debenture certificate(s) that will be issued to the allottee(s) of such Debentures by the Company, as per the Memorandum and Articles of Association of the Company.

Trustees

The Company has appointed IL&FS Trust Company Limited , The IL&FS Financial Centre , Plot C-22 , G Block , Bandra Kurla Complex, Bandra (East) as Debenture Trustees registered with SEBI, for the holders of the Debentures (hereinafter referred to as 'Trustees'). The Company will enter into a Trustee Agreement/Trust Deed, inter-alia, specifying the powers, authorities and obligations of the Company and the Trustees in respect of the Debentures. The Debentureholders shall, without any further act or deed, be deemed to have irrevocably given their consent to and authorised the Trustees or any of their Agents or authorised officials to do, all incidental acts, deeds and things necessary in terms of this Memorandum of Private Placement. All rights and remedies under the Trust Deed/Trust Agreement and/or other security documents shall rest in and be exercised by the Trustees without having it referred to the Debentureholders. Any payment made by the Company to the Trustees on behalf of the Debentureholder(s) shall discharge the Company pro tanto to the Debentureholder(s).

Modification of Rights

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated with the consent, in writing, of those holders of the Debentures who hold at least three fourth of the outstanding amount of the Debentures or with the sanction accorded pursuant to a special resolution passed at a meeting of the Debentureholders, provided that nothing in such consent or resolution which modifies or varies the terms and conditions of the Debentures shall be operative against the Company, if the same are not accepted by the Company.

Future Borrowings

The Company shall be entitled from time to time to make further issue of Debentures to the public, members of the Company and /or any other person(s) and to raise further loans, advances or such other facilities from Banks, Financial Institutions and / or any other person(s) on the security or otherwise of its assets without any further approval from the Debentureholders.

Transfer of Debentures

All requests for registration of transfer along with Debenture Certificates / Letters of allotment and appropriate transfer documents should be sent to the Compliance Officer Mr. K. Prakash , Company Secretary, 101-105 Shiv Chambers,1st Floor, B Wing, Sector 11, CBD Belapur Navi Mumbai – 400614

Loss of Letters of Allotment / Certificates / Interest Warrants

Loss of Letters of Allotment / Debenture Certificates / Interest Warrants should be intimated to Compliance Officer Mr. K. Prakash , Company Secretary, 101-105 Shiv Chambers,1st Floor, B Wing, Sector 11, CBD Belapur Navi Mumbai – 400614 along with request for issue of duplicate letters/ certificates / warrants.

Issue of Duplicate Debenture Certificates

If any Debenture Certificate(s) is/are mutilated or defaced or cages for recording transfers are fully utilised, the same may be replaced by the Company against the surrender of such Certificate(s) upon payment by the claimant of such expenses as may be determined by the Company. Provided, where the Debenture Certificates are mutilated and/or defaced, the same will be replaced as aforesaid only if the Certificate number and the distinctive numbers are legible.

No duplicate certificate(s) will be issued by the Company in lieu of any Debenture Certificate(s) which is/are lost, stolen or destroyed. Such Debentures will be redeemed only on the date of redemption upon production of proof of identity and such indemnity and documents, as the Company may deem adequate, provided that no other claims are received for the same Debentures. In the event that multiple claims are registered for such Debentures, then the decision of Sundaram Finance shall be final subject to existing laws.

Right to accept / reject applications

The Issuer is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Application forms which are incomplete or which do not fulfill the Terms & Conditions indicated on the back of the application form are liable to be rejected.

Basis of Allocation / Allotment

The Issuer will decide the basis of allotment. The issuer reserves the right to reject any/all applications at its sole discretion, without assigning any reason whatsoever.

Documents to be provided by investors

Investors need to submit the following documentation, along with the application form, as applicable.

- Memorandum and Articles of Association / Documents Governing Constitution
- Resolution authorising investment
- Certified True Copy of the Power of Attorney
- Form 15 AA for investors seeking exemption from Tax deduction at source from interest on the application money.
- Specimen signatures of the authorised signatories duly certified by an appropriate authority.
- SEBI Registration Certificate (for Mutual Funds)
- PAN to be submitted.

Despatch of Documents

The Refund Orders / Letters of Allotment / Debenture Certificates and Cheques/ Demand Drafts/other instruments of payment, as the case may be, shall be dispatched by registered post / courier or by hand delivery to the address of the holder whose name appears first in the Register of Debentureholders. This will be at the sole risk of the addressee.

Debentureholder not a Shareholder

The Debentureholders will not be entitled to any of the rights and privileges available to the Shareholders.

Governing Law

The Debentures are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the jurisdiction at the city of Chennai.

COMPANY AND MANAGEMENT

History

Shriram Transport Finance Company Ltd. was incorporated as a Public Limited Company on 30th June 1979, and obtained the Certificate of Commencement of business on 9th October 1979. It was formed with a view to provide hire purchase and lease finance for the medium and heavy commercial vehicles. The Company's focus was on providing finance to individual truck operators, rather than large fleet owners. The dearth of finance for these individual truck operators provided the Company with an opportunity to venture into this largely untapped segment. This Strategic focus enables the Company to achieve high growth during its earlier years. In fact, the Company paid its maiden dividend in 1981, the second year of its operations. The Company has equity participation from **ChrysCapital, Citicorp Finance (India) Ltd., associate of Citibank, UTI Bank, Reliance Capital and FMO of Netherlands.**

The operations of the Company are divided into four regions. The four regions are further divided into 50 divisions and about 179 branches. The Company has also launched Lease Portfolio Management Scheme in 1993 and managed more than 100 Crores of business through this scheme. The Company is also managing funds for Banks/FIs through its SRTO schemes. The Company is also lending to truck operators on behalf of Citicorp Finance (India) Ltd and UTI Bank. In a Span of 20 years the Company has fortified its presence in the market, on account of its focused business segment, a wide geographical coverage, an effective credit monitoring and appraisal system, which has resulted in high growth in business and profitability. This has given the Company the advantage of having a Recovery factor of 94.28% on all contracts that expired during January 1st, 2000 to December 31st, 2001 as audited by a renowned audit firm of international repute. In terms of rewarding its shareholders, the Company has consistently declared dividends.

Vision, Mission & Values

- Helping create wealth.
- Empowering people through prosperity.
- Putting people first.

The Shriram Group set out with the objective of reaching out to the common man with a host of products and services that would be helpful to him in his path to prosperity. Over the decades, the Group has achieved significant success in executing this objective and has created a tremendous sense of loyalty amongst its customers. Efficiency in operations, integrity and a strong focus on catering to the needs of the common man, by offering him high quality and cost-effective products & services, are the values driving the organization. These core values are deep-rooted within the organization and have been strongly adhered to over the decades.

The group prides itself on its perfect understanding of the customer. Each product or service is tailor-made to perfectly suit the needs of the customer. It is this guiding philosophy of putting people first that has brought the Group closer to the grassroots and has made it the preferred choice for all financing requirements amongst the customers.

Truck Finance

- Largest NBFC in the country exclusively engaged in financing of heavy commercial vehicles.
- Monopoly position in financing of used vehicles.
- All India presence with a branch network of 260 offices and employing over 4000 people
- Growing at the rate of 30% per annum.
- Positioned itself not merely as a loan giving entity, but as a financing partner to the truck operator.

- Funds managed - Rs.6000 crores.
- Equity investors - Citicorp, UTI Bank, Reliance Capital and FMO-Netherlands have added tremendous value and strength.
- Venture Capitalist firm ChrysCapital roped in as a strategic partner. ChrsCapital acquired 21% equity.

Over 70% of India's freight moves on her trucks. A majority of these trucks, amounting to over 90%, are owned and operated by independent operators. Of the over 25 lakh truck operators in the country, less than 8 lakh operators have access to fair and equitable credit, thus making credit support to the majority truck operators inadequate, expensive, inequitable and exploitative. Many private NBFC's started the concept of truck financing in order to address this enormous need to support the private truck operators and make it easier for new entrants to enter the business, but with limited success. Shriram is amongst the largest financiers of individual truck purchasers in the country. More than 260 active Shriram Group branches across the country have successfully managed to transform over 2.5 lakh truck drivers into proud truck owners. We have deployed close to Rs.6000 crores (US\$ 1,333 million) in truck finance, of which, over Rs.2000 crores (US\$444 million) of truck portfolio has been maintained for Citibank, UTI Bank and other major banks.

Promoters & their shareholding

Individuals

Company is promoted by Mr. R. Thyagarajan, Mr. T. Jayaraman and Mr. A.V. S. Raja.

Sri. R. Thyagarajan

Mr. R. Thyagarajan, M.A, M. Stat. ACII, aged 65 years is the main promoter of the group. Over the years, he has gained vast experience in the Insurance and Banking Industry and has developed the profound understanding of the business. He has been private financier of commercial vehicles over two and half decades. He was also associated with New India Assurance Company Ltd in the capacity of Divisional Manger. He has also been an Insurance Surveyor and Consultant at M/S. Boda & Co., one of the leading insurance broking companies in the private sector.

- Shareholding
 - 1633 Shares
 - PAN No - AABPT2693M

Sri. T. Jayaraman

Sri. T. Jayaraman, B.A B.L, aged 51 years is the co-promoter of the group. He has been private hire purchase financier for the last 23 years, a businessman in his own right.

- Shareholding
 - 73880 Shares
 - PAN No - AAFPJ8248J

Sri. A.V. S. Raja

Sri. A.V.S. Raja, aged 63 years, a promoter director of the group has served as an Officer in Indian Railways before promoting the Shriram Group in 1974. He is a very dynamic marketing man with exceptional public relations skills.

- Shareholding
 - 1260 Shares
 - PAN No - AAEP6507R

Promoter (Company)**Shriram Financial Services Holdings Private Limited**

Shriram Financial Services Holdings Private Limited formerly known as Shriram Chits and Investments Pvt Ltd (SFSHPL) was incorporated as a private limited company on April 05, 1974 with the name Shriram Chits & Investments Private Limited under the Companies Act, 1956 and received its certificate of incorporating from the registrar of Companies, Tamilnadu, SFSHPL became a deemed public limited company on January 01, 1996 under the provisions of Section 43 A (2) of the companies Act, 1956. Subsequently the word Private was reinstated as SFSHPL become a Private Limited Company on June 07, 2001 under provision of section 43 (2A) of the Companies Act, 1956. The name Shriram Chits and Investments Private Limited has been changed to Shriram Financial Services Holdings Private Limited on 21st December 2004.

SFSHPL has since ceased to undertake fresh chit business as the same is now carried on by other companies promoted by SFSHPL in some states for this purpose. It however continues to service its existing chit portfolios. It has significant network of customers and agents SFSHPL has amended its objects clause to include business of Investment and Business of Portfolio managers.

The Shareholding in Shriram Transport Finance Co. Ltd is held by Shriram Holdings Madras Pvt Limited which is a fully owned subsidiary of Shriram Financial Services Holdings Private Limited.

Main Objects

The Main Objects of Shriram Transport as per the Memorandum of Association of the Company are:

- To carry on and undertake business as Financiers and Capitalists, to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of vehicles, motor cars, motor buses, motor lorries, scooters and all other vehicles.
- To undertake and carry on all operations and transactions in regard to business of any kin in the same way as an individual capitalist may lawfully undertake and carry out and in particular the financing Hire Purchase Contracts relating to vehicles of all kinds.
- To carry on and undertake business as Financier and Capitalists to finance operations of all kinds such as managing, purchasing, selling, hiring, letting on hire and dealing in all kinds of property, movable or immovable goods, chattels, lands, bullion.
- To undertake and carry on all operations and transactions in regard to business of any kin in the same manner as an individual capitalist may lawfully undertake and carryout and in particular financing hire purchase contracts relating to property or assets of any description either immovable or movable such as houses, lands, stocks, shares, Government Bonds.
- To carry on and become engaged in financial, monetary and other business transactions that are usually and commonly carried on by Commercial Financing Houses, Shroffs, Credit Corporations, Merchants, Factory, Trade and General Financiers and Capitalists.
- To lend, with or without security, deposit or advance money, securities and property to, or with, such persons and on such terms as may seem expedient.
- To purchase or otherwise acquire all forms of immovable and movable property including Machinery, Equipment, Motor Vehicles, Building, Cinema Houses, Animals and all consumer and Industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased, and leased be new and/or used.

- To provide a leasing advisory counseling service to other entities and/or form the leasing arm for other entities
- The Company shall either singly or in association with other Bodies Corporate act as Asset Management Company/Manager/Fund Manager in respect of any Scheme of Mutual Fund whether Open-End Scheme or Closed-end Scheme, floated/ to be floated by any Trust/Mutual Fund (whether offshore or on shore)/ Company by providing management of Mutual Fund for both offshore and onshore Mutual Funds, Financial Services Consultancy, exchange of research and analysis on commercial basis.
- Constitute any trust and to subscribe and act as, and to undertake and carry on the office or offices and duties of trustees, custodian trustees, executors, administrators, liquidators, receivers, treasurers, attorneys, nominees and agents; and to manage the funds of all kinds of trusts and to render periodic advice on investments, finance taxation and to invest these funds from time to time in various forms of investment including shares, term loans and debentures etc.
- Carry on and undertake the business of portfolio investment and Management, for both individuals as well as large Corporate Bodies and/or such other bodies as approved by the Government, in Equity Shares, Preference Shares, Stock, Debentures (both convertible and non-convertible), Company deposits, bonds, units, loans obligations and securities issued or guaranteed by Indian or Foreign Government, States, Dominions, Sovereigns, Municipalities or Public Authorities and/or any other Financial Instruments, and to provide a package of investment/Merchant Banking Services by acting as Managers to Public Issue of securities, to act as underwriters, issue house and to carry on the business of Registrar to Public issue/various investment schemes and to act as Brokers to Public Issue.
- Without prejudice to the generality of the foregoing to acquire any share, stocks, debentures, debenture-stock, bonds, units of any Mutual Fund Scheme or any other statutory body including Unit Trust of India, obligations or securities by original subscription, and/or through markets both primary, secondary or otherwise participating in syndicates, tender, purchase, (through any stock exchange, OTC exchange or privately), exchange or otherwise and to subscribe for the same whether or not fully paid up, either conditionally or otherwise, to guarantee the subscription thereof and to exercise and to enforce all rights and powers conferred by or incidental to the ownership thereof and to advance deposit or lend money against securities and properties to or with any company, body corporate, firms, person or association or without security and on such terms as may be determined from time to time.
- To engage in Merchant Banking activities, Venture Capital, acquisitions, amalgamations and all related merchant banking activities including loan syndication.
- To carry on the business as manufacturers, Exporters, Importers, Contractors, Sub-contractors, Sellers, Buyers, Lessors or Lessees and Agents for Wind Electric Generators and turbines, Hydro turbines, Thermal Turbines, Solar modules and components and parts including Rotor blades, Braking systems, Tower, Nacelle, Control unit, Generators, etc. and to set up Wind Farms for the company and/or for others either singly or jointly and also to generate, acquire by purchase in bulk, accumulate, sell, distribute and supply electricity and other power (subject to and in accordance with the laws in force from time to time).
- To carry on business of an investment company or an Investment Trust Company, to undertake and transact trust and agency investment, financial business, financiers and for that purpose to lend or invest money and negotiate loans in any form or manner, to draw, accept, endorse, discount, buy, sell and deal in bills of exchange, hundles, promissory notes and other negotiable instruments and securities and also to issue on commission, to subscribe for underwrite, take, acquire and hold, sell and exchange and deal in shares, stocks, bonds or debentures or securities of any Government or Public Authority or

Company, gold and silver and bullion and to form, promote and subsidise and assist companies, syndicates and partnership to promote and finance industrial enterprises and also to give any guarantees for payment of money or performance of any obligation or undertaking, to give advances, loans and subscribe to the capital of industrial undertakings and to undertake any business transaction or operation commonly carried on or undertaken by capitalists, promoters, financiers and underwriters.

- To act as investors, guarantors, underwriters and financiers with the object of financing Industrial Enterprises, to lend or deal with the money either with or without interest or security including in current or deposit account with any bank or banks, other person or persons upon such terms, conditions and manner as may from time to time be determined and to receive money on deposit or loan upon such terms and conditions as the Company may approve provided that the Company shall not do any banking business as defined under the Banking Regulations Act, 1949.
- To carry on in India or elsewhere the business of consultancy services in various fields, such as, general, administrative, commercial, financial, legal, economic, labour and industrial relations, public relations, statistical, accountancy, taxation and other allied services, promoting, enhancing propagating the activity of investment in securities, tendering necessary services related thereto, advising the potential investors on investment activities, acting as brokers, sub-brokers, Investment Consultant and to act as marketing agents, general agents, sub agents for individuals/ bodies corporate/Institutions for marketing of shares, securities, stocks, bonds, fully convertible debentures, partly convertible debentures, non convertible debentures, debenture stocks, warrants, certificates, premium notes, mortgages, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, general insurance products, life insurance products and other similar instruments whether issued by government, semi government, local authorities, public sector undertakings, companies corporations, co-operative societies, and other similar organizations at national and international levels.

Key Managerial Personnel

Given below is a list of key managerial personnel of Shriram Transport. The Company confirms that all these employees are on the employment of the company as permanent employees

Name	Designation	Address	Date Of Joining Shriram Transport	Age	Qualification	Exp in the Company
R. Sridhar	Managing Director	Bugalow No 33, Atur Park, V.N. Purav Marg, Chembur, Mumbai – 400071	01/08/1986	47	BSC, CA	19
Parag Sharma	Vice President	B-2, 22 Shehadeep CHS , Sector 19, Nerul (east) Navi Mumbai – 400705	13/03/95	36	AICWA , Bcom	10
S Sunder	Vice President Accts	A 304 Navdurga CHS Sector 19A , Nerul (East) Navi Mumbai – 400706	20/03/1995	35	Bcom, AICWA	10

Vinay Kelkar	Sr Vice President	405, Siddhalchal Phase V, Bldg No 27, Pokhran Road, Thane (W) – 400605	24/04/1995	47	A.C.A, AICWA	10
Hardeep Singh	Vice President Operations	203 A Wing Hiranandani Complex , Avilla Building, Ghod Bunder Road , Patil Pada, Thane (W) – 400605	07/01/1991	37	Bcom	14
K Prakash	Company Secretary	21, Kavery, Sector 3 , Vashi, Navi Mumbai	26/09/1994	52	A.C.S	11

Changes in Key Managerial Personnel In The Last Three Years

There are no changes in the Key Managerial Personnel during the last three years

Board of Directors As On 31st March, 2005

Name and Address	Designation	Age	Qualification	Other Directorship
Mr. R. Sridhar Shriram House, Bungalow No. 33, Attur Park Co-op Hsg. Society V.N. Purav Marg, Chembur Mumbai 400 071	Managing Director	46	B.Sc, F C A	Shriram Recon Trucks Ltd. Ceylinco Shriram Capital Management Services Pvt. Ltd. Itegrated Enterprises (India) Ltd. Shriram Asset Management Co. Ltd. Shriram Chits and Investments (Maharashtra) Ltd. Shriram Western Investments Limited
Dr. Sethurathnam C 139, Sarvodaya Enclave New Delhi 110 017	Director	75		Bright Bros. Ltd. Costal Roadways Ltd. G I Wind Farms Ltd. Kamineni Hospitals Ltd. Oil Country Tubular Ltd. Shriram City Union Finance Ltd. Shriram Transport Finance Co. Ltd. Suraj Holdings Ltd.
Mr. S. Venkatakrisnan 34, Oliver Road Mylapore, Chennai 600 00	Director	75	M A	Arabhi Investments Pvt. Ltd. Bhilahari Investments Pvt. Ltd. Galada Fianance Ltd. Ranjani Investments Pvt. Ltd. RKP Investments Pvt. Ltd. Shriram City Union Finance Ltd. Shriram Exports Pvt. Ltd. Shriram Industrial Holdings Pvt. Ltd. Venshan Investments Pvt. Ltd. Charukesi Investments Pvt. Ltd. Eminent Stock Broking Pvt. Ltd. Rambal Properties Pvt. Ltd. Shriram Investments Ltd.

Mr. Umesh Revankar A-1, Prakruti Apartments No. 41, 1 st Main Road Gandhi Nagar, Adyar, Chennai 600 020	Director	40	BBM, MBA	Cel India Finance & Investment Ltd. Indus Stock Bangalore Pvt. Ltd. Synectics Infoway Pvt. Ltd. Asia Global Trading (Chennai) Pvt. Ltd. Medispan Ltd. Shriram Recon Trucks Ltd.
Mr. K R C Sekhar Flat No. 101, Sterling Elignaza Apts. St. No. 5. West Marred Palli Secunderabad – 26	Director	40	M.Com	NIL

Further the following directors have been appointed with effect from September, 2005

Name	Position	Age	Qualification
Ms. Akhila Srinivasan	Director	39	MA. M Phill
Mr. S.M. Bafna	Director	44	BSc
Mr. Arun Duggal	Director	59	MBA
Mr. Sanjay Kukreja	Director	28	MBA
Mr. R. Lakshminarayan	Director	70	BSc, Btech

Related Party Disclosures

Key Personnel

Managing Director : Mr. R. Sridhar
Salary & Perquisites : Rs. 6.39 lacs

Source of Data

All data relating to products/ services, capacity utilisation etc. has been provided by Shriram Transport Finance Company Limited

Corporate Governance

1. Company's philosophy on Corporate governance:

The Company's philosophy on Corporate Governance is aimed at:-

- (a) enhancing the shareholder value through • assisting the top management in taking sound business decisions prudent financial management.
- (b) achieving transparency and professionalism in all decisions and activities of the Company (c) achieving excellence in Corporate Governance by • conforming to, and excelling wherever possible, the prevalent guidelines on Corporate Governance. • reviewing periodically the existing systems for further improvement.

2. Board of Directors:

a) Composition:

The Board of the Company as on 31st March 2005 consisted of six Directors from varied disciplines. The Company has a Managing Director. The Managing Director manages the affairs of the Company under the guidance of the Board of Directors. The Board meets at regular intervals to discuss and analyse matters like policy formulation, setting up of goals, appraisal of performance with the goals and control functions. The powers of the Board have also been sub-delegated to the Committee of Directors who monitor the day -to- day operations. This has helped the Board to have close control over the functioning of the Company and to enhance the shareholder value. Attendance at Board Meetings, last Annual General Meeting (AGM), Extraordinary General Meetings (EGM) and number of memberships of Directors in other Boards and Board Committees. Nine meetings of the Board were held during the financial year - on 26.4.04, 10.6.04, 29.6.04, 23.7.04, 9.9.04,30.11.04, 5.1.05, 29.1.05 and 16.2.05.

3. Business development committee:

Terms of Reference:

The Business Development Committee has been formed to ensure efficient and timely decisions on the matters relating to the general business of the Company. The Committee meets periodically to discharge its functions

Composition:

The Committee met 30 times during the year ended 31.3.05:

Names of Members

Sri S Venkatakrishnan
Sri Umesh G Revankar

4. Audit committee:

Terms of reference:

The role of Audit Committee includes: • Overseeing the financial reporting process. • To ensure proper disclosure in the quarterly, half yearly and audited financial statements. • To recommend appointment of auditors and their remuneration. • Reviewing the financial statements before submission to the Board • Reviewing the adequacy of internal control systems

Composition:

Three meetings have been held during the year ended 31.3.05 on 28.6.04, 30.11.04 and 29.1.05

Names of No. of Meetings

Members Attended

Sri S Venkatakrishnan - Chairman 3

Sri Umesh G Revankar 3

Sri K R C Sekhar 2

5. Remuneration committee:

Terms of Reference:

The Remuneration Committee is constituted to determine the quantum of commission payable to Managing Director based on the profits of the Company.

Composition:

The Committee met on 28.6.04 during the period under consideration.

Names of Members

Sri S Venkatakrishnan - Chairman

Sri Umesh G Revankar

Sri K R C Sekhar

The remuneration policy of the Company is:

Managing Director: The Managing Director is paid a fixed quantum of salary and perquisites and such percentage of commission as recommended by the Remuneration Committee based on the financial results and overall performance of the Company, within the overall limits permissible under the Companies Act and as approved by the shareholders. Non Executive - Independent Directors: Sitting fees of Rs 2500 per meeting of the Board or any Committee or General Meeting plus reimbursement of actual travel expenses and out of pocket expenses incurred, wherever applicable, for attending such meetings.

6. Shareholders'/Investors grievance committee:

Composition

Names of Members

Sri S Venkatakrishnan - Chairman

Sri Umesh G Revankar

Sri K R C Sekhar

Earlier, the status of investor grievances was reviewed by the Board at its meetings periodically. After the constitution of the Shareholders'/ Investors' Grievance Committee, the status of investor grievances are monitored by the said Committee periodically and the reports of the Committee are made available to the Board. The complaints received from the shareholders, SEBI, Stock Exchanges, Registrar of Companies are reviewed and they are replied by the Company/ share transfer agents regularly. The status of the pending complaints is also reviewed by the Committee. The Committee reviews the system of process of redressal of investor grievances. Sri K Prakash, Company Secretary, has been designated as the compliance officer.

7. Disclosures

There are no materially significant related party transactions with the Company's promoters, Directors, management, subsidiaries or relatives which may have potential conflict with the interest of the Company at large. Disclosure on transaction with related party as required under Accounting Standard 18 has been incorporated in the Notes to the Accounts. SEBI has vide letter dated 16/11/04 cited violation of regulation 8 (3) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 for record date for 2001 and sought for penalty of Rs.25,000/-. The Company has replied vide its letter dated 15/12/2004 explaining its case. There are no instances of noncompliance by the Company, penalties, strictures imposed by the Stock Exchanges and SEBI on any matter related to capital markets during the last three years.

8. Means of communication

The audited financial results, the quarterly results and half-yearly results of the Company are published in one English (Trinity Mirror) and one Tamil newspaper (Makkal Kural). To comply with the requirements of the SEBI and the Stock Exchange listing agreement , the requisite information, statement, from the quarter ended September 2002 are filed on Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by the National Informatics Centre (NIC), online.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS.

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Fixed Assets					
Owned Assets					
Gross Block	5,991.32	5,882.34	4,485.42	2,065.65	1,841.17
Less Depreciation	1,101.58	649.10	405.93	287.19	237.57
Net Block	4,889.74	5,233.24	4,079.49	1,778.46	1,603.60
Lease Assets					
Gross Block	448.12	920.81	1,911.99	2,876.73	4,569.52
Less Depreciation adjusted for lease adjustments	446.98	902.99	1,574.82	2,002.69	2,613.14
Net Block	1.14	17.82	337.17	874.04	1,956.38
Net Fixed Assets	4,890.88	5,251.06	4,416.66	2,652.50	3,559.98
Investments	407.49	475.85	790.76	790.76	1,218.81
Current Assets, Loans and Advances					
Stock on Hire and Repossessed	28,703.53	43,352.58	32,347.03	33,402.20	41,524.18
Loans given on Hypothecation and Lease	126,004.29	45,839.82	18,082.06	8,130.74	-
Sundry Debtors	194.99	266.46	788.33	1,439.06	1,106.73
Cash & Bank Balances	21,684.49	16,123.56	9,636.20	9,156.62	4,570.79
Other Current Assets	128.29	73.19	2,276.78	3,599.43	6,699.99
Loans & Advances	18,728.86	15,413.84	15,133.01	6,933.58	7,783.72
Total (A)	200,742.82	126,796.36	83,470.83	66,104.89	66,464.20
Loan Funds					
	131,949.21				
Secured Loans		87,060.16	54,933.04	44,723.01	42,277.76
Unsecured Loans	16,242.23	4,471.49	1,909.36	989.64	1,214.45
Deferred tax Liability	5,349.98	3,959.70	3,382.00	735.20	(1,496.01)
Current Liabilities	18,178.72	13,510.42	10,358.35	7,334.59	13,066.11
Provisions	6,721.52	4,709.52	3,259.63	2,919.01	2,075.47
Total (B)	178,441.66	113,711.29	73,842.38	56,701.45	57,137.78
Net Worth (A-B)	22,301.16	13,085.07	9,628.45	9,403.44	9,326.42
Represented by					
Share Capital	9,073.50	8,091.86	6,720.60	6,096.30	5,230.45
Optionally Convertible Debentures	103.81	-	-	-	
Reserves and Surplus	13,168.28	5,060.49	2,997.98	3,420.12	4,231.80
Miscellaneous Expenditure	(44.43)	(67.28)	(90.13)	(112.98)	(135.83)
(to the extent not written off or adjusted)					
Total	22,301.16	13,085.07	9,628.45	9,403.44	9,326.42

Profit & Loss Statement for the Year Ended**(Rs. In Lacs)**

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Income					
Income from Operations	34,422.11	24,977.03	16,127.21	13,713.65	12,592.45
Other Income	246.65	924.20	657.13	795.94	696.11
Total Income	34,668.76	25,901.23	16,784.34	14,509.59	13,288.56
Expenditure					
Interest & Other Charges	16,107.53	11,505.51	8,512.33	7,759.86	6,411.89
Lease Rentals Paid	-	-	-	103.50	613.30
Administrative & Other Expenses	8,033.93	6,826.42	3,177.66	2,636.80	3,039.70
Depreciation and Impairment Loss	471.66	560.76	798.72	1,003.92	1,484.72
Share & Debenture Issue expenses written off	22.85	22.85	22.85	22.85	22.86
Provisions & Write offs	2,245.90	1,413.18	505.35	611.33	46.78
Total Expenditure	26,881.87	20,328.72	13,016.91	12,138.26	11,619.25
Profit Before Taxation	7,786.89	5,572.51	3,767.43	2,371.33	1,669.31
Prior period adjustment	-	-	-	61.09	-
Provision for Taxation	1,464.23	1,310.84	737.01	201.62	141.47
Provision for Deferred Taxation	1,390.28	577.70	647.52	168.09	2.63
Profit after Taxation	4,932.38	3,683.97	2,382.90	2,062.71	1,525.21
Provision for Dividend no longer required	4.76	-	-	-	-
Balance in Profit & Loss Account brought forward	1,914.29	961.78	1,616.50	980.06	706.00
Balance Available for Appropriations	6,851.43	4,645.75	3,999.40	3,042.77	2,231.21
Appropriations					
Statutory Reserve	1,000.00	740.00	477.00	415.00	115.00
General Reserve	500.00	370.00	1,630.00	200.00	315.00
Debenture Redemption Reserve	-	-	-	-	50.00
Dividend					
Cumulative Redeemable Preference Shares	228.21	233.07	232.94	169.44	165.84
Equity shares – Interim	519.50	419.00	356.74	356.57	-
Equity shares – Final	981.43	785.24	302.22	285.26	536.32
Tax on Dividend (including surcharge)	225.97	184.15	38.72	-	71.62
Balance carried to Balance Sheet	3,396.32	1,914.29	961.78	1,616.50	980.06
Total	6,851.43	4,645.75	3,999.40	3,042.77	2,233.84

Management Discussion on the following points**Economic Growth**

The initial fears of a monsoon failure impacting India's GDP growth were warded off by a robust growth of the country's industrial and services sectors, which grew at 7.8% and 8.9% respectively in 2004-05. Interestingly, agriculture was the only sector to decelerate but what is noteworthy is that this had no perceptible impact on industrial activity, indicating a gradual insulation of the industry from the vagaries of monsoons. Remarkably, high crude prices also failed to dampen industrial activity in India. India's GDP growth of 6.9% over a high base of 8.5% is commendable. Buoyed by the recent growth patterns, the Economic Survey of 2004-05 indicates a possible ratcheting up of the trend rate of annual growth of the Indian economy from around 6% to about 7%. Given that the current growth pick-up is accompanied by an upswing in saving and investment, the scenario is reminiscent of India's growth during the boom that extended from 1994- 95 to 1996-97.

Modernisation of Trucks

Truck manufacturers and operators agree that the trucking industry suffers from a situation of glut. At Shriram, we finance a range of trucks – from the new to the 8-year-olds. In doing so, we lubricate the pre-owned trucks market and facilitate Application Changeover, which is essential to protect the trade from the dangers of oversupply and low freights. When we help a customer buy a four year old truck, simultaneously, we enable him to sell off his eight year old truck by financing the buyer of that truck. Thus we help bring about an orderly flow of trucks through various stages of its life cycle. In the last five years we at Shriram have brought about a sea change by making available large amount of low cost funds in the pre-owned trucks segment. By arranging for a smooth delivery of credit to all the constituents of the trade, we help to modernise the national fleet of trucks.

2005-06

The performance of the industry and services is expected to remain buoyant during 2005-06. Indications of a pick-up in investment activity augurs well for the growth of the Indian industry in 2005- 06, while services are expected to sustain their high growth. On the overall, India's GDP is expected to grow in the range of 6.75-7.00% during 2005-06.

Risks and concerns

The Company is exposed to the usual industry risk factors of interest rate volatility, credit risk and liquidity risk.

Interest rate risk

The Company's Asset Liability Management Committee is primarily responsible for monitoring and mitigating this risk. Effective risk management techniques are used to mitigate the impact of this risk.

Credit Risk

The Company has gained valuable skill and experience in the management of this risk supported by relevant systems and procedures. A well documented credit risk management system lays down credit norms, exposure limits and credit approval limits, which are constantly adapted to changes in India's external environment.

Liquidity Risk

The Company's Asset Liability Management System constantly monitors its asset and liability profiles, taking appropriate action to mitigate the risks, if any, through an appropriate hedging mechanism. The Company has formed an Asset Liability Management Committee to review and decide on policies relating to Asset Liability Management.

Information Technology

The Company is in the advanced stages – to be fully operational by the end of 2005-06 – of developing a comprehensive Non-Banking Financial Services application covering lending, investments, financial accounts and MIS. The application is based on the web server model with a proposed Central Data and Application. The Company's branches, zonal and regional offices will log on to the server and the system will be working on an online/offline model depending on the connectivity at the branch location. The new application will help accelerate information flow, quicker consolidation and MIS and improved systems administration and data management.

Adequacy of Internal Controls

The Company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorized use or disposition of assets, and that the transactions are authorised, recorded and reported correctly. The Company ensures an adherence to all internal control policies and procedures as well as a compliance with all regulatory guidelines. The Audit Committee of the Board of Directors reviews the adequacy of these internal controls.

Human Resources

To support significant ongoing growth, the Company has been continuously upgrading the quantity and quality of its human resources to handle larger business volumes and enhance competitiveness. The Company possesses a team of able and experienced professionals. Relevantly, the Company has constantly attempted to upgrade its technology to make its people more productive, enhance customer service and simplify operations without compromising internal controls. The Company has strengthened managerial positions to enhance capabilities in offering services to customers. The number of employees stood at 902 as of 31st March, 2005.

Declaration by Directors

In our opinion and to the best of our knowledge and belief, there have arisen no circumstances since the date of the last financial statements 31st March, 2005 as disclosed in the Information Memorandum which materially and adversely affect or are likely to affect the profitability of the company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

PERFORMANCE OF ASSOCIATE COMPANIES**SHRIRAM INVESTMENTS LIMITED**

- Brief Activities : The Company is engaged in the business of financing commercial vehicles to small road transport operators (SRTOs)
- Incorporation 1982
- Board of Directors: Smt. Akhila Srinivasan - Managing Director

Directors

Sri. R. Lakshminarayanan

Sri Vinay Narayan Kelkar

Sri S Vankatakrishnan

Dr T S Sethurathnam (Nominee of IREDA Ltd)

Sri Sudip Basu (Nominee of Citicorp Finance (India) Limited)

- Audited Financial Highlights:

	2004-05	2003-04	2002-03	2001-02
Description	(Rs. million)			
Interest Earned, Operating Income	3379	2552.2	1811.3	1515.4
Other Income	50.3	153.4	116.1	151.6
Total Income	3429.3	2705.6	1927.4	1667
Interest Expanded	-1637	-1188.4	-933.3	-889.5
Operating Expenses	-940.9	-868.6	-484.6	-349.5
Operating Profit	851.4	648.6	509.5	428
Depreciation	-111	-101.2	-124.8	-155.4
Profit before Tax	740.4	547.4	384.7	272.6
Tax	-272	-184.8	-147.6	-50.3
Profit after Tax	468.4	362.7	237.1	222.3
Net Profit	468.4	362.7	237.1	222.3
Equity Capital	606.3	386.9	387.2	329.5
Reserves	1428.3	568.4	346.9	450.7
EPS	9.23	8.56	5.96	-

SHRIRAM OVERSEAS FINANCE LIMITED

- Brief Activities : The Company is engaged in the business of financing commercial vehicles to Small Road Transport Operators
 - Incorporation 1989
 - Board of Directors: Sr. P.S. Gopalakrishnan – Chairman
Sri. J.S. Gujral – Managing Director
Sri. R. Ramesh - Whole Time Director
- Directors**
- Sr. S Ashok
 - Sri S.P. Raghunathan
 - Sri S. Venkatakrishnan
 - Sri. T.N. Swaminathan
- Audited Financial Highlights:

Date End	2004-05	2003-04	2002-03
Description	(Rs. million)		
Interest Earned, Operating Income	298.4	125.73	56.6
Other Income	7	4.32	8.46
Total Income	305.4	130.06	65.06
Interest Expended	-15	-28.95	-38.13
Operating Expenses	-109.9	-45.31	-35.27
Operating Profit	180.5	55.79	-8.34
Depreciation	-2.9	-2.61	-5.41
Profit before Tax	177.6	53.17	-13.76
Tax	-64.1	-13.06	1.7
Profit after Tax	113.5	40.1	-12.05
Net Profit	113.5	40.1	-12.05
Equity Capital	212.1	168.4	68
Reserves	97.7	15.85	-23.8
EPS	6.52	2.79	-1.95

SHRIRAM CITY UNION FINANCE LIMITED

- Brief Activities : The Company is engaged in the business of financing commercial vehicles to small road transport operators , consumer durables and two wheelers.
- Incorporation 1986
- Board of Directors: Sri Akhilesh Kumar Singh – Managing Director

Directors

Sri Sumati Prasad M. Bafna
 Sri S. Venkatakrishnan
 Sri S. Krishnamurthy

- Audited Financial Highlights:

	2004-2005	2003-2004	2002-2003
Description	(Rs. million)		
Interest Earned, Operating Income	1728.8	1341	766.7
Other Income	83.1	78.2	26.9
Total Income	1811.9	1419.2	793.6
Interest Expended	-941.3	-664.8	-411.8
Operating Expenses	-456.8	-417.2	-193.1
Operating Profit	413.8	337.2	188.7
Depreciation	-49.5	-60.7	-60.7
Profit before Tax	364.3	276.5	128
Tax	-133.3	-92.9	-47
Profit after Tax	231	183.6	81
Net Profit	231	183.6	81
Equity Capital	271	271	75
Reserves	430.7	302	208.8
EPS	7.58	8.6	8.02

OUTSTANDING LITIGATIONS OR DEFAULTS**SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**

1. Omayal Agro Industries Limited , a sister concern had availed, financial assistance by way of term loan of Rs 76 lakhs and cash credit limit of Rs 112 lakhs from Andhra Bank. In this connection, the Bank had filed a case against the Company in the Debt recovery Tribunal in Mar 02 for recovery of their dues. Shriram Transport Finance Company Limited, as guarantor was made a party to the case. The Company represented that as per the RBI Guidelines for compromise settlement of chronic NPAS the loans should be treated as fully discharged.

In respect of the term loan of Rs 76 lakhs and cash credit of Rs 112 lakhs availed from Andhra Bank by Omayal Agro Industries Limited, a notice has been issued by Andhra bank on 1.11.2003 under the Act for Enforcement of Security interest on , amongst others, Omayal Agro Industries Limited, Shriram Transport Finance Company Limited, as Guarantor.. The Company placed on record its objection with Andhra Bank. The Company represented that as per RBI Guidelines for compromise settlement of chronic NPAS the loan should be treated as fully discharged.

During the year ended 31.3.05, the liabilities of Andhra Bank were settled by Shriram Transport Finance Company Limited as Guarantor, under an one time settlement scheme. In respect of the recovery suit filed by Andhra Bank in the Debt Recovery Tribunal, Vishakapatnam, Andhra Bank, has since reported full satisfaction of their dues to the DRT. DRT has taken on record the satisfaction memo filed by Andhra Bank and declared the matter closed.

2. The company is predominantly engaged in Hire Purchase & leasing of commercial vehicles and in the normal course of business, the Company has filed suits both civil and criminal - -- cases aggregating Rs -- lakhs as on 31.03.05

3. SEBI has vide letter dated 16.11.04 cited violation of regulation 8(3) for record date for 2001 and sought for penalty of Rs.25000/-. The Company has vide letter dated 15.12.04 replied to SEBI explaining its case

Outstanding Litigations against Group Companies**SHRIRAM OVERSEAS FINANCE LIMITED**

1. Pioneer Overseas Finance Limited was a Company with which the Shriram Company Shrileka Hire Purchase Finance Limited merged on 28.01.03. The necessary court orders have been passed and the name of the Company has also been changed to Shriram Overseas Finance Limited w e f 29.05.03. The erstwhile Pioneer Finance Company Limited had earlier made an issue of 20 lakh equity shares on 31.03.00 and 29.04.00 to its erstwhile promoters by way of preferential allotment. With regard to certain compliance by the erstwhile promoters with the provisions of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, the erstwhile promoters have been asked by the SEBI Adjudicating Officer vide order dated 4.02.04to pay a penalty of Rs 2 lakhs. The erstwhile promoters (acquirers) have made the payment vide letter dated 13.03.04.

2. In respect of allotment of 8 lakh Equity Shares under preferential allotment on 1.10.02, which was made by the erstwhile Pioneer Overseas Finance Company Limited to its erstwhile promoters, the Company has received a letter from the Sock Exchange Mumbai on 5.11.03, that there has been some non disclosures in the Explanatory Statement to the Notice that convened the Extraordinary General Meeting in 2002 and has asked the Company to have the same condoned by SEBI. Shriram Overseas Finance Limited has written to SEBI in this connection on 17.07.04 and 17.9.04 for their No objection / relaxation. SEBI vide its letter dated 29.10.04 addressed to BSE construed the deviation by the Company as a technical violation

3. SEBI has vide letter dated 16.11.04 imposed a penalty of Rs.175000/- for alleged violation of regulations 6(2) and 6(4) for 1997 and 8(3) for 1998, 1999, 2000,2001 and 2002. The Company has vide letter dated 15.12.04 replied to SEBI explaining its case

4. With respect to the financial assistance extended before merger to Pioneer Overseas Finance Limited by IREDA, criminal complaints have been filed under Section 138 of the Negotiable Instruments Act by IREDA in respect of cheques amounting to Rs 18 lakhs on 18.09.03 and 19.12.03. The Company has since paid the amounts to IREDA under onetime settlement on 17.06.04 and have obtained the necessary no dues certificates from them and necessary satisfaction of charges have also been filed with the Registrar of Companies, in this regard on 11.08.04.

5. The company is predominantly engaged in Hire Purchase & leasing of commercial vehicles and in the normal course of business, the Company has filed suits both civil and criminal - - cases aggregating Rs --- lakhs as on 31.03.05

(Current position Pt No. 5 to be incorporated)

SHRIRAM INVESTMENTS LIMITED

1. Victory Laminations Limited had availed term loan of Rs 500 lakhs from IDBI. In this connection, IDBI had filed a case before the Debt Recovery tribunal in June 02 for the recovery of dues. In this case, amongst others, as Guarantors Shriram Investments Limited, was made a party. Comprise settlement was approved and Shriram Investments Limited has paid a sum of Rs.7, 13, 92,000/- to IDBI.

2. Claim for reinstatement of five ex-employees of Shriram Investments Limited, have been made on 29.10.99. As per the order of the High Court, Madras, dt 25.04.03 the court, out of five ex - employees have directed the applicant Company to deposit 50% of the last drawn salary at the time of termination till the date of the award of four ex-employees and that this amount is to be deposited within four weeks of the receipt of order. The Company is yet to receive the order copy.

3. The company is predominantly engaged in Hire Purchase & leasing of commercial vehicles and in the normal course of business, the Company has filed suits both civil and criminal - - cases aggregating Rs --- lakhs as on 31.03.05

4. SEBI has vide letter dated 16.11.04 cited violation of regulation 8(3) for record date for 2001 and sought for penalty of Rs.25000/-. The Company has vide letter dated 15.12.04 replied to SEBI explaining its case

SHRIRAM INVESTMENTS LIMITED & SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

Rambal Limited, a sister concern had availed certain financial assistance by way of term loan of Rs 100 lakhs and foreign currency loan equivalent of US \$ 1.80mn from IDBI. In this connection, IDBI filed a case in the Debts Recovery tribunal in Jan 03 for recovery of their dues. A suit was also filed on 2.08.02 for declaration that IDBI has got paramount and exclusive rights on securities consisting of immovable and movable properties. Among others, as guarantors, Shriram Investments Limited and Shriram Transport Finance Company Limited, Companies have been made a party to the case. A winding up petition in this regard was also filed on 5.08.02 against Shriram Investments Limited and Shriram Transport Finance Company Limited. Out of court settlement has been agreed to and liability has been settled / discharged and the case has been dismissed on 17.03.04 as withdrawn/settled out of court. There was a similar issue for a rupee term loan of Rs 400 lakhs availed by Rambal Limited from IIBI (case filed in Debts Recovery Tribunal) on Jan 04 where compromise petition dt 20.02.04 similar to the settlement concluded with IDBI was pending for final disposal with IIBI. Shriram Investments Limited has paid a sum of Rs. 453.90 lakhs to IIBI on 27.1.05 and IIBI has issued a letter to the effect on 17.2.05

Investor Grievances & Redressal Mechanism followed by the Company

The Status of investor Grievances are monitored by the Investor Grievance committee periodically and the reports of the committee are made available to the board.

The Complaints received from the investor regarding transfers etc are reviewed and replied by the Company / share transfer agents regularly . The Committee reviews the system of process of redressal of investor grievance

PART II
GENERAL INFORMATION

Expert Opinion

Save as stated elsewhere in the document, the Company has not obtained any expert opinion.

Changes in Directors during the last 3 years

Name of the Director	Date	Reason for change
Sri Lalit P. Mehta	27/06/2002	Resigned from the position of director
Sri V Sriram	27/06/2002	Do
Sri Ravi Talwar	27/06/2002	Do
Sri S. Rajaratnam	27/06/2002	Do
Sri. S Ramasubramaniam	27/06/2002	Do
Sri G. Rajaretnam	24/09/2002	Do
Dr T. S. Sethurathnam	11/09/2001	Nomination withdrawn by IREDA Ltd
Sri Umesh G Revankar	10/06/2002	Appointed as an additional Director
Sri G V Raman	07/10/2002	Resigned from the position of Chairman & director
Sri K R C Sekhar	28/11/2002	Appointed as an additional director
Sri M.T. Chiddarwar	08/04/2003	Nomination withdrawn by SICOM Ltd
Sri R. Nagarajan	05/09/2003	Resigned from the post of Director
Dr T. S. Sethurathnam	28/11/2003	Appointed as a nominee director
Ms. Akhila Srinivasan	September 2005	Appointed
Mr. S.M. Bafna	September 2005	Appointed
Mr. Arun Duggal	September 2005	Appointed
Mr. Sanjay Kukreja	September 2005	Appointed
Mr. R. Lakshminarayan	September 2005	Appointed

Previous public issue if any: (during last five years)

Not Applicable

Changes in Auditors during the last 3 years

There have been no change in the Auditors during the previous 3 years

Company Secretary

Mr. K Prakash
Company Secretarr
101-105 Shiv Chambers,1st Floor, B Wing,
Sector 11, CBD Belapur
NAvi Mumbai – 400614
Tel :(022) 275780171 / 27580172Fax :(022) 27580176

Auditors

M/s. G. D. Apte & Co. Chartered Accountants
Dream Presidency, 1202/17E, Apte Road, Pune-411004.

Bankers to the Company

Allahabad Bank , Bank of Maharashtra, City Union Bank Ltd, Dena Bank, State Bank of Hyderabad,
Punjab National Bank, Punjab & Sind Bank, UCO Bank, Union Bank of India.

FINANCIAL INFORMATION – A REPORT BY AUDITORS

To
The Board of Directors,
M/s Shriram Transport Finance Company Limited
Chennai

Dear Sirs,

I have examined the financial information in Annexure – I – VIII annexed to this report, which is proposed to be included in the information memorandum of Shriram Transport Finance Company Limited in connection with issued 25 unsecured redeemable non convertible debenture of face value of Rs 1,00,00,000 each face value aggregating to Rs 25 crores in terms of the requirements of clause B of part II of schedule II to the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 issued by the Securities and Exchange Board of India, as amended from time to time and reported that :

- 1) I have examined particulars relating to the profit and loss account of the company for the financial years ended March 31, 2002, 2003, 2004 and 2005 (Annexure II), and which have been compiled from the audited profit and loss account of the company for respectively years audited by statutory auditor. I have also examined the particulars relating to the assets and liabilities of the company as at March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and March 31, 2005 (Annexure I), which have been compiled from the audited financial statements for the years ended March 31, 2001, 2002, 2003, 2004, 2005 from the audited Balance sheet of the company for the respective years audited by statutory auditor together with the cash flows for the years ended on those dates.

Attention is drawn to note of Annexure II Profit and Loss Statement regarding the change in the method of accounting in the year 2000-2001 and the disclosure thereof.

The significant accounting policies adopted by the company as per the audited statements of account for the accounting year ended March 31, 2005 are detailed in annexure III to the this report.

The notes to account as per the audited statement of account for the accounting year ended March 31, 2005 are detailed in annexure – IV to this report.

- 2) I have reviewed the details pertaining to the earning per share, book value and return on Networth of the company for the previous five financial year ended March 31, 2001, 2002, 2003, 2004 and 2005 as stated in Annexure V which is based on the audited financial statement of the company.
- 3) I have examined the statement of dividend paid which contains details pertaining to the rate of dividend and the amount of dividend paid for the previous five financial years ended March 31, 2001, 2002, 2003, 2004 and 2005 as stated in Annexure VI.
- 4) The details of the borrowing of the company as at March 31, 2005 as stated in the Capitalisation statement in Annexure – VII, are based on the audited balance sheet of the company.
- 5) I have examined tax shelter statement as appearing in Annexure VIII for the previous five financial years ended March 31, 2001, 2002, 2003, 2004 & 2005

Annexure I - VIII have been stamped and initialed by us for identification. This report is being issued to the company for inclusion in the information memorandum in connection with the issue of debenture by the company and needs to be considered in its entirety along with the annexure. Based on the information and explanation given to me and my observations, the financial information in the annexures have been drawn on by the company in accordance with requirements of the Guidelines and clause B of part II of the Schedule II of the Companies Act, 1956 as amended from time to time.

Yours faithfully,

V.S SAPTHARISHI
Mem. No. 24123
Mumbai, Dated : December 29 2005

Annexure 1 -Financial Statement as On

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Fixed Assets					
Owned Assets					
Gross Block	5,991.32	5,882.34	4,485.42	2,065.65	1,841.17
Less Depreciation	1,101.58	649.10	405.93	287.19	237.57
Net Block	4,889.74	5,233.24	4,079.49	1,778.46	1,603.60
Lease Assets					
Gross Block	448.12	920.81	1,911.99	2,876.73	4,569.52
Less Depreciation adjusted for lease adjustments	446.98	902.99	1,574.82	2,002.69	2,613.14
Net Block	1.14	17.82	337.17	874.04	1,956.38
Net Fixed Assets	4,890.88	5,251.06	4,416.66	2,652.50	3,559.98
Investments	407.49	475.85	790.76	790.76	1,218.81
Current Assets, Loans and Advances					
Stock on Hire and Repossessed	28,703.53	43,352.58	32,347.03	33,402.20	41,524.18
Loans given on Hypothecation and Lease	126,004.29	45,839.82	18,082.06	8,130.74	-
Sundry Debtors	194.99	266.46	788.33	1,439.06	1,106.73
Cash & Bank Balances	21,684.49	16,123.56	9,636.20	9,156.62	4,570.79
Other Current Assets	128.29	73.19	2,276.78	3,599.43	6,699.99
Loans & Advances	18,728.86	15,413.84	15,133.01	6,933.58	7,783.72
Total (A)	200,742.82	126,796.36	83,470.83	66,104.89	66,464.20
Loan Funds					
Secured Loans	131,949.21	87,060.16	54,933.04	44,723.01	42,277.76
Unsecured Loans	16,242.23	4,471.49	1,909.36	989.64	1,214.45
Deferred tax Liability	5,349.98	3,959.70	3,382.00	735.20	(1,496.01)
Current Liabilities	18,178.72	13,510.42	10,358.35	7,334.59	13,066.11
Provisions	6,721.52	4,709.52	3,259.63	2,919.01	2,075.47
Total (B)	178,441.66	113,711.29	73,842.38	56,701.45	57,137.78
Net Worth (A-B)	22,301.16	13,085.07	9,628.45	9,403.44	9,326.42
Represented by					
Share Capital	9,073.50	8,091.86	6,720.60	6,096.30	5,230.45
Optionally Convertible Debentures	103.81	-	-	-	
Reserves and Surplus	13,168.28	5,060.49	2,997.98	3,420.12	4,231.80
Miscellaneous Expenditure (to the extent not written off or adjusted)	(44.43)	(67.28)	(90.13)	(112.98)	(135.83)
Total	22,301.16	13,085.07	9,628.45	9,403.44	9,326.42

Annexure II - Profit & Loss Statement For The Year Ended

(Rs. In Lacs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Income					
Income from Operations	34,422.11	24,977.03	16,127.21	13,713.65	12,592.45
Other Income	246.65	924.20	657.13	795.94	696.11
Total Income	34,668.76	25,901.23	16,784.34	14,509.59	13,288.56
Expenditure					
Interest & Other Charges	16,107.53	11,505.51	8,512.33	7,759.86	6,411.89
Lease Rentals Paid	-	-	-	103.50	613.30
Administrative & Other Expenses	8,033.93	6,826.42	3,177.66	2,636.80	3,039.70
Depreciation and Impairment Loss	471.66	560.76	798.72	1,003.92	1,484.72
Share & Debenture Issue expenses written off	22.85	22.85	22.85	22.85	22.86
Provisions & Write offs	2,245.90	1,413.18	505.35	611.33	46.78
Total Expenditure	26,881.87	20,328.72	13,016.91	12,138.26	11,619.25
Profit Before Taxation	7,786.89	5,572.51	3,767.43	2,371.33	1,669.31
Prior period adjustment	-	-	-	61.09	-
Provision for Taxation	1,464.23	1,310.84	737.01	201.62	141.47
Provision for Deferred Taxation	1,390.28	577.70	647.52	168.09	2.63
Profit after Taxation	4,932.38	3,683.97	2,382.90	2,062.71	1,525.21
Provision for Dividend no longer required	4.76	-	-	-	-
Balance in Profit & Loss Account brought forward	1,914.29	961.78	1,616.50	980.06	706.00
Balance Available for Appropriations	6,851.43	4,645.75	3,999.40	3,042.77	2,231.21
Appropriations					
Statutory Reserve	1,000.00	740.00	477.00	415.00	115.00
General Reserve	500.00	370.00	1,630.00	200.00	315.00
Debenture Redemption Reserve	-	-	-	-	50.00
Dividend					
Cumulative Redeemable Preference Shares	228.21	233.07	232.94	169.44	165.84
Equity shares – Interim	519.50	419.00	356.74	356.57	-
Equity shares – Final	981.43	785.24	302.22	285.26	536.32
Tax on Dividend (including surcharge)	225.97	184.15	38.72	-	71.62
Balance carried to Balance Sheet	3,396.32	1,914.29	961.78	1,616.50	980.06
Total	6,851.43	4,645.75	3,999.40	3,042.77	2,233.84

Notes

- From April 1, 2001 there has been a change in the method of accounting Hire Purchase finance charges are recognised from sum of digit method to the internal rate of return method. This was necessitated due to the introduction of Accounting Standard 19 (AS 19) lease by the institute of chartered Accountants of India.
- The disclosure of Deferred tax liability in accordance with Accounting Standard – 22 (AS-22) accounting for taxes on income issued by the Institute of Chartered Accountants of India.

Cash Flow Statement

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
A Cash Flow from operating Activities					
Profit Before Tax	7786.89	5572.51	3767.43	2371.32	1669.31
Prior period adjustment	0.00	0.00	0.00	61.09	0.00
Interest & Finance Charges paid	16107.53	11505.51	8506.62	7759.86	6411.89
	23894.42	17078.02	12274.05	10192.27	8081.20
Depreciation	471.66	751.60	798.72	1003.92	1484.72
Lease Adjustments	-	(190.84)	(180.09)	82.23	98.67
Share & Debenture issue expenses written off	22.85	22.85	22.85	22.86	22.86
(Profit)/Loss on Assets (Net)	7.63	21.07	10.60	(5.87)	5.64
(Profit)/Loss on Investments (Net)	(6.84)	(433.78)	0.00	(21.26)	(43.52)
Interest/Dividend received	(207.93)	(359.90)	(388.20)	(237.50)	(3161.89)
Provision as per RBI norms (Net of Provision already held)	2217.12	1223.17	476.92	452.07	46.78
Provision for dimunition in value of investments	19.85	(0.94)	12.80	152.36	0.00
Operating Profit before Working Capital changes	26418.76	18111.25	13027.65	11641.08	6534.46
(Increase)/Decrease in Net Stock on Hire	12804.36	(13145.64)	(10521.56)	1699.78	(12861.09)
(Increase)/Decrease in Assets under Financial Lease	6306.37	(13892.71)	(9734.58)	(8130.74)	
(Increase)/Decrease in Hypothecation Loans	(86470.84)	(13891.54)			
(Increase)/Decrease in Leased Assets - Net of sales	5.77	28.63	51.20	57.81	(1189.74)
(Increase)/Decrease in Loans & Advances	(1483.26)	1084.53	2012.32	625.85	665.54
(Increase)/Decrease in Other Receivables	16.38	3314.65	2874.72	2497.93	107.85
Increase/(Decrease) in Current Liabilities	4669.15	3152.07	3766.39	1185.27	952.65
	(64152.07)	(33350.01)	(11551.51)	(2064.10)	(12324.79)
Cash generated from Operations	(37733.31)	(15238.76)	1476.14	9576.98	(5790.33)
Interest & Finance Charges paid	(16107.53)	(11505.51)	(8506.62)	(7759.86)	(6411.89)
Direct Taxes Paid	(1832.63)	(1365.84)	(911.52)	0.00	0.00
Net Cash from Operating Activities (A)	(55673.47)	(28110.11)	(7942.00)	1817.12	(12202.22)
B Cash Flow From Investing Activities					
Bank Deposits (Net)	1168.48	(886.92)	1066.52	(2348.73)	(2418.71)
Purchase of Fixed Assets	(127.29)	(2348.38)	(2452.85)	(255.41)	(403.52)
Sale of Fixed Assets	2.41	903.52	8.27	24.81	17.54
Purchase of Investments	0.00	(101.45)	0.00	0.00	(304.50)
Sale of Investments	6.84	799.91	0.00	449.31	705.93
Interest Received	207.87	345.45	388.14	237.44	3161.47
Dividend Received	0.06	14.45	0.06	0.06	0.42
Net Cash Flow from Investing Activities (B)	1258.37	(1273.42)	(989.86)	(1892.52)	758.63

C	Cash flow from Financing Activities					
	Increase/(Decrease) in Bank Borrowings	369.53	1397.86	(7.63)	(118.19)	87.79
	Increase/(Decrease) in Share Capital	6211.21	1371.26	749.16	865.85	2023.91
	Increase/(Decrease) in Long Term Borrowings	44519.52	30729.27	10217.66	2765.53	12896.61
	Increase/(Decrease) in Fixed Deposit	(115.36)	117.32	511.95	(391.91)	(1994.65)
	Increase/(Decrease) in Short Tem Loans & Advances	(15.00)	(79.87)	(92.23)	(35.00)	
	Increase/(Decrease) in Subordinate Debt	9401.10	2524.68	500.00	0.00	0.00
	Increase/(Decrease) in Unsecured NCDs	2500.00				
	Dividend Paid	(1528.17)	(1037.83)	(1400.95)	(702.16)	(373.53)
	Tax on dividend including surcharge	(198.32)	(38.72)	0.00	(71.62)	(82.07)
	Net Cash Flow from Financing Activities (C)	61144.51	34983.97	10477.96	2312.50	12558.06
	Net Increase in Cash & Cash Equivalents	6729.41	5600.44	1546.10	2237.10	1114.47
	Cash & Cash Equivalents at beginning of the year	10920.96	5320.52	3774.42	1537.32	422.85
	Cash & Cash Equivalents at end of the year	17650.37	10920.96	5320.52	3774.42	1537.32

Annexure – III

SIGNIFICANT ACCOUNTING POLICIES**1. General**

The financial statements have been prepared on the historical cost convention and on accrual basis and in accordance with generally accepted accounting principles in India.

2. Revenue Recognition

- a) Hire-Purchase finance charges are recognised under the “Internal Rate of Return” method for agreements executed on or after 1st April 2001 and for all earlier agreements under the “Sum Of Digits” method and the additional finance charges are recognised as per the terms of the agreements.
- b) Income on Lease transactions are recognised on the basis of Internal Rate of Return method and additional finance charges are recognised as per the terms of the agreements.
- c) Interest/Additional Interest on loans is recognised at contracted rates.
- d) Gain or loss arising on securitisation being difference between the book value of securitised assets and consideration for the same, is recognised in the year of transfer of assets.
- e) Income from power generation are recognised on supply of power to the grid.
- f) Income from services is recognised as per the terms of the contract.
- g) The prudential norms for income recognition and provisioning for bad and doubtful debts prescribed by the Reserve Bank of India for Non – Banking Financial Companies have been followed.

3. Fixed Assets and Depreciation

- a) Fixed Assets have been stated at historical cost less accumulated depreciation.
- b) Depreciation on Fixed Assets has been provided during the period under Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956
 - i. On the Assets acquired up to 15.12.1993 at the rates applicable to said Assets till that date.
 - ii. On the Assets acquired on or after 16.12.1993 at revised rates prescribed in the said Schedule XIV.
 - iii. Assets costing Rs.5000/- or less have been fully depreciated.
- c) The depreciation for the period includes the difference between the book value of the leased assets and the value realised in respect of the termination of the leased assets during the period. In respect of the leased assets, lease equalisation / adjustment accounts are created for the shortfall in Capital recovery and adjusted in Lease rental Income / Fixed Assets.

4. Investments

All the Investments are classified as Long Term Investments by the management and are valued at cost in terms of “Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998” and provision is made to recognize any decline in the value of investments

5. Stock on Hire

Stock under hire-purchase agreements is stated at the amount advanced including additional finance charges and expenses recoverable, as reduced by the installments received upto 31st March, 2004.

6. Financial Lease

As per AS-19 on Leases issued by ICAI, assets given on financial lease after 01-04-2001 onwards is stated at the amount advanced including additional finance charges and expenses recoverable as reduced by the installments received upto 31st March 2004.

7. Hypothecation Loans

Hypothecation loans are stated at amount advanced including interest, additional finance charges and expenses as reduced by amounts received upto the year end and net of assets securitised.

8. Equity share Issue expenses, Preference share Issue expenses and Debenture Issue expenses: Equity Share, Preference Share and Debenture Issue expenses are written off over a period of 10 years.

9. Expenses on Mobilisation of Deposits / Debentures

Expenses on mobilisation of deposits / debentures have been charged to Profit & Loss Account in the year it is incurred. However expenses incurred up to 31st March, 2003 have been charged to Profit & Loss Account on the basis of duration of deposits / debentures.

10. Retirement Benefits

- a) The monthly contributions towards Provident Fund and Employee's State Insurance Scheme are charged against revenue.
- b) Liability in respect of gratuity and leave encashment to employees is accounted on the basis of actuarial valuation.

11. Lease Portfolio Management Scheme

The Lease rentals payable and the lease rentals receivable under the scheme are accounted based on the terms of the said lease agreements, whereas overdue compensation charges are recorded at the effective rates.

Annexure IV

NOTES TO THE ACCOUNTS

• **Secured Loans**

– **Privately placed Redeemable Non-convertible Debentures:**

	2005	2004	2003	2002	2001
Redeemable Non-Convertible Debentures (Number)	8816945	7462678	4804529	3988110	3888062
Redeemable Non-Convertible Debentures of Rs.1000/- each (Amount)	88169.45	74,626.78	48,045.29	39881.10	38880.62

Secured by mortgage of office premises, charge on Plant and Machinery, Furniture and other fixed assets of the Company, charge on Company's book debts, leased assets, lease rentals including future receivables, loans, advances and other investments of the company subject to prior charges created or to be created in favour of the Company's bankers.

Debentures are redeemable over a period of 6 months to 160 months from the date of allotment depending on the terms of the agreement.

– **Term Loans:**

	2005	2004	2003	2002	2001
i. From Financial Institutions/ Corporate:					
a) Secured by an exclusive charge by way of hypothecation of specific movable assets being Fixed / Current assets relating to Lease and Hire Purchase Agreements.	8,450.65	1,029.40	1,203.12	574.27	426.87
b) Secured by an exclusive charge by way of Hypothecation of specific immovable/movable assets pertaining to the windfarm.	2590.44	2476.55	-	-	-

ii. From Foreign Institution: Secured by an exclusive charge by way of hypothecation of specific HP agreements and all amounts owing to and received by the Company pursuant to the above HP agreements.	3259.20	3259.20	3259.20	-	-
iii. From Banks:					
Secured by hypothecation of vehicle.	1.35	2.34	3.19	3.41	-
Secured by an exclusive charge by way of hypothecation of specific movable assets being Fixed / Current assets relating to Lease and Hire -Purchase Agreements.	25981.04	2,550.44	3,942.59	2174.09	612.30
c) Cash Credit from Banks:	3157.91	2,788.38	1,390.52	1398.15	1516.34
Secured by hypothecation of specific assets covered under Hire-Purchase/Lease/Loan Agreements, Book debts and guaranteed by Former Director of the Company.					
d) HP Refinance Loan:					
From Institutions / Corporate					
i) Secured by Hypothecation of Vehicles by hirers guaranteed by associate concerns and also by Former Director of the company	-	51.57	126.66	255.67	456.04
ii) Secured by Hypothecation of specific HirePurchase Vehicles	-	3.00	17.07	323.54	273

– **Subordinated Debt :**

The Company has raised Tier II capital by way of issue of Subordinated Debt bonds amounting to Rs. 2524.68 Lacs for FY 2005 & PY2004 – 500.00 Lacs with coupon rate of 8 % to 10% p.a. which are redeemable over a period of 63 months to 76 months.

• **Contingent Liabilities in respect of:**

Particulars	2005	2004	2003	2002	2001
Guarantees issued by the Company to Banks	2628.082	4,978.02	7,208.82	5758	5058.82
(Out of which amount outstanding)	411.04	699.99	379.00	356	261.91
Guarantees issued by the Company to Others	3779.90	4,547.25	8,477.25	8257.25	7232.25
(Out of which amount outstanding)	360.33	360.33	664.00	24.00	24.00
In respect of Securitised assets	11994.20	3,024.84	6,080.59	-	-
Estimated amount of contract remaining to be executed on capita account and not provided for (net of Advances paid)	100.00	95.00		-	-

The following disputed Income Tax/Interest Tax liability contested in appeals are not provided for and the Company has paid under protest which appears under advances recoverable in cash or kind. In the opinion of the management there is no contingent liability, for the said disputed tax demand in view of favourable appellate decisions in the company's own cases in the earlier years.

Disputed income/interest tax liability	2005	2004	2003	2002	2001
Not provided in books	2693.26	2651.	7,208.82	498.76	680.04
Amount paid under protest	173.44	173.44	173.44	1.19	1.18

- **Disclosure as per Accounting Standard–19 (AS-19) :**

On Financial Lease (Rs. in Lacs)

	As on 31/03/05	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Gross investment	36424.63	15468.16	20956.47	-
Less: Unearned income	10999.45	5637.11	5362.34	-
Net present value	25425.18	9831.05	15594.13	-

On Hire Purchase for agreement entered from 1/4/201(Rs. in Lacs)

	As on 31/03/05	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Gross investment	34779.48	19276.76	15502.72	-
Less: Unearned income	9061.00	4002.48	5058.52	-
Net present value	25718.48	15274.28	10444.20	-

- **As required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank)Directions, 1998**

Particulars	Amount outstanding	Amount overdue
Liabilities side:		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debenture: Secured	101,793.72	1,948.62
: Unsecured (other than falling within the meaning of public deposits*)	2,521.66	-
(b) Deferred Credits	-	-
(c) Term Loans	40,440.53	12.71
(d) Inter-corporate loans and borrowing	15.00	-
(e) Commercial Paper	-	-
(f) Public Deposits*	1,388.26	126.30
(g) Other Loans - Subordinate Debts	12,829.10	-
- Cash Credit	3,157.94	-
- HP Refinance Loan	-	-
*Please see Note 1 below		
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(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	1,388.66	-
*Please see Note 1 below		
Assets side: Amount outstanding		
(3) Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		
(a) Secured	3,105.38	-

(b) Unsecured	35.00	-
(4) Break up of Leased Assets and stock on hire and hypothecation		
loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	25,622.99	-
(b) Operating lease	-	-
(ii) Stock on Hire including hire charges under sundry debtors:		
(a) Assets on hire	28,692.92	-
(b) Repossessed Assets	5.78	-
(ii) Hypothecation loans counting towards EL/HP activities	100,579.11	-
(a) Loans where assets have been repossessed	4.86	-
(b) Loans other than (a) above	-	-

• **Break-up of Investments**

	Rs in lacs	
	Amount outstanding	Amount over due
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 (Please specify)	-	-
Long Term investments :		
1. Quoted :		
(l) Shares :	-	-
(a) Equity	29.40	-
(b) Preference	-	-
(ii) Debentures and Bonds	5.00	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	284.70	-
(v) Others (Please specify)	-	-
2. Unquoted :		
(l) Shares:	-	-
(a) Equity	9.71	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others - Indira Vikas Patra	-	-

- **Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:**
Please see Note 2 below

Category	Amount net of provisions	Secured	Unsecured	Total
1. Related Parties **		Nil	Nil	Nil
(a) Subsidiaries		Nil	Nil	Nil
(b) Companies in the same group		Nil	Nil	Nil
(c) Other related parties		Nil	Nil	Nil
2. Other than related parties		1,57,201.63	Nil	Nil

- **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Please see note 3 below

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	330.81	303.64

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

- **Other information**

Particulars	Amount
(I) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	2280.80
(ii) Net Non-Performing Assets	
(a) Related parties	948.65
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3. 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.

- **General**

– The Company has issued 29,66,000 warrants on preferential basis with an option to convert into Equity Shares of Rs 35/- each including of Rs 25/- within 18 months from the date of issue i.e 16.02.2005

– In the opinion of the Board of Directors, the Sundry Debtors, Current Assets and Loans and Advances have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated.

–The levy of Sales tax on lease transactions has been challenged in writ proceedings. The liability, if arises, will be recovered from the concerned lessees. There are no demands outstanding.

– Charging of Service Tax on Lease and Hire Purchase Transactions is kept in abeyance in view of the stay granted by Madras High Court. Liability if arises will be recovered from the concerned parties.

Earning Per Share

Particulars	Rs in Lacs				
	2005	2004	2003	2002	2001
Opening No. of Shares Nos. (Lakh)	48.99	418.99	356.57	356.57	356.57
Total No. of Shares Outstanding Nos. (Lakh)	654.28	418.99	418.99	356.57	356.57
Weighted Average No. of Shares Outstanding Nos. (Lakh)	515.72	418.99	377.78	356.57	356.57
Profit after Tax & Preference dividend (Rs)	4674.35	3,421.04	2,149.97	1893.27	1345.08

Earning per Share	9.06	8.16	5.69	5.31	3.77
Diluted					
Optionally Convertible Warrants	0.36	-	-	-	-
Weighted Average No. of shares outstanding	516.08	-	-	-	-
Earning per share	9.06	8.16	5.69	5.31	3.77

Reconciliation of basic and diluted shares used in computing EPS					
Number of weighted average shares outstanding considered for basic (in lacs)	515.72	418.99	377.78	356.57	356.57
Effect of optionally convertible warrants (in lacs)	0.36	-	-	-	-
Number of weighted average shares and potential shares outstanding considered for diluted	516.08	418.99	377.78	356.57	356.57

- **Related Party Transactions:**

Key Personnel :

Managing Director : Mr. R. Sridhar

Remuneration : Rs. 6.39 Lacs for the period ended 31/03/2005

- **Segment Reporting:**

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard - AS 17 – 'Segment Reporting' issued by ICAI.

Deferred Tax arising on account of timing difference comprising of Depreciation, Lease Adjustments, Additional Finance Charges, Deferred Revenue Expenses and other items has been provided in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

Charge has been created by way of equitable mortgage of title deeds for Rs.100 Lacs on the immovable property of the Company in favour of a Bank in respect of credit facility sanctioned to an Associate Company.

- The Company has charged off Deposit/Debt mobilisation expenses incurred during the year in full. Such expenses incurred till 31st March, 2003 are being charged on the basis of duration of deposits/Debentures. Had the Company followed the earlier method of accounting, the profit for the current year would have been higher by Rs.711.78 Lacs.

- **Miscellaneous Expenses include:**

	2005	2004	2003	2002	2001
1. Auditors remuneration including branch audits					
- Statutory audit	5.46	4.71	4.64	3.48	2.97
- Tax Audit	1.44	0.90	1.34	1.04	0.98
- Certification fees	4.17	2.55	3.05	2.58	1.87
- Out of the pocket expenses	1.52	1.36	1.18	0.91	0.30
2. Electricity exp	84.48	53.16	40.27	36.05	28.39
3. Repairs & Maintenance					
- Plant & Machinery	36.67	28.12	13.48	20.03	0.80
- Vehicle	79.97	26.53	33.36	22.85	18.66
- Others	177.36	137.16	92.81	52.82	58.15

- **Remuneration to Managing Director**

	2005	2004	2003	2002	2001
Salary	5.48	5.12	4.76	4.39	2.33
Perquisite/Payments	0.91	0.93	0.93	0.84	0.97

- **Expenditure in Foreign Currency**

	2005	2004	2003	2002	2001
Expenditure in Foreign Currency	5.31	55.51	-	1.46	0.27

- The Company does not have any dues payable to Small Scale Industrial units.

- The Company is engaged in generating power out of windmills. The details are as under:

	2005	2004	2003	2002	2001
Licensed Capacity	NA	NA	NA	NA	NA
Installed Capacity KWH	8650	8650	8650	8650	8650
Units Generated (Net of captive consumption) units	14635956	9865769	1322134	-	4406
Unit Sold	14635956	9865769	1322134	-	4406
Sale Value In Rs in lacs	491.73	321.60		-	0.12

- Other particulars as per clauses 4(c) & (d) of Part II of Schedule VI are not furnished, since the same are not applicable
- The expenses in respect of Common offices and infrastructure is shared by various Companies as certified by the Management of the respective companies.
- Figures for the previous year have been regrouped/rearranged wherever necessary to conform to the classification of the current year.

Annexure V**(Rs. In Lacs)**

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Earning per shares - Basic	9.06	8.16	5.69	5.31	3.77
Earning per shares - Dilluted	9.06	8.16	5.69	5.31	3.77
Return on Networth (%)	22.12%	28.15%	24.75%	21.94%	21.49%
Net Asset value per share	43.24	31.23	25.49	26.37	19.91
Return on Capital Employed (%)	3.20%	3.68%	3.69%	3.81%	3.09%
Number of Shares					
Opening No. of Shares Nos. (Lakh)	48.99	418.99	356.57	356.57	356.57
Total No. of Shares Outstanding Nos. (Lakh)	654.28	418.99	418.99	356.57	356.57
Weighted Average No. of Shares Outstanding Nos. (Lakh)	515.72	418.99	377.78	356.57	356.57
Profit after Tax & Preference dividend (Rs)	4674.35	3,421.04	2,149.97	1893.27	1345.08
Earning per Share	9.06	8.16	5.69	5.31	3.77
Diluted					
Optionally Convertible Warrants	0.36	-	-	-	-
Weighted Average No. of shares outstanding	516.08	-	-	-	-
Earning per share	9.06	8.16	5.69	5.31	3.77

Definition of Accounting Ratios**1) Earning per Share =**

$$\frac{\text{Profit after Tax}}{\text{No. of Equity Shares}}$$

2) Net Asset Value =

$$\frac{\text{Fixed Assets} + \text{Investments} + \text{Deferred Tax Asset} / (\text{Liability}) + \text{Working Capital} - \text{Secured loans}}{\text{No. of Equity Shares}}$$

3) Return on Net Worth =

$$\frac{\text{Profit after Tax}}{\text{Equity Reserves \& Surplus} - \text{Profit \& Loss Account debit balance}}$$

4) Return on Capital Employed =

$$\frac{\text{Profit after Tax}}{\text{Equity + Reserves \& Surplus - Profit \& Loss Account debit balance + Secured loans}}$$

Annexure VI – Statement Of Dividend Paid

(Rs. In Lacs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Dividend on					
- Preference Shares	228.21	233.07	232.94	169.44	165.84
- Equity Shares	150.93	124.24	658.96	641.83	536.32
Tax on above	225.97	184.15	38.72	-	71.62
Rate of Dividend	25%	25%	18%	18%	16%

Annexure VII – Capitalisation Statement As On

(Rs. In Lacs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Debt					
Long term debt	148,191.44	91,531.65	56,842.40	45,712.65	43,492.21
Total	148,191.44	91,531.65	56,842.40	45,712.65	43,492.21
Networth/ Share holders Fund					
Share Capital	9,073.50	8,091.86	6,720.60	6,096.30	5,230.45
Optionally Convertible Debentures	103.81	-	-	-	
Reserves and Surplus	13,168.28	5,060.49	2,997.98	3,420.12	2,735.79
Miscellaneous Expenditure	(44.43)	(67.28)	(90.13)	(112.98)	(135.83)
Total	22,301.16	13,085.07	9,628.45	9,403.44	7,830.41
Debt Equity Ratio	6.65	7.00	5.90	4.86	5.55

Annexure VIII

Tax Shelter Statement

(Rs. In Lacs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01
Profit before tax	7,786.89	5,572.51	3,767.43	2,310.24	1,669.31
Tax Rates	36.59%	35.88%	36.75%	35.70%	39.55%
Tax on Notional Rate	2,849.22	1,999.42	1,384.53	824.76	660.21
Adjustments					
Permanent differences:					
Donations disallowed	28.54	22.77	32.15	10.64	0.34
Dividend income	(0)	(14.45)	(0.06)	(0.06)	(0.42)
Profit on sale of investment	(7)	(433.76)	12.80	-	(24.16)
Deductions as per section 451C of RBI	(755.54)	(859.81)	(477.00)	-	-
Temporary differences:					
Depreciation & Provisions	(4,009.20)	(1,274.47)	(1,880.12)	(937.54)	(744.03)
Preliminary Exp & deferred revenue exp	22.85	22.85	22.85	22.85	22.85
Expenses allowable/disallowable u/s 43B of Income tax	358.49	(19.77)	(5.82)	(13.30)	(14.62)
Total Adjustments	(4,361.76)	(2,556.64)	(2,295.21)	(917.41)	(760.03)
Tax Saving thereon	(1,595.97)	(917.32)	(843.49)	(327.52)	(300.59)
Tax liability after considering the adjustments	1,253.26	1,082.09	541.04	497.24	359.62
Tax adjustments due to Capital gain	-	34.90	-	-	3.72
Tax adjustments due to unabsorbed losses	-	-	-	205.29	356.50
Tax payable for the year	1,253.26	1,117.00	541.04	291.95	6.84

.....End Of Auditors Report.....

Half yearly results of Shriram Transport Finance Company Limited (Post Amalgamation)

The Honourable High Court, Chennai has approved the scheme of amalgamation of Shriram Investments with Shriram Transport vide their order dated November 25, 2005. The Scheme of Amalgamation is effective 1st April, 2005.

The Balance Sheet & profit & loss Account results after Amalgamation for the half year ended September, 2005 are as follows.

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED**BALANCE SHEET AS AT 30TH SEPTEMBER 2005**

(Rs. in lakhs)

	As at 30-09-2005		As at 31-03-2005	
SOURCES OF FUNDS				
Share Holder's Funds :				
Share Capital		9,075.90		9,073.50
Equity Share Capital Suspense Account		6,063.34		-
Preference Share capital suspense account		2,828.22		-
Optionally Convertible Warrants		200.02		103.81
Reserves and Surplus		32,528.98		13,168.28
Loan Funds				
Secured Loans		292,598.28		131,949.21
Unsecured Loans		44,713.24		16,242.23
Deferred Tax Liability (Net)		12,862.30		5,349.98
Total		400,870.28		175,887.01
APPLICATION OF FUNDS				
Fixed Assets :				
Gross Block	18,245.45		6,439.44	
Less Depreciation and Impairment Loss	4,770.46		1,548.56	
Net Block		13,474.99		4,890.88
Investments		2,393.01		407.49
Current Assets, Loans & Advances				
Current Assets	406,748.18		176,715.59	
Loans & Advances	36,683.45		18,728.86	
	443,431.63		195,444.45	
Less : Current Liabilities & Provisions				
Current Liabilities	44,426.92		18,113.09	
Provisions	14,501.41		6,787.15	
	58,928.33		24,900.24	
Net Current Assets		384,503.30		170,544.21
Miscellaneous Expenditure (to the extent not written off or adjusted)		498.98		44.43
Total		400,870.28		175,887.01
Notes on Accounts				

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2005

(Rs. In lakhs)

	Half Year ended 30-09-2005	Half Year ended 30-09-2004
INCOME		
Income from operations	40,643.27	16,128.48
Other Income	389.46	133.40
Total	<u>41,032.73</u>	<u>16,261.88</u>
EXPENDITURE		
Interest & Other Charges	19,378.86	7,834.19
Administrative & Other Expenses	8,169.85	3,447.91
Depreciation and Impairment Loss	525.66	347.41
Share & Debenture Issue expenses Written Off	16.89	11.43
Provisions & Write offs	3,633.79	1,151.59
Total	<u>31,725.05</u>	<u>12,792.53</u>
Profit before taxation	9,307.68	3,469.35
Provision for taxation		
-Current	2,246.66	1,109.44
-Deferred	886.00	210.15
- Fringe Benefit Tax	49.47	-
Profit after taxation	<u>6,125.55</u>	<u>2,149.76</u>
Add : Balance in Profit & Loss A/c brought forward On Amalgamation of SIL	3,396.32 3,387.15	1,914.29
Add: Provision for Dividend no longer required		4.76
Less : Short provision for Dividend Tax of previous year	18.09	-
Amount available for appropriations :	<u>12,890.93</u>	<u>4,068.81</u>
APPROPRIATIONS :		
Statutory Reserve		
General Reserve		
Dividend		
-Cumulative Redeemable Preference Shares		
-Equity Shares - Interim		
-Equity Shares - Final (Proposed)		
-Cumulative Redeemable Preference share- (Proposed),		
Tax on Dividend		
Surplus carried to Balance Sheet	12,890.93	4,068.81
Total	<u>12,890.93</u>	<u>4,068.81</u>
Earning Per Share (See Note No.6(v) of Schedule R(B))		
Basic (Rs.)	4.65	4.25
Diluted (Rs.)	4.63	4.25
Number of shares (in Lacs) used in computing EPS		
Basic	1,260.62	479.31
Diluted	1,266.34	479.31
Nominal Value of Share (Rs.)	10.00	10.00
Notes on Accounts		

STATUTORY AND OTHER INFORMATION

Minimum Subscription

In terms of the clarifications issued by SEBI (Ref No.: SEBI/MRD/SE/AT/46/2003) dated December 22, 2003 , the minimum subscription is not applicable to privately placed debt securities

Management Fees

The fees payable to the Lead Arranger and Co-Managers to the Issue shall be mutually agreed upon by the parties.

Brokerage and Commission

No Brokerage or Commission would be payable.

Fees payable to the Registrars

The fees payable to the Registrars to the Issue will be mutually agreed on by the parties.

Fees payable to Trustee for the Debentureholders

The fees payable to IL& FS Trust Co Ltd as Trustees to the Debentureholders, will be mutually agreed by the parties.

Other Expenses

The other expenses include fees and reimbursement of expenses towards printing and distribution, listing fees, credit rating fees, fees payable to the Auditors and other expenses. The above expenses will be met out of the proceeds of the Issue.

Previous public or rights issue if any (During last 5 years)

The Company has not borrowed through Public or Rights issue during the last 5 years

Commission and Brokerage on Previous Public/Rights issues Made By The Company

The Company has not borrowed through Public or Rights issue during the last 5 years

Option to Subscribe

The Company has made arrangements for issue and holding of the Debentures in either physical or dematerialised form Please refer Page15

Purchase of Property

The Company has confirmed that there are no interests of the Directors, Promoters or their relatives in respect of any property acquired by the Company within two years of the date of this Information Memorandum, or proposed to be acquired by it.

Clauses from the Articles of Association

Lien on Shares and process for modification of such rights	The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all the moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any share shall be created except upon the footing and condition that article 6(a) will have full
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	<p>effect . Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the company's lien if any on such shares . The directors may at any time declare any shares wholly or in part to be exempt from the provision of this clause.</p>
<p>Forfeiture of Shares</p>	
<p>Transfer of Shares</p>	<p>A) The instrument of transfer of any share shall be duly stamped and executed both by or on behalf of the transfereor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such until the name of the transferee is entered in the register in respect thereof</p> <p>B) The Board of Directors shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the company at its office or at such place as the directors may appoint for registration accompanied by the share certificate (or if no such certificate is in existence , by the letter of allotment of shares) and such other evidence as the company may require to prove the title of the transferor of his right to transfer the shares Provided that where it is proved to the satisfaction of the board of directors that an instrument of transfer signed by the transferor and the transferee has been lost the company may if the board of directors think fit on application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnify as the board of directors may think.</p> <p>C) An application for the registration of the transfer of any share or shares may be made wither by the transferor or by the transferee provided that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee and subject to the provisions of Article 14 of the company shall unless objection is made by the transferee within 2 weeks from the date of receipt of the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.</p> <p>D) For the purpose of sub clause (c) notice to the transferee shall be deemed to have been</p>

	<p>duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.</p> <p>E) Nothing in sub clause (d) shall prejudice of any power of the board of directors to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.</p> <p>F) Nothing in this article shall prejudice the power of the board of directors to refuse to register the transfer of any shares to a transferee whether a member or not</p> <p>G) Notwithstanding anything contained in these articles the Board of Directors of the company may in their absolute discretion refuse splitting of any share certificate or Debenture certificate into less than marketable lots ie the minimum no of shares or debentures as required for the purpose of trading on the stock exchange in which the company's shares and/or debentures are/will be listed except where the subdivision is required to be made to comply with a statutory provision or order of a competent Authority of law.</p>
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Revaluation of Assets if any (during last 5 years).

The assets have not been revalued during the last 5 years

Material Contracts and Inspection of Documents

- Memorandum of Association
- Articles of Association
- Credit Rating Letter
- Trustee Consent Letter
- Auditors Report

The above material documents and contracts will be available for inspection between 9.00 am and 5.00 p.m. on all working days in Chennai at the office of the Company mentioned below:

Registered Office: 123, Angappa Naicken Street, Chennai – 600 001

PART III

Declaration



SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

"MOOKAMBIKA COMPLEX", 3rd Floor

4, Lady Desika Road, Mylapore, Chennai - 600 004

Phone : 24990960, 24993768, 24991363. SHRI IN Fax : 24993272

BRANCH :

DECLARATION

I, Mr. R. Sridhar, Managing Director hereby declare that the Company has complied with all legal and statutory requirements and no statutory authority has restrained the Company from issuing and allotting the securities. Further, that the Company undertakes to make full disclosure requirements as per Schedule II of the Companies Act, 1956 and Chapter VI of SEBI (DIP) Guidelines 2000.

For Shriram Transport Finance Company Limited

R. Sridhar
Mr. R. Sridhar
Managing Director

Date: 29th December, 2006
Place: Mumbai

RATING LETTER

Fitch Ratings

Confidential

June 7, 2005

Shriram Transport Finance Company Limited
117/118, Dalamal Towers, 1st Floor
'B' Wing, 211, Nariman Point
Mumbai – 400 021

Fax No: 022 – 2282 6846

Kind Attn: Mr. R. Sridhar, Managing Director

Dear Sir,

Sub: Rating of the INR500 mn Short-term Debt Programme of Shriram Transport Finance Company Limited

Fitch Ratings India Private Limited has affirmed 'F1+(ind)' (F one plus ind) rating of the short-term debt programme of Shriram Transport Finance Company Limited for an enhanced amount of INR 500 million. Definitions of rating symbols for short-term instruments are enclosed.

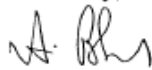
This rating is based on information provided by the company as well as the discussions we had with the company's management team during the rating exercise.

This letter has to be used within a period of 60 days from the date of its issue, after which a fresh affirmation letter will be necessary.

The rating is generally valid up to a maximum period of 12 months from the date of this letter, subject to the ongoing review that Fitch Rating carries out on all its outstanding ratings, which may result in a change of rating should business, financial or other conditions warrant. Rating changes are immediately posted on our website www.fitchindia.com.

In order to maintain our rating through the term of our agreement, you are requested to send us all relevant information and other data necessary for our ongoing monitoring. Notwithstanding the above, Fitch Ratings India reserves the right to change the rating, should business, financial or other conditions warrant and disseminate the same as per the terms of our agreement.

Yours truly,



ANANDA BHOUMIK
Senior Director



RAJAKUMAR
Senior Director

Fitch Ratings India's ratings are opinions on credit quality only and are not recommendations to buy, hold or sell any securities.

Fitch Ratings India Private Limited
15th Floor, Nirmal, Nariman Point, Mumbai 400 021 India
T +91 22 5637 0920-23 F +91 22 5637 0924

TRUSTEE CONSENT LETTER



ITCL

IL&FS
Trust
Company
Limited

August 24, 2005

Mr. Parag Sharma
Vice President
Shriram Transport Finance Co. Ltd
117-118, "B" Wing,
Dalamal Towers,
211, Nariman Point
Mumbai – 400 021

Re: Issue of Unsecured Non-Convertible Debentures by Shriram Transport Finance Co. Ltd on a private placement basis with HSBC Mutual Fund

Dear Sir:

This is with reference to your email yesterday on the captioned subject. IL&FS Trust Company Limited would be glad to act as Trustee for the proposed private placement of debentures by Shriram Transport Finance Co. Ltd. The proposed terms of engagement are as follows:

- (1) A One-time Acceptance Fee of Rs 25,000/-
- (2) An Annual fee of Rs 25,000/- payable annually in advance

The above fees are exclusive of Service Tax and Out of Pocket Expenses, if any

As part of the trusteeship mandate we would draft the Trustee documents for the proposed issuance.

Please feel free to contact the undersigned for any clarifications. We would consider it to be our privilege to be associated with your organization

Sincerely,
For IL&FS Trust Company Ltd.

Gitanjali Oliver