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2006-07

annual report & accounts

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Forward-looking Statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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An inherent characteristic that we treasure the most is our passion to grow. Today, the leadership position we enjoy is a manifestation of our zeal. Innate as it is, this fervour is insatiable. It has prompted us to stretch our vision beyond the pinnacle we've reached, to discover the next level.

We have emerged victorious in transforming the image of the marketplace we operate in. Having unveiled enormous opportunities, today, the CV financing industry is welcoming investors with open arms. We are equipped with a healthy pool of funds to fulfill the dreams of many more truck owners, widening our product base to cater to their many needs beyond the purchase of a truck. Triggered by our ardour to connect with our customers beyond the scope of our primary business, we have entered into several premeditated partnerships for innovative value-added services. With pertinent marketing efforts, we have successfully projected STFCL as a brand that is synonymous with quality, capability and sensitivity.

Having congregated all the requisite imperatives for success, we are set on a journey to scale new heights.

'Leaders are ordinary people blessed with extraordinary passion.'

- Anonymous

the NEXT LEVEL
SCALING NEW HEIGHTS

SHRIRAM
Commercial Vehicle Finance

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

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CORPORATE INFORMATION

Board of Directors

Chairman

ARUN DUGGAL
(Independent)

Managing Director

R. SRIDHAR

Directors

MUKUND MANOHAR CHITALE
(Independent)

S. VENKATAKRISHNAN

MAYA SHANKER VERMA
(Independent)

ADIT JAIN
(Independent)

RAVINDRA BAHL

PUNEET BHATIA

SANJAY KUKREJA

RANVIR DEWAN

SUMATIPRASAD M. BAFNA
(Independent)

DR. T. S. SETHURATHNAM
(Nominee of IREDA Ltd., Independent)

Vice President (Corporate Affairs) & Company Secretary

K. PRAKASH

Auditors

M/S. S. R. BATLIBOI & CO.
Chartered Accountants

M/S. G. D. APTE & CO.
Chartered Accountants

Share Transfer Agents

Integrated Enterprises (India) Ltd.
2nd Floor, Kences Towers, No. 1,
Ramakrishna Street,
Off North Usman Road,
T. Nagar, Chennai - 600 017.
Tel: 044 - 2814 0801 - 0803

Head Office

Wockhardt Towers
West Wing, Level-3, C-2, G-Block,
Bandra-Kurla Complex,
Bandra - (East),
Mumbai - 400 051,
Maharashtra.
Tel: 022 4095 9595
Fax: 022 4095 9597

Registered Office

123, Angappa Naicken Street,
Chennai - 600 001.
Tel: 044 - 2534 1431

Institutions

FMO, Netherland
GE Capital
HDFC
IDFC
IREDA
LIC
SICOM
SIDBI

Bankers

ABN Amro Bank
Abudhabi Commercial Bank
Bank of Baroda
Bank of Ceylon
Bank of India
Bank of Maharashtra
Barclays Bank
Canara Bank
Central Bank of India
Centurion Bank of Punjab
Citibank N.A
City Union Bank
Corporation Bank
DBS Bank
Dena Bank
Development Credit Bank
Dhanlaxmi Bank
Federal Bank
HDFC Bank
HSBC
ICICI Bank
IDBI Bank
Indian Bank
Indian Overseas Bank
ING Vysya Bank
J&K Bank
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
Lord Krishna Bank
Oriental Bank of Commerce
Punjab National Bank
Ratnakar Bank
South Indian Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of Indore
State Bank of Mauritius
State Bank of Mysore
State Bank of Patiala
State Bank of Travancore
Tamilnadu Mercantile Bank
The Lakshmi Vilas Bank
UCO Bank
Union Bank of India
United Bank of India
UTI Bank
Vijaya Bank
Yes Bank

Listed in the following Exchanges
and the annual fees have been duly paid.

Madras Stock Exchange Ltd., Exchange Building,
P.B. No. 183, No. 30 (Old No. 11) Second Line Beach,
Chennai - 600 001.

The Stock Exchange, Mumbai, Phiroze Jeejobhoy Towers,
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G-Block,
Bandra Kurla Complex, Bandra - (East), Mumbai - 400 051.

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OUR PRESENCE IN INDIA

ADILABAD
ADONI
AGRA
AHMEDABAD
AHMEDNAGAR
AJMER
AKOLA
ALAPPUZHA
ALIGARH
ALLAHABAD
ALWAR
AMALAPURAM
AMBIKAPUR
AMRAVATI
AMRITSAR
ANAKAPALLI
ANAND
ANANTHPUR
ANGAMALY
ANGUL
ARIYALUR
ASANSOL
ATHUR
AURANGABAD
BAGALKOT
BALAGHAT
BANGLORE
BARAMATI
BAREILY
BARMER
BARODA
BASAVAKALAYAN
BATHINDA
BEGUSARAI
BEHRAICH
BEHRAMPUR
BELGAUM
BELLARY
BHAGALPUR
BHARATPUR
BHARUCH
BHATKAL
BHAVANIPURAM
BHAVNAGAR
BHILAI
BHILWARA
BHIMAVARAM
BHOPAL
BHUJ
BHUVANESHWAR
BIDAR
BIJAPUR
BIKANER
BILASPUR
BOKARO
BURDWAN
BURHANPUR
CALICUT
CHADIKHOLE
CHAMARAJA NAGAR
CHANDIGARH
CHANDRAPUR
CHANNAGIRI
CHANNAPATNA
CHANNARAYAPATN
CHATTARPUR
CHENNAI
CHIKKODI
CHIKMAGALORE
CHINCHWAD
CHINDWARA
CHIPLUN
CHITRADURGA
CHITTORE
CHITTORGARH
COIMBATORE
CUDDAPAH
CUTTAK
DAHOD
DANDELI
DAUSA
DAVANGERE
DEEPIKA
DEHARADUN
DELHI
DHAMTARI
DHANBAD
DHARAMPURI
DHARWAD
DHULIA
DINDIGUL
DURGAPUR
EARNAKULAM
EARNAKULAM
ELURU
ERODE
FAIZABAD
FARIDABAD
FARRUKHABAD
GADAG
GADWAL
GAJUWAKKA
GANDHIDHAM
GANGANAGAR
GANGAVATHI
GAZIABAD
GOA
GODHARA
GONDIA
GORAKHAPUR
GUDIWADA
GUDUR
GULBARGA
GUNA
GUNTUR
GURGAON
GUWAHATI
GWALIOR
HALDWANI

HANMANA
HARANPPANHALLI
HASSAN
HAVERI
HIMAYATHNAGAR
HIMMATNAGAR
HINDUPUR
HISSAR
HONNALLLI
HOSADURGA
HOSPET
HOSUR
HUBLI
HUMNABAD
HUNSUR
HYDERABAD
IIKAL
INDIRA NAGAR
INDORE
ITCHAPURAM
J P NAGAR
JABALPUR
JAGADAMBA
JAGDALPUR
JAIPUR
JAISALMER
JALANDHAR
JALGOAN
JAMNAGAR
JAMSHEDPUR
JHUNJHUNU
JODHPUR
JUNAGADH
KADUR
KAITHAL
KAKINADA
KANCHIPURAM
KANKAVLI
KANNUR
KANPUR
KARAIKUDI
KARIM NAGAR
KARNAL
KARUR
KASARGODE
KATNI
KATTAPPANA
KAYAMKULAM
KHAMGOAN
KHAMMAM
KHARAGPUR
KHATEDHAN
KOILPATTI
KOLAR
KOLHAPUR
KOLKATA
KOMPALLY
KOPPAL
KORBA
KOTA
KOTPUTLI
KOTTAYAM
KRISHNAGIRI
KUKATPALLY
KUMBAKONAM
KUMTA
KUNDAPUR
KUNNAMKULAM
KURNOOL
L B NAGAR
LAKHIMPUR
LATUR
LINGSUR
LUCKNOW
LUDHIANA
MADANAPALLI
MADIKERI
MADIWALA
MADURAI
MALEGAON
MANCHERIAL
MANDAPETA
MANDYA
MANGALORE
MANJERI
MARGOA
MARKAPURAM
MEHBOOB NAGAR
MEHSANA
METTUPALAYAM
MIRYALAGUDA
MOGA
MORADABAD
MORENA
MUDABIDRI
MUMBAI
MUZZAFFARPUR
MYSORE
NAGAOUR
NAGERCOIL
NAGPUR
NANDED
NANDURBAR
NANDYAL
NASHIK
NAVI MUMBAI
NAVSARI
NEEMUCH
NELLORE
NIZAMABAD
ONGOLE
PADI
PALANPUR
PALAYAMKOTTA
PALGHAT
PALIA
PANDARPUR
PARAMAKUDI
PARBHANI

PARVATHIPURAM
PATHANAMTHITTA
PATHANKOT
PATNA
PIDUGURALLA
POLLACHI
PONDICHERRY
PORBANDER
PRODDATUR
PUDUKOTTAI
PUNE
PUTTUR
QUILON
RAIBAREILLY
RAICHUR
RAIGARH
RAIPUR
RAJAHMUNDARY
RAJKOT
RAJNANDGAON
RANCHI
RATLAM
RATNAGIRI
RENUKOT
REWA
ROHA
ROHATAK
ROURKELA
SADULPUR
SAGAR
SAGARA
SAHIBABAD
SAKALESHPURA
SALEM
SAMBALPUR
SANDUR
SANGLI
SARAIPALI
SATARA
SATNA
SECUNDERABAD
SEDAM
SHADOL
SHAHAPUR
SHIMLA
SHIMOGA
SHOLAPUR
SIKAR
SILLIGURI
SINDHANUR
SIROHI
SIRSI
SIVAKASHI
SRIGANGANAGAR
SRIKAKULAM
SULTANPUR
SULTHANBATHERY
SURAT
SURENDRANAGAR
SWAIMADHOPUR
TADEPALLIGUDEM
TADIPATRI
TAMBARAM
TDASARAHALLI
TENKASI
THALASSERY
THANE
THANJAVUR
THENI
TIPTUR
TIRUNELVELI
TIRUPATI
TIRUVANNAMALAI
TIRUVARUR
TIRUVOTRIYUR
TRICHUR
TRICHY
TRIVENDRUM
TUMKUR
TUTICORIN
UDAIPUR
UDUPI
VAPI
VARANASI
VELLORE
VIDISHA
VIJAYANAGAR
VIJAYWADA
VILLUPURAM
VIZAG
VIZIANAGARAM
WADA
WAIDHAN
WARANGAL
WARDHAMAN NAGAR
YADGIR
YAMUNANAGAR
YAVATMAL
YESHWANTHPUR

SHRIRAM
Commercial Vehicle Finance

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

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BUSINESS AND FINANCIAL HIGHLIGHTS

ASSETS
Under Management Crosses
Rs. 12,000 crores
driven with total YoY increase of 66%

66%

LARGEST ASSET FINANCING NBFC
with a market share of 20-25% in pre-owned and 7-8% in new truck financing segments and over 5,00,000 customers

DISBURSEMENTS
of Rs. 6,608 Crores
during FY'06-07,an increase by 62%

62%

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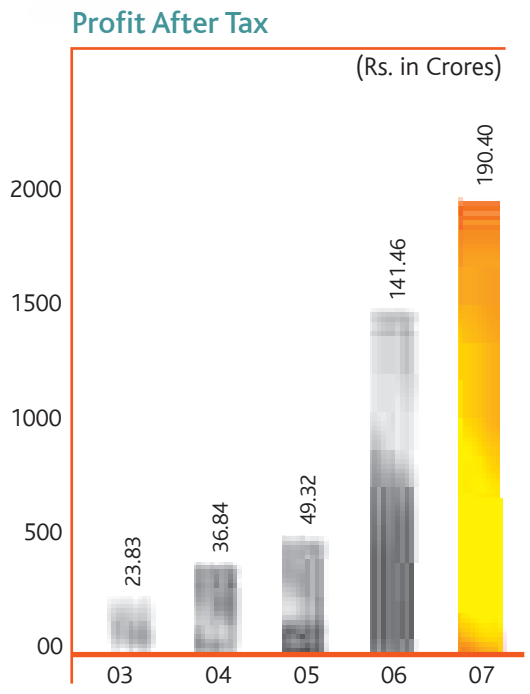

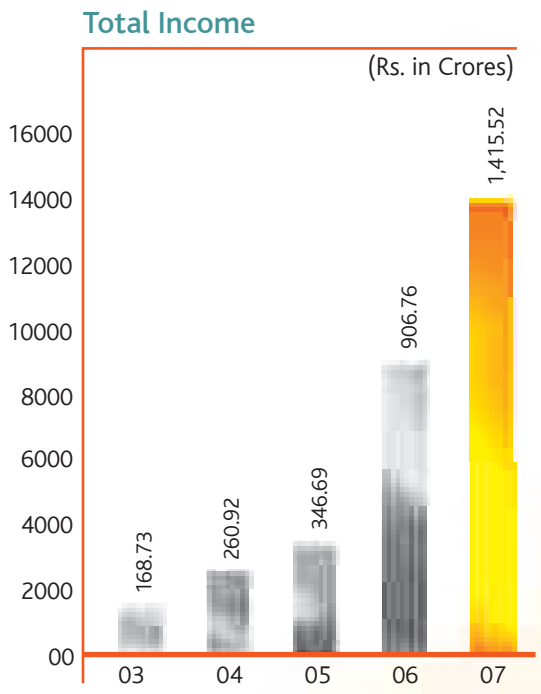

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EMPLOYEES

Strength of 4,952

increase of 33.5%, including over 2,000 field officers

358 BRANCHES

with an addition of 62 branches to an already robust distribution network

CREDIT RATING

of AA from AA(-)

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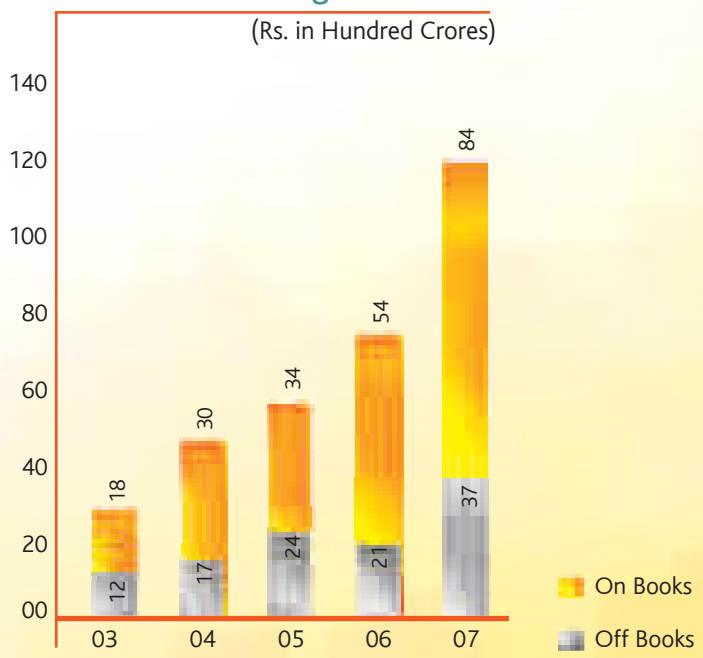
Assets Under Management



SHRIRAM Commercial Vehicle Finance

SHRIRAM TRANSPORT FINANCE COMPANY LIMITED

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BOARD OF DIRECTORS

ARUN DUGGAL
Chairman

Arun Duggal is an International Business Advisor. He was with Bank of America for 26 years at various locations including New York, San Francisco, Tokyo, Hong Kong, London, Manila and New Delhi. He is on the Board of Directors of Jubilant Energy Ltd. Canada, Patni Computers Systems Ltd., Fidelity Fund Management Pvt. Ltd., Petronet LNG Ltd., Manipal Acunova Pvt. Ltd., Shriram Properties Ltd., Zuari Industries Ltd., Mundra Port And Special Economic Zone Ltd., International Asset Reconstruction Co. Pvt. Ltd., Carzonrent (India) Pvt. Ltd., Info Edge (India) Pvt. Ltd., Shriram City Union Finance Ltd., Dish TV India Pvt. Ltd. He is the Founder Director of The Bellwether Microfinance Fund Pvt. Ltd. Mr. Duggal was also on the Board of Governors of the National Institute of Bank Management and the erstwhile Chairman of the American Chamber of Commerce, India. He is a Senior Advisor to Transparency International and is on the Board of Centre for Civil Society.

R. SRIDHAR
Managing Director

R. Sridhar is a fellow member of the Institute of Chartered Accountants of India. He joined Shriram in 1985 and was later promoted as President of the company in 1994. He was co-opted as an Additional Director and appointed as the Managing Director of the company in September 2000. Sridhar has over two decades of experience in the financial service sector, especially in commercial vehicle financing. He also holds the directorships of Shriram Holdings (Madras) Pvt. Ltd, Ceylinco Shriram Capital Management Services Company Pvt. Ltd., Shriram Chits (Maharashtra) Ltd., Integrated Enterprises (India) Ltd., Shriram Powergen Ltd. and Ashley Transport Services Ltd.

ADIT JAIN
Director

Adit Jain is the Managing Director of International Market Assessment (IMA) India, a Company he established in 1994. He chairs the company's CEO and CFO programmes, which are retainer based forums and have over 700 clients from across the country. He speaks regularly at conferences across the world and has been called upon to depose as an Expert Witness in Parliamentary Committee Proceedings. He has briefed boards of large corporations in the US, Europe and Asia. Previously, Adit worked as Vice President and Head of M&A at Lazard, India; Strategy Director with Stag Holdings Plc, UK. He has degrees in Mechanical Engineering and Business Administration.

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S. VENKATAKRISHNAN
Director

S. Venkatkrishnan is an IA & AS retired. He has served at senior positions in the Finance, Audit & Accounts department of the Government and other Public Undertakings. He has been serving in the Company as an advisor for over a decade. He is also on the Board of Shriram Industrial Holding Pvt. Ltd., Shriram Exports Pvt. Ltd., Hymvathi Enterprises Pvt. Ltd., Bhilahari Enterprises Pvt. Ltd., Charukesi Investments Pvt. Ltd., Galada Finance Ltd., RKP Investments Pvt. Ltd., Rambal Properties Pvt. Ltd., Shriram City Union Finance Ltd., Road Safety Club Pvt. Ltd., Ranjani Enterprises Pvt. Ltd., Shriram Powergen Ltd. and Shriram Non Conventional Energy Ltd.

MAYA SHANKER VERMA
Director

Maya Shanker Verma, former Chairman of State Bank of India, is a career banker with nearly five decades of experience in the Indian financial services sector. During this period he has held some of the most critical positions in it's operating as well as regulatory regimes, important amongst which were Advisor to the Reserve Bank of India, Chairman of I.D.B.I Bank and Chairman of Telecom Regulatory Authority Of India. He is on the Board of Directors of several Public and Pvt. sector companies and is also the Vice-President of the governing body of the National Council of Applied Economic Research. He is the Chairman of International Asset Reconstruction Company Pvt. Ltd., SREI Infrastructure Finance Ltd., The Bellwether Microfinance Ltd., and Asian Heart Institute & Research Center.

MUKUND MANOHAR CHITALE
Director

Mukund Manohar Chitale is a practicing Chartered Accountant. He was President of the Institute of Chartered Accountants of India during 1997-98 and a member of "International Auditing Practices Committee" of the International Federation of Accountants from January 1998 to June 2000. He was nominated by Securities and Exchange Board of India as a Public Representative Director on the Stock Exchange, Mumbai for October 1998 to July 2000. Mukund has also been a lecturer in the Accountancy Department at some renowned colleges, and has written articles and presented papers at various seminars and conferences. He serves as a Director on the Boards of Larsen & Toubro Ltd., ASREC (India) Ltd., Ram Ratna Wires Ltd., Citigroup Global Services Ltd., Itz Cash Card Ltd., He is the Chairman of PNB Asset Management Company Pvt. Ltd. and a partner in Mukund M Chitale & Co.

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PUNEET BHATIA
Director

Puneet Bhatia represents TPG Capital Ltd. on the board of Shriram Transport Finance Co. Ltd. He is the Managing Director of TPG Capital. Prior to joining TPG in April 2002, he was the Chief Executive of the Pvt. Equity Group for GE Capital India. As Chief Executive, he created and handled a portfolio of almost a dozen companies aggregating investments of over $100 million. Prior to this, Puneet was with ICICI Ltd. from 1990 to 1995 in the Project and Corporate Finance group and worked as Senior Analyst with Crosby Securities from 1995 to 1996. He currently serves on the Board of Directors of Shriram Holdings (Madras) Pvt. Ltd. and TPG Capital Advisors. Puneet holds a degree in Commerce and an M.B.A. from the Indian Institute of Management, Kolkata.

RAVINDRA BAHL
Director

Ravindra Bahl represents ChrysCapital on the board of Shriram Transport Finance Co. Ltd. He has 31 years of experience primarily in financial services, where he spent most of his career working with Citibank. He was the Country Manager for Retail Banking in India and Indonesia and a member of the Bank's Global Corporate Property Group that constituted the top 250 Citibank leaders around the globe. After leaving Citibank in 1997, he built and managed the Indian operations of eFunds, a transaction processing company. He currently serves on the Board of Directors of Easy Access Financial Services Pvt. Ltd. and Ujjivan Financial Services Ltd. Ravindra holds a Bachelors degree in English Literature and an M.B.A. from the Indian Institute of Management, Kolkata.

RANVIR DEWAN
Director

Ranvir Dewan represents Newbridge India Investments II Ltd on the board of Shriram Transport Finance Co. Ltd. He is a Fellow of the Institute of Chartered Accountants in England & Wales and a member of the Canadian Institute of Chartered Accountants. Ranvir joined TPG-Newbridge Capital in July 2006 as Senior Principal and Advisor, and is based in Singapore. From April 2000 to July 2006 he was Executive Vice President and Chief Financial Officer of Standard Chartered First Bank in Seoul, Korea. Prior to that he spent 13 years with Citibank and held various senior positions in its international businesses. In his previous assignment, he was Vice President and Regional Financial Controller of Citibank's consumer bank with responsibilities covering 11 countries in the Asia Pacific region. Prior to joining Citibank, Mr. Dewan was a Senior Manager with KPMG Toronto, Canada where he specialized in the audits of financial institutions.

Mr. Dewan is also a director of Parkway Holdings Ltd. in Singapore and a director of Bank Thai in Bangkok, Thailand.

SANJAY KUKREJA
Director

Sanjay Kukreja represents ChrysCapital on the board of Shriram Transport Finance Co. Ltd. He has been with ChrysCapital since its inception, and along with Ravi Bahl has been instrumental in deploying in excess of $200 million across the financial services sector in Companies such as Shriram, UTI bank, Centurion Bank, Yes Bank, Mahindra & Mahindra Financial Services Company Ltd., Bajaj Auto Finance Company Ltd., etc. Sanjay is also on the board of directors of Titagarh Wagons Ltd., India's leading railway wagon manufacturing company and Spanco Telesystems Ltd., a leading System Integration Company. He holds a degree in Economics from Shriram College of Commerce, Delhi, an M.B.A. from the Indian Institute of Management, Bangalore and an Executive Leadership Course from Indian School of Business, Hyderabad.

T.S. SETHURATHNAM
Director

Dr. T. S. Sethurathnam served for 35 years in M.P. Electricity Board, largest State Power Utility in the country. After having held many senior positions he was elevated to the Board. He has also been Chairman of the Western Regional Electricity comprising of Maharashtra, Gujarat, Madhya Pradesh, Goa and Diu & Daman. After his retirement he had held positions as Director/Chairman in BSES Ltd., for 3 years during which he was associated with the construction of 500MW Dhanu Thermal Power Station in Maharashtra. He was also consultant to Power Finance Corporation; Consultant to Hoston Industries Ltd., Smith Co-generation Unlimited both are US based Companies. He was also Consultant to Ahmedabad Electricity Company and also worked as Consultant to a Arthur Andersen a Consultancy firm by assisting them in the reforms of the Power Sector. He is the Member of various institutes for training and development. He has been continuously serving as the nominee Director/Chairman to many Public Limited Companies. He has received several National Awards for to his outstanding contribution to Power development in the country.

SUMATIPRASAD M. BAFNA
Director

Sumatiprasad M. Bafna is a science graduate and started his career in the year 1984 under the guidance of his late father Mishrilal C. Bafna. He thereafter started independent dealership of Tata Motors at Ratnagiri, Maharastra in the year 1995, Mumbai Dealership in the year 2001. His company has been the No. 1 dealer for Tata Motors in the year 2003-2004 and 2004-2005. Sumatiprasad also holds dealerships of Honda, Hyundai and Maruti. He has extensive knowledge and a firm base in the transportation business. He is the Chairman of Rushabh Motors Pvt. Ltd. He is the Chairman cum Managing Director of Bafna Motors (Mumbai) Pvt. Ltd. and the Managing Director of Bafna Motors Ltd. He currently serves on the board of directors of Seva Finance Ltd., Seva Transport Pvt. Ltd., Isuta Electronics (India) Ltd., Bafna Motors (Ratnagiri) Pvt. Ltd., Kishore Transport Services Pvt. Ltd.

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CHAIRMAN'S LETTER

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Dear Shareholders,

Today, Shriram Transport Finance Company Limited (STFCL) is confidently marching ahead to reach the next level of success. In our expedition, we abide by the axiom, 'To be prepared is half the victory'. We believe that careful and conscientious planning is the precursor to swift, unwavering action. Today, we are planning our business moves, not only to face the challenges, but also to avail of the opportunities that the future offers.

The bygone fiscal is another successful mile in our odyssey towards sustainable growth. I am delighted to present an impressive increase in our turnover, which is attributed to a number of factors. STFCL's innovative marketing initiatives have contributed to bring about a change in the mindset of banks and institutions, transforming the commercial vehicles sector into a high growth sunshine industry. Consequently, today, the Company has witnessed an inflow of equity from reputed Private Equity Funds, Chrys Capital and TPG New Bridge. In view of the fact that it has access to funds, STFCL is in a position to plan huge asset growth.

The Macro Perspective

I am yet to witness a more positive scenario for the growth of the Indian financial services industry, at this day and age. Today, the financial services sector is riding the coattails of a vibrant Indian economy.

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