

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of Fortis Financial Services Limited (the Company) will be held on Thursday, 20th day of September, 2007 at 11.30 a.m. at Shah Auditorium, 2, Raj Nivas Marg, Delhi-110 054, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended March 31, 2007 and Balance Sheet as at that date together with the Report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Malvinder Mohan Singh, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. V. Shah & Co., Chartered Accountants, as the Auditors of the Company, to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of next Annual General Meeting, on a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 including any other statutory modification(s) or re-enactment thereof, for the time being in force, Dr. Pratulinder Singh Joshi who was appointed as an Additional Director on September 16, 2006, pursuant to the provisions of Section 269 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, be and is hereby appointed as Director of the Company subject to retirement by rotation."
5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 including any other statutory modification(s) or re-enactment thereof, for the time being in force, Mr. Vikram Sahgal who was appointed as an Additional Director

on December 19, 2003, pursuant to the provisions of Section 269 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, be and is hereby appointed as Director of the Company subject to retirement by rotation."

6. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 including any other statutory modification(s) or re-enactment thereof, for the time being in force, Mr. Parim Bahl who was appointed as an Additional Director on July 19, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, be and is hereby appointed as Director of the Company subject to retirement by rotation."

By Order of the Board of Directors
For Fortis Financial Services Limited

Sd/-

Dated : August 21, 2007 (Anil Malhotra)
Place : New Delhi Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. Members holding shares in physical form are requested to intimate change in their address, if any, immediately to the Company's Registrar and Share Transfer Agents, M/s Intima Spectrum Registry Limited. Members holding shares in electronic form must intimate the change in their address, if any, to their respective Depository Participant only.

4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Company's Registered Office on all working days of the Company, between 10.00 A.M. and 1.00 P.M. upto the date of Annual General Meeting.
5. Members/Proxies should bring duly filled attendance slips sent herewith to attend the Meeting. Members, who hold Shares in electronic form are requested to bring their Client ID and DP ID numbers for their identification at the Meeting.
6. Members desirous of having any information on the accounts and operations of the Company are requested to address their queries to the Company at the Registered Office of the Company at least seven days before the date of meeting, so that requisite information can be made available at the Meeting.
7. Corporate members intending to send their authorized representative to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.
8. Equity Shares of the Company are under Compulsory Demat for trading since June 28, 2001. Members are requested to convert their holdings from physical to Demat form and send all Demat Request Forms to our Registrar & Share Transfer Agents or our Registered Office through their Depository Participants. For any queries, Members may write to the Company Secretary, Fortis Financial Services Limited. The ISIN No. of the Company is INE991C01018.
9. Members of the erstwhile Empire Finance Company Limited ("EFCL") who have not surrendered their Share Certificates of EFCL are requested to surrender the same to the Company and get Share Certificates of Fortis Financial Services Limited, in exchange, as per the approved Exchange Ratio.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 TO THE ACCOMPANYING NOTICE DATED AUGUST 21, 2007

ITEM NO. 4

Dr. Preetinder Singh Joshi was appointed as Additional Director on September 16, 2006. As per provisions of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, holding office up to the date of the ensuing Annual General Meeting

of the Company. Being eligible, he offered himself for appointment as Director.

Dr. Joshi, if appointed, shall be liable to retire by rotation in accordance with the provisions of Articles of Association of the Company.

The Board recommends the resolution for your approval.

ITEM NO. 5

Mr. Vikram Sahgal was appointed as Additional Director on December 19, 2006. As per provisions of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, holding office up to the date of the ensuing Annual General Meeting of the Company. Being eligible, he offered himself for appointment as Director.

Mr. Sahgal, if appointed, shall be liable to retire by rotation in accordance with the provisions of Articles of Association of the Company.

The Board recommends the resolution for your approval.

ITEM NO. 6

Mr. Padam Bahl was appointed as Additional Director on July 19, 2007. As per provisions of Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, holding office up to the date of the ensuing Annual General Meeting of the Company. Being eligible, he offered himself for appointment as Director. Details regarding the persons proposed to be appointed as Directors have been given in Corporate Governance report attached to the Notice.

Mr. Bahl, if appointed, shall be liable to retire by rotation in accordance with the provisions of Articles of Association of the Company.

Details regarding the aforementioned persons proposed to be appointed as Directors have been given in Corporate Governance report attached to the Notice.

The Board recommends the resolution for your approval.

None of the other Directors of the Company are in any way concerned or interested in these resolutions, except Dr. Preetinder Singh Joshi, Mr. Vikram Sahgal and Mr. Padam Bahl.

**By Order of the Board of Directors
For Fortis Financial Services Limited**

Sd/-
Dated : August 21, 2007 (Anjali Malhotra)
Place : New Delhi Company Secretary

DIRECTORS' REPORT

Your Directors have immense pleasure in presenting the 12th Annual Report along with Audited Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

Particulars	STAND ALONE (Rs. in Lacs)		CONSOLIDATED (Rs. in Lacs)
	2006-07	2005-06	2006-07
Total Income	447.13	2523.16	447.13
Total Expenditure	837.87	2379.57	841.41
Profit/(Loss) Before tax	(390.74)	243.59	(394.28)
Amounts written off	Nil	901.14	Nil
Provision for Tax	1.45	7.18	1.45
Profit/(Loss) After Tax	(392.20)	246.41	(394.29)
Reversal of Provision for Non Performing Assets/Diminution in value of Investments	9.00	1205.19	5.00
Balance Brought Forward from last year	(2224.63)	(3692.34)	(2224.63)
Balance Carried Forward	(2609.73)	(2224.63)	(2576.09)

Note: This being the first year of consolidation, the comparative financial figures for the year ended March 31, 2006 are not incorporated.

PERFORMANCE OF THE COMPANY

During the year under review, the performance of the company has improved with the witnessed growth of 30.70% in income from Operations as compared to fiscal 2006.

The Company has enlarged its area of business and made strategic investments in Information Technology Sector (IT) and entered into activities in IT and ITES Services, hardware trading generating an income of more than 50% from these activities. The Company has also expanded its operations and made its presence in BPO operations and generated revenue of Rs 39.02 Lacs from this.

The income for the previous financial year 2005-06 included a non-recurring transaction representing profit on sale of investments in subsidiary companies aggregating Rs. 2400 Lacs. However, in fiscal 2007 there has been no such non-recurring transaction due to which there was a substantial decline in other income as compared to fiscal 2006, which ultimately affected the total income.

The lease rentals received during the year increased to Rs. 78.31 Lacs as compared to Rs. 71.89 Lacs in previous year. This rise in income has occurred on account of recovery of lease rentals from the clients which were written off in the earlier years. Further, the company has not entered into any fresh lease agreements during the year under review.

Company took several strategic steps to curtail expenditure and as a result total expenditure has

fallen by 64.79% in a controlled manner from Rs. 2379.57 Lacs in fiscal 2006 to Rs 837.87 Lacs in fiscal 2007. Since the Company has diversified into the field of Information Technology, there has been a substantial increase in personnel expenses due to increase in staff cost and their salaries and allowances.

Due to the expansion and diversification in business activities of the Company there was a necessary requirement of more space to carry on the business operations. This resulted in increased expenditure in relation to rent and ancillary charges. The company has also incurred heavy expenditure on account of Interest and Finance Charges on Inter Corporate Deposits taken for the purpose of financing acquisition of Asian CERC Information Technology Limited.

The reversal provision under RBI Prudential Norms decreased from Rs. 1205.09 Lacs in fiscal 2006 to Rs. 9 Lacs in fiscal 2007. This decrease of 99.25% was primarily because major Non-Performing Assets were written off during the fiscal 2006 and the provision of NPA was reversed accordingly in fiscal 2007.

DIVIDEND

To conserve the resources for business requirement of the Company your Directors do not recommend any dividend for the year ended 31st March, 2007.

SUBSIDIARY

The company has incorporated a 100% wholly owned subsidiary named "Fortis Business Intellect Limited" on 14th February 2007 to be primarily engaged in the business of providing IT related services and knowledge process outsourcing (KPO).

As per requirements of Section 212 of the Companies Act, 1956, the audited statements of Fortis Business Intellect Limited together with their Director's and Auditors' Report for the year ended March 31, 2007 are annexed.

CHANGES IN CAPITAL STRUCTURE

During the year under review, the paid up Share Capital of the Company was increased from 2,58,60,375 Equity Shares of Rs.10 each to 2,69,31,775 Equity Shares of Rs. 10 each on account of issue and allotment of 10,71,400 equity shares of Rs.10 each at a premium of Rs 60% per share, by way of preferential allotment to Mr. Sanjay Padode, as approved by shareholders by way of Special Resolution u/s 31(1A) of the Companies Act, 1956 at the last Annual General Meeting of the Company held on September 16, 2006. The same were allotted in terms of Share Purchase and Subscription Agreement entered into by the Company on 14 August, 2006, inter alia, with Asian CERC Information Technology Limited and its Promoter, Mr. Sanjay Padode and others for acquisition of substantial equity stake of Asian CERC Information Technology Limited subject to requisite approval from SEBI.

CHANGES IN OBJECT CLAUSE

The Board of Directors of the Company has identified Information Technology (IT) and business

related thereto as the core area for further growth and expansion. Accordingly, the Company intends to explore opportunities in IT Sector in addition to the existing business activities. Hence, the Main Objects of the Company were altered by insertion of objects related to IT Business as approved by shareholders through the postal ballot held and concluded on November 11, 2006.

RIGHTS ISSUE

The Shareholders of the Company in their meeting held on March 22, 2006, approved the issue of Equity Shares on rights basis, in the ratio of 1 (one) equity share for every 2 (two) Equity Shares, in terms of the provisions of Section 81(1A) of the Companies Act, 1956. The Company has received the final observation letter from SEBI in this regard and final letter of offer has been filed with SEBI, Delhi on July 31, 2007.

The Company shall, thus, on complying with the guidelines issued by SEBI and obtaining all necessary statutory approvals including that of SEBI, allot Equity Shares on rights basis, to the equity shareholders as on the record date, determined by the Board.

ACQUISITION OF SHARES

The Board of Directors of the Company has identified Information Technology (IT) and business related thereto as the core area for further growth and expansion. Accordingly, the Company has entered into a Share Purchase and Subscription Agreement dated August 14, 2006 ("the SPSA"), inter alia, with Asian CERC Information Technology Limited ("ACERC"), for the purpose of acquiring substantial equity stake and consequent control of the management and affairs of ACERC.

For the purpose of complying with the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and other applicable laws, the Company has filed a Letter of Offer with the Securities and Exchange Board of India ("SEBI"), Mumbai on May 4, 2007. The Company has received the final observation letter from SEBI in this regard.

DIRECTORS

During the year under review, the Board of Directors was reconstituted by inclusion of members having experience, knowledge and expertise in their respective fields. The Board also acknowledges and express their deep appreciation for the co-operation and support extended by the Directors who have resigned from the Board in fiscal 2007.

Dr. Preetinder Singh Joshi, Mr. Vikram Sahgal and Mr. Padam Bahl were appointed on the Board as Additional Directors on September 16, 2006, December 19, 2006 and July 19, 2007 respectively, to hold the office upto the date of ensuing Annual General Meeting of the Company. The Company is in receipt of notices under Section 257 of the Companies Act, 1956, proposing their candidatures as Director(s) of the Company, liable to retire by rotation.

Mr. Maninder Singh Grewal was Chief Executive Officer of the Company has now been appointed as Whole Time Director for a period of three years effective from 16 September, 2006 on the terms and conditions as approved by shareholders through the postal ballot held and concluded on November 11, 2006. Mr. Grewal holds a degree in Mechanical Engineering and B. Tech (Hons.) from Indian Institute of Technology, Kharagpur. He has more than 33 years of professional experience in the Information Technology Industry.

Mr. V. M. Bhutani and Mr. Umesh Kumar Khaitan resigned from the Board on September 16, 2006 and Mr. Harpal Singh, Mr. Shivinder Mohan Singh and Mr. Vinay Kaul resigned from the Board on July 19, 2007.

Mr. Malvinder Mohan Singh, Director of the Company was designated as Chairman and Mr. Sunil Godhwani resigned as the Managing Director but continued as a Director of the Company with effect from July 19, 2007.

In terms of Article 153 of the Articles of Association of the Company, Mr. Malvinder Mohan Singh, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The requisite disclosure regarding the above Directors has been made in the Report on Corporate Governance which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007, and of the loss of the Company for the said period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the accounts for the financial year ended March 31, 2007 on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

M/s R.V. Shah & Co., Chartered Accountants, the Statutory Auditors retire at the forthcoming Annual General Meeting and are eligible for

re-appointment. The Company has received a certificate from the retiring auditors to the effect that the appointment if made will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment. Auditors' qualifications as disclosed in the Auditors Report are self explanatory.

COMPANY SECRETARY

During the year, Ms. Anjali Malhotra, an Associate Member of the Institute of the Company Secretaries of India, was appointed as the Company Secretary with effect from January 2, 2007 consequent to the resignation of Ms. Rupa Radhakrishnar, from the position of Company Secretary.

SHIFTING OF REGISTERED OFFICE

The Company has shifted its registered office from 55, Hanuman Road, Connaught Place, New Delhi-110001 to 255, 1st Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020 with effect from January 11, 2007.

LISTING

The Equity Shares of the Company continue to remain listed on Bombay Stock Exchange Limited (BSE). The Company has paid the requisite Annual Listing Fee to BSE for the financial year 2007-08.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under Clause 49 of the listing agreement with the Stock Exchange. A separate Report on Corporate Governance along with the Certificate on Compliance of conditions of Corporate Governance from R.V. Shah & Co., Chartered Accountants is included as a part of Annual Report.

FIXED DEPOSITS

During the period under review, the Company has neither invited nor accepted any deposits from

public within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

PARTICULARS OF EMPLOYEES

The particulars regarding the employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the Annexure A forming part of this report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company is not engaged in manufacturing activities and, therefore, the particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy Research and Development and Technology Absorption are not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has neither incurred any expenditure in Foreign Exchange nor did it earn any foreign Exchange during the year under review.

Earnings : Rs. Nil
 Outgo : Rs. Nil

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the Bankers, Regulatory Bodies, Investors, Suppliers, Distributors and other Business Constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

For and on behalf of the Board

Place : New Delhi Walvinder Mohan Singh
 Date : August 21, 2007 Chairman

ANNEXURE A

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies' (Particulars of Employees) Rules, 1975 forming part of Directors' Report for the year ended March 31, 2007.

Name of Employee	Age (Yrs.)	Designation (Nature of Duties)	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Employment	Last Employment
Mr. J.S. Grewal	51	President - Operations	30,54,309	Masters in Economics	26	17.03.1993	Credit Manager - BCCI Hongkong

Notes:

- Gross Remuneration includes Basic Salary, Additional Allowance, HRA, Education Allowance, Uniform Allowance, Performance Bonus, Leave Encashment, Medical Reimbursement, LTA, contribution towards Provident Fund, Gratuity and Personal Accident Insurance, Telephone Reimbursement, Entertainment Expenses, Driver's Salary, etc.
- The nature of employment of Mr. J.S. Grewal is non-contractual in nature.
- Mr. J.S. Grewal does not hold any equity shares in the company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY AND INDUSTRY OVERVIEW

India is one of the fastest growing economies in the world with a rapidly expanding financial services sector. The Indian financial services industry has experienced significant growth in the last few years. There has been a considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the Indian regulators, the introduction of innovative financial instruments in the recent years and the entry of sophisticated domestic and international financial services participants. This is particularly evident in the non banking financial services sector where new products and expanding delivery channels have helped these sectors to achieve high growth rates recently. The financial sector is also a large consumer of information technology related products and solutions.

The economy has reported a growth of 9.2 percent during the financial year 2006-2007. The Gross Domestic Product (GDP) at Factor Cost (at current prices) was reported to be Rs. 3717.5 Thousands Crores. Services contributed as much as 68.6 % of the overall average growth in GDP in the last five year between 2002-2003 and 2006-2007. The dependency on agriculture and industry sector has declined in drastic way during recent time. As a result of this during 2006-2007, while the share of agriculture in GDP declined to 18.5% and the share of industry and services improved to 26.4% and 55.1% respectively. Financial services accounted approximately 14% of total GDP in fiscal 2007.

Service sector growth has continued to be broad based. Among the three sub-sectors of services, 'trade, hotel, transport and communication services' has continued to boost the sector by growing at double digit rates for the forth successive year. Impressive progress in information technology (IT) and IT enabled services, both rail and road transport, and fast addition to telephone connections, played a key role in such growth. The capital market indexes, although not a true indicator of economic growth has also touched the record all time high during the financial year 2006-2007. The share prices of almost all the sectors have reached their all time high point.

NBFCs are at present in the competing fields of vehicle financing, hire-purchase, lease, personal loans, working capital loans, consumer loans, housing loans, loans against Shares, investments, distribution of financial products, etc. NBFCs function where the risks are higher than returns,

recovery has to be the focus area, loan-ticket size is small, appraisal and disbursement has to be speedy and where flexibility in terms of loan size and tenor is required.

Entry of new NBFCs has resulted in a strong competitive environment. Under this scenario, NBFCs are now under pressure to cut costs and to develop a focused marketing approach on selected customer segments by offering more personalized services.

OPERATIONAL OVERVIEW OF THE COMPANY

Our income from operations primarily includes income from Knowledge/Business Process Outsourcing operations and Consultancy & IT support Services provided to clients. Income from operations also includes lease rentals on leased assets earlier written off and now recovered from clients; however the company not entered into any fresh lease since fiscal 2003. Revenue from IT Services is recognised either on time and material basis or fixed price basis, or based on certain measurable criteria as per relevant agreements. Maintenance revenue in respect of products is deferred and recognized ratably over the term of the agreement. As the lease rentals shows recovery from the defaulting parties and the same is accounted on the receipts basis.

We are engaged in incubating IT and IT related products and services in our Company as well as related companies in which we are investing. This activity is also contributing to our total income. Revenue from sale of IT Products is recognized where persuasive evidence of an arrangement exists, the product has been delivered, the sales price is fixed or determinable and collectibility is reasonably assured. Revenue from IT Product sales are shown net of sales tax. Other income primarily includes service charges, rentals, income from investments and dividend income.

To be able to emerge as a investor of choice in the IT industry, we are in the process of understanding IT and IT related products. These include sale / purchase and system integration aspects of this business as well as the software industry. Purchases and assets form a major part of the expenditure. People are a vital resource in this industry which is fully intellectual property driven. An ability to create and develop manpower resources comparable with the best in the industry will provide a major benefit in investing and running businesses in Information Technology sector. Personnel expenses primarily consists of salary and wages expenses, provident fund contributions, bonus and gratuity payments and expenditures on staff training, recruitment and welfare programs. The operating expenses include

support services charges paid to the various IT hardware and software manufactures for IT support services.

The Administrative and other expenses consists of lease rentals and maintenance charges towards leased office premises, legal and professional charges, traveling and conveyance, repairs and maintenance and other day to day operating expenses.

Interest expense primarily includes interest paid on inter corporate deposits taken for acquisition of controlling Equity stake in ACERC.

OPPORTUNITIES & THREATS

The slowdown in the Indian economy, during mid-nineties, had an adverse impact on the industrial climate, giving rise to increased delinquencies in the financial sector coupled with stiff competition posed by multinationals and Financial institutions having access to low cost funds. This had a significant impact on the performance of the Company in the past.

The Company now intends to continue with its NBFC business activities and also for future expansion, added a new line of business, to explore the opportunities of venturing and investing into Information Technology or other sector which may seem favourable, advantageous and in the best interests of the Company. The Company proposes to incubate and develop processes and resources so that any investment by the Company in the IT and ITES sector is protected and the Company can provide direction and reap immediate returns for any investments made. The company has already set up the Senior Management Team with this as a focus and the rest of process and team is being formed for quickly moving into this area.

To further encounter the threats from stiff competition the company continues to focus on developing the human resource with ability of adaptation, flexibility and continuous learning.

FUTURE OUTLOOK

The company is planning to focus on non fund fee based activities. Our model is to invest in strategic acquisitions and startups so as to be the main force in investments and funding in this sector. Accordingly, the Company intends to develop resources in the following areas and by providing direction and developed processes, expect immediate returns on investments in this sector. Some solutions and services that we will focus on are :

- Enterprise Resource Planning implementation & management solutions
- Storage solutions

- Enterprise Management Services
- CRM & Messaging
- Facility Management Services
- Custom Solutions Development
- Outsourcing and knowledge and voice based Solutions

The company has been emphasizing on the recoveries of the NPA's which were provided for or written off as per RBI prudential norms. Such recoveries would help to realize income where such advances were provided for.

RISKS & CONCERNS

The Company is exposed to risks that are specific to its business and the environment within which it operates, like hardening of interest rates, market and credit risks, competitiveness of the financing industry etc. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

HUMAN RESOURCES

Your Company (including its wholly owned subsidiary companies) has approximately 135 full time employees as on 31st March, 2007. Our Employees are broadly categorized into seven departments: Sales, Operations, Technology, Risk Management, Research, Administration and Support. Employees are not unionized or covered by collective bargaining agreements. We consider our relationship with all our employees to be good and cordial.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of Internal Control commensurate with its size and business. The Company ensures adherence to Internal Control Policies and Procedures as well as all regulatory compliances.

The Company has an Audit Committee of the Board of Directors which meets regularly to review, inter-alia, adequacy of Internal Controls and Audit Findings on various aspects of the business.

CAUTIONARY STATEMENT

Statement in this "Management Discussion and Analysis" describing the Company's objectives, expectations or predications may be within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied in such forward-looking statement. The Company undertakes no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company believes that the fundamental objective of Corporate Governance is to maximize shareholders value legally, ethically and on a sustainable basis, while ensuring fairness to every stakeholder of the Company i.e., customers, employees, investors, vendor-partners, the government of the land and the community. Thus, the term corporate governance can be defined as the distribution of rights and responsibilities among different participants in the organization, such as, the board, managers, shareholders and other stakeholders and spell out the rules and procedures for making decisions on corporate affairs. The Company has a consistent policy of good Corporate Governance through upholding highest level of transparency in dissemination to Shareholders, customers, creditors, employees, associates or the state.

In India, the Securities and Exchange Board of India (SEBI) stipulates the Corporate Governance Standards for Listed Companies through Clause 49 of the Listing Agreement of Stock Exchanges. Your Company has established systems and procedures to adhere to the mandated regulations in its true spirit and is fully compliant with the revised Clause 49.

A report on the implementation of the Code of Corporate Governance as per clause 49 of the Listing agreement is given below:

2. BOARD OF DIRECTORS

A) COMPOSITION

The Board of Directors of the Company as at the year ending March 31, 2007 consists of 8 Directors, out of which three (3) are Independent Directors.

The Board of the company has been reconstituted on July 19, 2007 and at present consist of 6 directors comprising of 1 executive director and 5 non-executive directors. The number of non-executive independent directors is 3.

The composition and category of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting and the number of Directorship(s), Committee membership(s) and Chairmanship(s) held by them in other Public Companies as on March 31, 2007 are presented in Table 1.

Table 1

Name of the Director	Category of Director	Number of other Directorships and other Committee Memberships and Chairmanships**		
		Directorships	Committee Memberships	Committee Chairmanships
Mr. Harpal Singh ¹	Non-executive	9	3	3
Mr. Malvinder Mohan Singh	Non-executive	13	5	Nil
Mr. Shivinder Mohan Singh ¹	Non-executive	13	3	Nil
Mr. Sunil Godhwani	Non-executive	13	1	1
Mr. V.K. Kaul ¹	Non-executive/ Independent director	10	5	3
Mr. V.M. Bhutani ²	Non-executive/ Independent director	5	1	2
Mr. U.K. Khaitan ²	Non-executive/ Independent director	11	Nil	Nil
Mr. Maninder Singh Grewal	Whole Time Director	1	Nil	Nil
Dr. Preetinder Singh Joshi	Non-executive/ Independent director	4	2	Nil
Mr. Vikram Sahgal	Non-executive/ Independent director	1	Nil	Nil
Mr. Padam Bahl ³	Non-executive/ Independent director	5	1	3

¹ Resigned w.e.f. July 19, 2007

² Resigned w.e.f. September 16, 2006

³ Number of Directorship(s), Committee membership(s) and Chairmanship(s) held by Mr. Padam Bahl are as on the date of his appointment i.e. July 19, 2007

Notes :

- * The directorships held by the directors, as mentioned above do not include the directorships held in Foreign Companies, Private Limited Companies, Companies under Section 25 of the Companies Act and Alternate Directorships.
- ** The committees considered for the purpose are those prescribed under Clause 49(1) (c) (ii) of the Listing Agreement viz. Audit Committee and Shareholders/ Investors Grievance Committee of Indian Public Limited Companies. None of the Directors are members of more than 10 Committees or the Chairman of more than 5 Committees (as specified in Clause 49), across all companies in which he is a Director.

The information as required under Annexure 1A to Clause 49 is being made available to the Board.

B) BOARD MEETINGS AND ATTENDANCE AT BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the year under review, the Board of Directors of the Company met twelve (12) times viz. on April 28, 2006, July 28, 2006, August 9, 2006, August 14, 2006, September 16, 2006, September 29, 2006, October 30, 2006, December 19, 2006, January 11, 2007, January 29, 2007, February 09, 2007 and March 13, 2007.

The attendance of Directors in Board Meetings and Annual General Meeting is as presented in Table 2 below:

Table 2

Name	Attendance at Board Meeting		Attendance at A.G.M. held on September 16, 2006
	Held	Attended	
Mr. Harpal Singh ¹	12	12	Yes
Mr. Malvinder Mohan Singh	12	5	No
Mr. Shivinder Mohan Singh ¹	12	6	No
Mr. Sunil Godhwani	12	11	Yes
Mr. V.K. Kaul ¹	12	11	No
Mr. V.M. Bhutani ²	5	1	No
Mr. U.K. Khaitan ²	5	1	No
Mr. Maninder Singh Grewal ³	11	10	Yes
Mr. Preetinder Singh Joshi ³	8	0	No
Mr. Vikram Sahgal ⁴	5	1	No
Mr. Padam Bahl ⁵	0	0	No

¹ Resigned from the Directorship of the Company with effect from July 19, 2007.

² Resigned from the Directorship of the Company with effect from September 16, 2006.

³ Appointed as Whole Time Director with effect from September 16, 2006. Out of 10 meetings attended by Mr. Maninder Singh Grewal, 4 board meetings and the last A.G.M was attended as Chief Executive Officer.

⁴ Appointed as Additional Director with effect from December 19, 2006.

⁵ Appointed as Additional Director with effect from July 19, 2007.

3. COMMITTEES OF THE BOARD

The Company has six Board-level Committees – Audit Committee, Shareholders' and Investors' Grievance Committee, Remuneration Committee, Investment Committee, Takeover Committee and Rights Issue Committee.

All decisions pertaining to the constitution of Board level Committees, appointment(s) of members and fixing of terms of service for members of Committees is taken by the Board of Directors.

Details of the role and composition of Corporate Governance Committees as per Clause 49 of the Listing Agreement, including number of meetings held during the financial year and attendance thereat are provided below:

a) AUDIT COMMITTEE

Terms of Reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Bombay Stock Exchange, inter alia, includes a review of financial reporting process, draft financial statements and Auditors' Report (before submission to the Board), accounting policies and practices, internal controls and internal audit systems, risk management policies and practices, related party transactions, internal audit reports and adequacy of internal audit function.

The role of the Audit Committee includes recommending the appointment and removal of external auditor, discussion of audit plan, fixation of audit fee and also approval for payment of any other services.

The Audit Committee was reconstituted on December 19, 2006 and July 19, 2007 and presently comprises of Mr. Padam Bahl, Non-Executive Independent Director as the Chairman, Mr. Malvinder Mohan Singh, Non-Executive Non Independent Director and Mr. Vikram Sahgal, Non-Executive Independent Director, as Members. The Secretary of the Company acts as a Secretary to the Committee.

During the year under review the Committee met five (5) times viz. April 28, 2006, July 28, 2006, August 9, 2006, October 30, 2006 and January 29, 2007. The composition of the Committee and attendance of each member of the Committee is presented in Table 3 appended below:

Table 3

Name of the Member	Category of the member	Designation	No. of Meetings	
			Held	Attended
Mr. V.M. Bhutani ¹	Non-Executive Independent Director	Chairman	3	3
Mr. V.K. Kaul ²	Non-Executive Independent Director	Chairman	5	5
Mr. Malvinder Mohan Singh	Promoter Non-Executive Director	Member	5	0
Mr. Vikram Sahgal ³	Non- Executive Independent Director	Member	1	1
Dr. Preetinder Singh Joshi ⁴	Non-Executive Independent Director	Member	1	1
Mr. Padam Bahl ⁵	Non-Executive Independent Director	Chairman	0	0

¹ Chairman till September 16, 2006

² Chairman from September 16, 2006 to July 19, 2007

³ Appointed on December 19, 2006

⁴ Member till December 19, 2006

⁵ Appointed on July 19, 2007

b) SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee has been constituted to specifically look into the redressal of complaints of shareholders and investors and other issues concerning shareholders. The Committee approves transfer(s) and transmission(s) of shares and requests for split, sub-division, consolidation, issue of duplicate certificates, dematerialisation/ rematerialisation etc. of shares.

The Committee was reconstituted on December 19, 2006 and July 19, 2007 and presently comprises of Mr. Sunil Godhwani, Non-Executive Non Independent Director as Chairman, Mr. Malvinder Mohan Singh, Non-Executive Non Independent Director and Mr. Maninder Singh Grewal, Whole time Director as Members. The Secretary of the Company acts as a Secretary to the Committee.

During the year under ended March 31, 2007 24 meetings of Committee were held viz. on April 16, 2006, April 29, 2006, May 15, 2006, May 31, 2006, June 15, 2006, June 30, 2006, July 15,

2006, July 31, 2006, August 17, 2006, August 31, 2006, September 18, 2006, October 4, 2006, October 16, 2006, October 31, 2006, November 15, 2006, November 28, 2006, December 15, 2006, December 30, 2006, January 15, 2007, January 31, 2007, February 15, 2007, February 28, 2007, March 15, 2007 and March 31, 2007.

The composition of the Committee and attendance of each member of the Committee is presented in Table 4 as below:

Table 4

Name of the Member	Category of the member	Designation	No. of Meetings	
			Held	Attended
Mr. Harpal Singh ¹	Non-Executive Non-Independent Director	Chairman	24	24
Mr. Malvinder Mohan Singh	Non-Executive Non-Independent Director	Member	24	24
Mr. Shivinder Mohan Singh ²	Non-Executive Non-Independent Director	Member	24	24
Mr. V.M. Bhutani ³	Non-Executive Independent Director	Member	10	0
Dr. Preetinder Singh Joshi ⁴	Non-Executive Independent Director	Member	7	0
Mr. Maninder Singh Grewal ⁵	Executive Director	Member	0	0
Mr. Sunil Godhwani ⁵	Non-Executive Director	Chairman	0	0

¹ Chairman till July 18, 2007

² Member till July 19, 2007

³ Member till Sep. 16, 2006

⁴ Member till Dec. 19, 2006

⁵ Appointed on July 19, 2007

During the year under review, 8 complaints from Shareholders and Exchange Board of India (SEBI) and Stock Exchanges were received which were duly attended to and resolved to the satisfaction of the shareholders. No complaint was pending as on March 31, 2007.

COMPLIANCE OFFICER

Ms. Anjali Malhotra, Company Secretary acts as Compliance Officer of the Company for complying with the requirements of Listing Agreement with the Stock Exchanges and SEBI (Prohibition of Insider Trading) Regulations, 1992.

c) REMUNERATION / COMPENSATION COMMITTEE

The broad terms of reference of the Remuneration / Compensation Committee are as under:

- Recommendation for fixation and periodic revision of compensation of the Managing Director and Executive Directors to the Board for approval;
- Reviewing and approving compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel;

The remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

The remuneration committee was constituted on September 16, 2006 and further reconstituted on December 19, 2006 and July 19, 2007 and presently comprises of Mr. Padam Bahi, Non-Executive, Independent Director as Chairman, Dr. Preetinder Singh Joshi, Non-Executive Independent, Director and Mr. Vikram Sahgal, Non-Executive Independent Director, as Members.

During the year under review, the Remuneration / Compensation Committee met on September 16, 2006. The Secretary of the Company acts as a Secretary to the Committee.

The composition of the Committee and attendance of each member of the Committee is presented in Table 5 as below:

Table 5

Name of the Member	Category of the member	Designation	No. of Meetings Held	
			Held	Attended
Mr. Harpal Singh ¹	Non-Executive/ Non-Independent Director	Chairman	1	1
Mr. V.K. Kaul ¹	Non-Executive Director	Member	1	1
Dr. Preetinder Singh Joshi	Non-Executive/ Independent Director	Member	1	1
Mr. Vikram Sahgal ²	Non-Executive/ Independent Director	Member	0	0
Mr. Padam Bahi ³	Non-Executive/ Independent Director	Chairman	0	0

¹ Resigned from the Directorships of the Company with effect from July 19, 2007.

² Appointed as member of the committee with effect from December 19, 2006.

³ Appointed as Chairman of the Committee with effect from July 19, 2007.

4. DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE YEAR ENDED 31.03.2007

The remuneration of the executive and non-executive directors is approved by the Board of Directors within the limits fixed and approved by the shareholders in the General Meeting.

During the financial year 2006-07, no sitting fee is being paid to directors for attending the meetings.

Table 6 appended below gives the details of the remuneration paid to each director during the year ended March 31, 2007. During the fiscal 2007, the Company did not advance any loans to the Directors.

Table 6

Director	No. of Equity Shares held by non-executive director	Remuneration for the year 2006-07 (Rs. in Lacs)				
		Salary and Allowances	Perquisites	Contribution to PF & other funds	Provision for gratuity	Total
Mr. Harpal Singh ¹	None	-	-	-	-	-
Mr. Malvinder Mohan Singh	442650	-	-	-	-	-
Mr. Shivinder Mohan Singh ¹	441650	-	-	-	-	-
Mr. Sunil Godhwani	None	-	-	-	-	-
Mr. V.K. Kaul ¹	None	-	-	-	-	-
Mr. V.M. Bhutani ²	None	-	-	-	-	-
Mr. U.K. Khaitan ²	None	-	-	-	-	-
Mr. Maninder Singh Grewal	N.A	31.93	4.55	1.30	0.54	38.32
Dr. Preetinder Singh Joshi	None	-	-	-	-	-
Mr. Vikram Sahgal	None	-	-	-	-	-
Mr. Padam Bahi ³	None	-	-	-	-	-

¹ Resigned w.e.f July 19, 2007

² Resigned w.e.f. September 16, 2006

³ Number of Directorship(s), Committee membership(s) and Chairmanship(s) held by Mr. Padam Bahl are as on the date of his appointment i.e. July 19, 2007

5. SUBSIDIARY COMPANIES

The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Company does not have any material non-listed Indian subsidiaries.

6. GENERAL BODY MEETINGS

Location, time and date where last four (4) General Meetings were held are given in Table 7:

Table 7: Details of the last 4 general meetings

Financial Year	Category	Time	Day and Date	Location of the meeting	Special Resolution(s) Passed
2003-04	9th AGM	10 am	Wednesday, 22/9/2004	Shah Auditorium, 2 Raj Niwas Marg, New Delhi-110054	Yes
2004-05	10th AGM	10 am	Friday, 23/9/2005	Shah Auditorium, 2 Raj Niwas Marg, New Delhi-110054	No
2005-06	EGM	10 am	Wednesday, 22/3/2006	Shah Auditorium, 2 Raj Niwas Marg, New Delhi-110054	Yes
2005-06	11th AGM	4 pm	Saturday 16/9/2006	Shah Auditorium, 2 Raj Niwas Marg, New Delhi-110054	Yes

The following Special Resolutions as detailed in Table 8 were passed by the Company at the above mentioned Annual General Meetings:

Table 8

Year	Item
9th AGM	Delisting from Delhi Stock Exchange as per SEBI (Delisting of Securities) Guidelines, 2003
10th AGM	No Special Resolution was passed
11th AGM	Issued and allot 10,71,400 Equity Shares of Rs. 10 each on preferential basis to Mr. Sanjay Padode.

POSTAL BALLOT

No special resolution was put through Postal ballot at the last Annual General Meeting nor is proposed at the ensuing Annual General Meeting. However during the financial year 2006-2007 following resolutions were passed through postal ballot process and the result were declared on November 10, 2006

1. Pursuant to Section 17 of the Companies Act, 1956, alteration of Memorandum of Association to include Information Technology Solutions and activities related thereto in the main objects of the Company.
2. Pursuant to Section 372A of the Companies Act, 1956, power to make investments, provide loans and give any guarantee or securities upto Rs. 400 Crores.

3. Pursuant to Section 198, 269 and 309, appointment of Mr. Maninder Singh Grewal as Whole time Director for a period of 3 years at a remuneration of Rs.47 Lacs along with other perquisites and allowances subject to the approval of Central Government for payment of such remuneration.
- Mr. V.P. Kapoor, a Company Secretary in Whole Time Practice was appointed as Scrutinizer to conduct the process of postal ballot. The summary of voting pattern and results was as presented in Table 9:

Table 9

Particulars	No. of Postal Ballot Forms	No. of Shares	Paid-up Value of the Shares (Rs.)	%
Total Postal Ballot Forms received	13	1,97,48,489	19,74,84,890	100%
Postal Ballot Forms with assent for the Resolutions:				
Item No.1	13	1,97,48,489	19,74,84,890	100%
Item No.2	13	1,97,48,489	19,74,84,890	100%
Item No.3	13	1,97,48,489	19,74,84,890	100%
Postal Ballot Forms with dissent for the Resolutions:				
Item No.1	0	0	0	0
Item No.2	0	0	0	0
Item No.3	0	0	0	0

7. DISCLOSURES

a) RELATED PARTY TRANSACTIONS

Related party transactions are defined as transactions of the Company of material nature, with promoters, directors or with their relatives, its subsidiaries etc. that may have potential conflict with the interest of the Company at large.

Details on material significant related party transactions are given in the appended financial statement under notes to the accounts annexed to the financial statements.

b) COMPLIANCE BY THE COMPANY

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

The Company has laid down a code of conduct for the Directors, Senior Management and Employees of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial personnel have adhered to the same, signed by the Whole Time Director of the Company, forms part of this report.

c) DISCLOSURE OF ACCOUNTING TREATMENT

There is no deviation in following the treatments prescribed in any Accounting Standard (AS) in the preparation of financial statements of the Company.

d) DISCLOSURE OF RISK MANAGEMENT

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures, which are periodically reviewed.

e) CERTIFICATION

Certificate issued by the Whole Time Director with regard to the Financial Statements and other matters as required in Clause 49 of the Listing Agreement is enclosed.

6. MEANS OF COMMUNICATION

- a) The quarterly, half-yearly and full year results are published in The Pioneer and Veer Arjun.
- b) Our financial results are also posted on SEBI's EDIFAR System and can be reviewed on SEBI's EDIFAR website www.sebledifar.nic.in.

Table 10 gives details of the publications of the Financial Results in the year under review:

Table 10: Publications of the Financial Results during 2006-07

Description	Date
Unaudited Financial Results for the quarter ended on June 30, 2006	29-7-2006
Unaudited Financial Results for the quarter/half year ended on September 30, 2006	1-11-2006
Unaudited Financial Results for the quarter/Nine months ended on December 31, 2006	30-1-2007
Audited financial results for the quarter and the year ended on March 31, 2007	1-7-2007

9. GENERAL INFORMATION FOR SHAREHOLDERS

- a) **Date, Time and Venue of Annual General Meeting**
 - Date : September 20, 2007
 - Time : 11.30 A.M
 - Venue : Shah Auditorium, 2, Raj Niwas Marg, Delhi - 110 054
- b) **Financial Calendar (2007-2008)**
 - i) First quarterly Results - By July 31, 2007
 - ii) Second Quarterly Results - By October 30, 2007
 - iii) Third Quarterly Results - By January 31, 2008
 - iv) Fourth quarterly Results - By April 30, 2008
- c) **Dividend payment date**

No dividend has been recommended for the financial year 2006-07.
- d) **Listing on Stock Exchanges**

Bombay Stock Exchange Limited.
- e) **Stock Code**

526927
- g) **Demat ISIN Number for CDSL and NSDL**

INE991C01018
- h) **Market Price Data:**

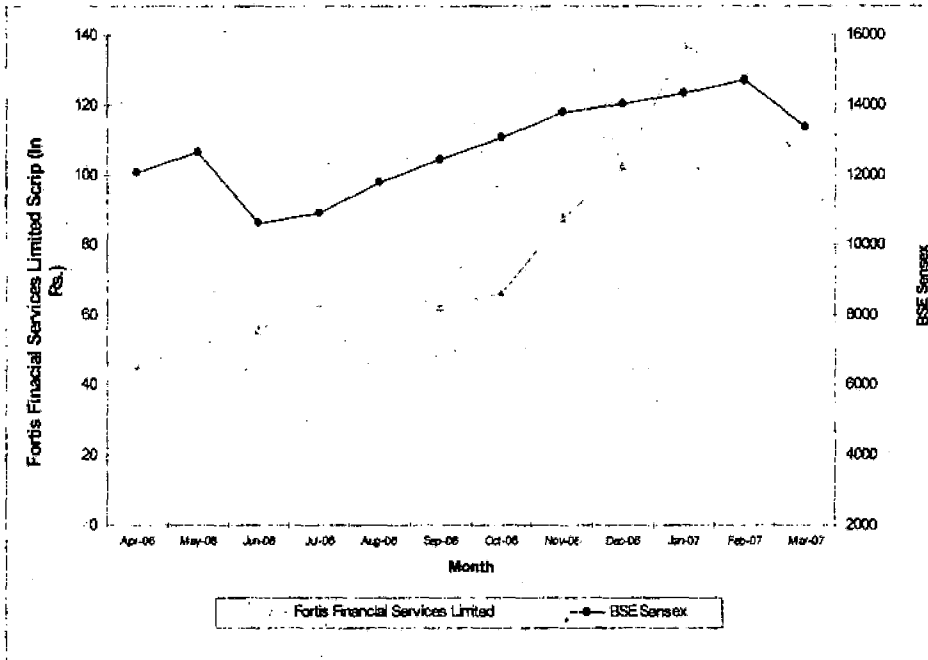
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited Mumbai during each month in financial year 2006 - 2007 are presented in Table 11 below:

Table 11

Month	Bombay Stock Exchange Limited Price (Rs.)		Volume
	High	Low	
April'06	45.15	34.50	370624
May'06	51.05	39.75	592072
June'06	55.80	33.00	504653
July'06	63.20	46.50	549422
Aug'06	68.55	56.55	507575
Sep'06	62.50	52.70	615592
Oct'06	65.95	57.50	1836114
Nov'06	87.80	57.00	725790
Dec'06	102.60	68.30	612715
Jan'07	137.00	98.60	1325356
Feb'07	126.50	93.45	415404
Mar'07	101.80	81.50	227362

PERFORMANCE OF SHARE PRICE IN COMPARISON TO BSE SENSEX

Chart Form:



i) Share Transfer System

The trading in equity shares of the Company is mandatory in the dematerialized form. All shares are normally transferred and returned in 30 days from the date of receipt, of all the valid the documents, accordingly no shares are pending for transfer for more than 30 days, as at the end of the year. All requests for dematerialization of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

ii) Distribution of shareholding by number of shares held as on 31st March, 2007:

Table 12

Categories	No. of Shareholders	Percentage	No. of Shares held	Percentage
1-5000	13,570	94.531	15,95,230	5.923
5001-10000	454	3.163	3,72,716	1.384
10001-20000	164	1.142	2,46,760	0.916
20001-30000	41	0.286	1,07,100	0.398
30001-40000	20	0.139	73,803	0.274
40001-50000	26	0.181	1,22,552	0.455
50001-100000	37	0.258	2,77,789	1.031
100001 and above	43	0.300	2,41,35,825	89.618
Total	14355	100	2,69,31,755	100

k) Shareholding Pattern as at 31st March, 2007:

Table 13

Category	No. of Shares held	Percentage of Present Capital (%)
A. Promoters' Holding		
Indian Promoters	2,01,88,299	74.96
Foreign Promoters	Nil	Nil
Sub Total	2,01,88,299	74.96
B. Non-Promoters' Holding		
1. Institutional Investors		
a. Mutual Funds and UTI	Nil	Nil
b. Banking, Financial Institution/Insurance Companies (Central/State Government Institutions/Non-Govt. Institutions)	950	0.00
c. FIs	1,02,252	0.38
Sub Total	1,03,202	0.38
2. Others		
a. Private Corporate Bodies	11,02,575	4.09
b. Indian Public	42,99,599	15.97
c. NRIs / OCBs	11,03,686	4.10
d. Any other	1,34,414	.50
Sub Total	45,17,378	24.65
Grand Total	2,69,31,775	100.00

l) Dematerialization of shares and Liquidity:

Equity Shares of the Company are in compulsory demat mode. As on March 31, 2007, 2,48,06,179 Shares constituting over 92.01% of the Equity Share Capital of the Company were held in dematerialized form. The Equity shares of the Company are traded on, Bombay Stock Exchange Limited. The Company has paid the Listing fees for the year 2007 - 2008.

m) Profile of Directors Seeking Re-Appointment / Appointment

Appointment / Re-appointment of Directors

The profile of Directors proposed to be appointed or re-appointed at Annual General Meeting is given below:

(i) **Mr. Vikram Sahgal**

Profile

Mr. Vikram Sahgal is a Mechanical Engineer from Delhi College of Engineering (DCE) and MBA from Faculty of Management Studies (FMS), University of Delhi. He has a professional experience of around 27 years in the engineering field. He is a Member of the Managing Committee of PHDCCI and also a Member of the National Committee of Defence of the CII.

Directorships in other Companies

- **Indian Public Companies**
 - ◆ Alliedtronics (India) Limited
- **Indian Private Companies**
 - ◆ Micron Intertech Private Limited
 - ◆ Micron Instruments Private Limited
 - ◆ Techmat Micron India Private Limited
 - ◆ Micron Flora Private Limited

Committee Memberships

Mr. Vikram Sahgal is not a Member or Chairman in any committee.

(ii) Dr. Preetinder Singh Joshi

Profile

Dr. Preetinder Singh Joshi holds an M.B.B.S. degree from Medical College, Amritsar and M.D. degree in Cardiology & General Medicine from Maulana Azad Medical College, Delhi. He is a member of Royal College of Physicians, UK. He has over 32 years of experience in medical profession in India and abroad. Dr. Joshi is an eminent Cardiologist and is presently working as Director of Maharaj Sawan Singh Charitable Hospital, Beas (Punjab).

Directorships in other Companies

• **Indian Public Companies**

- ◆ Fortis Healthcare Limited
- ◆ Ranbaxy Laboratories Limited
- ◆ Escorts Hospital and Research Centre Limited
- ◆ Escorts Heart Centre Limited
- ◆ Escorts Heart and Super Speciality Hospital Limited
- ◆ International Hospital Limited

• **Indian Private Companies**

- ◆ Oscar Biotech Private Limited

Committee Memberships

1. Escorts Heart and Super Speciality Hospital Limited

- ◆ Audit Committee

2. Escort Hospital and Research Centre Limited

- ◆ Audit Committee

3. International Hospital Limited

- ◆ Audit Committee

4. Fortis Healthcare Limited

- ◆ Audit Committee
- ◆ Shareholders'/Investors' Grievance Committee

5. Oscar Bio-Tech Private Limited

- ◆ Audit Committee

(iii) Mr. Padam Bahl

Profile

Mr. Padam Bahl holds a bachelor's degree in commerce from the Kurukshetra University and a bachelor's degree in law from Guru Nanak Dev University, Amritsar. He is a fellow member of the Institute of Chartered Accountants of India. He has also received a diploma in information system audit from SSI, Amritsar.

Mr. Bahl has been practicing as a Chartered Accountant and an income tax advisor since 1979 and has more than 27 years of work experience. He was the chairman of the Northern India Regional Council, Institute of Chartered Accountants of India, Amritsar Branch for the year 1998-99 and was a member of the Income Tax Advisory Committee, Amritsar Chapter during the years 2002-03 and 2003-04.

Directorships in other Companies

• **Indian Public Companies**

- ◆ Religare Enterprises Limited;
- ◆ Religare Securities Limited.
- ◆ Religare Finvest Limited;
- ◆ Religare Insurance Broking Limited;
- ◆ Religare Commodities Limited; and
- ◆ Religare Arts Initiative Limited.

- **Indian Private Companies**
 - ◆ Religare Venture Capital Private Limited; and
 - ◆ Campher Corporate Services Private Limited;

Committee Memberships

1. **Religare Enterprises Limited**
 - ◆ Audit Committee
 - ◆ Remuneration Committee
 - ◆ Shareholders'/Investor' Grievance Committee
2. **Religare Securities Limited**
 - ◆ Audit Committee
 - ◆ Remuneration Committee
3. **Religare Finvest Limited**
 - ◆ Audit Committee
4. **Religare Insurance Broking Limited**
 - ◆ Remuneration Committee

Re-Appointment of Directors

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Malvinder Mohan Singh will retire at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. Brief particulars of Mr. Malvinder Mohan Singh are given below:

Mr. Malvinder Mohan Singh

Profile

Mr. Malvinder Mohan Singh, is an Economics Graduate and an MBA from Fuqua School of Business, Duke University, Durham, USA. He has experience of over 10 years in the field of general management, sales and marketing, finance and business development. He is also a Member of the National Council for the CII and is co-Chairman of the CII National Committee on Intellectual Property Rights, Research and Development, Technology and Innovation. Further, he is a Member of the Young Global Leaders Forum, which is an initiative of the World Economic Forum.

Directorships in other Public Companies

- **Indian Public Companies**
 - ◆ Ranbaxy Laboratories Limited
 - ◆ Oscar Investments Limited
 - ◆ Fortis Healthcare Limited
 - ◆ SRI, Ranbaxy Limited
 - ◆ Regius Aviation Limited
 - ◆ Fortis Healthcare Holdings Limited
 - ◆ Shimal Research Laboratories Limited
 - ◆ Ranbaxy Holding Company
 - ◆ Fortis Clinical Research Limited
 - ◆ Religare Enterprises Limited
 - ◆ Escorts Heart Institute & Research Centre Limited
 - ◆ Religare Insurance Holding Company Limited
 - ◆ AEGON Religare Life Insurance Company Limited

Committee Memberships

1. Fortis Healthcare Limited

- ◆ Audit Committee
- ◆ Remuneration Committee

2. Oscar Investments Limited

- ◆ Audit Committee
- ◆ Shareholders Committee

3. Religare Enterprises Limited

- ◆ Audit Committee
- ◆ Share Transfer Committee

5. SRL Ranbaxy Limited

- ◆ Audit Committee
- ◆ Remuneration Committee

n) Outstanding GDRs/ADRs/Warrants/Options

The Company has not issued any ADRs or GDRs or Warrants or any Convertible Securities.

o) Registrar and Share Transfer Agents:

The details of Registrar and Share Transfer Agent of the Company are as follows:

Intime Spectrum Registry Limited

A-40, 2nd Floor, Naraina Industrial Area,
Phase - II, New Delhi - 110028
Phone: 011-41410592/93/94
Fax: 011-41410591
E-mail: delhi@intimespectrum.com

p) Address for Investor Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, please write to:

For general correspondence:-

1) Company Secretary

Fortis Financial Services Limited,
255, 1st Floor, Okhla Industrial Estate,
Phase-III, New Delhi-110020
Tel. No : 011-30815414
Fax No : 011-30815288

2) Intime Spectrum Registry Limited

A-40, 2nd Floor, Naraina Industrial Area,
Phase - II, New Delhi - 110028
Phone: 011-41410592/93/94
Fax: 011-41410591
E-mail: delhi@intimespectrum.com

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : August 21, 2007

Sd/-
Malvinder Mohan Singh
Chairman

DECLARATION BY WHOLE TIME DIRECTOR

It is hereby confirmed that the Company has obtained from all the members of the Board and Senior Management team, an affirmation of compliance with the Code of Conduct for Directors and Senior Management team in respect of financial year ended March 31, 2007.

For Fortis Financial Services Limited

Sd/-

Raninder Singh Grewal
Whole Time Director

Place : New Delhi
Date : July 25, 2007

CERTIFICATE TO THE CORPORATE GOVERNANCE REPORT

**TO THE MEMBERS OF
FORTIS FINANCIAL SERVICES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Fortis Financial Services Limited for the year ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month except where disputed or sub-judice, as per the records maintained by the Shareholders'/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency/effectiveness with which the management has conducted the affairs of the Company.

For R. V. Shah & Co.
Chartered Accountant

Sd/-

(R. V. Shah)
Proprietor

Membership No. F16097

Place : New Delhi
Date : August 3, 2007

AUDITORS' REPORT

To
The Shareholders:

We have audited the attached Balance Sheet of M/s. **FORTIS FINANCIAL SERVICES LIMITED** as at 31st March, 2007 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 (as amended) issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the Act) we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - iii. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Act.
 - v. Based on representations made by all the Directors of the Company to the Board and the information and explanations as made available to us by the Company, none of the Directors of the Company prima-facie have any disqualifications as referred to in clause (g) of sub-section (1) of Section 274 of the Act.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2007,
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date, and
 - c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

For **R. V. Shah & Co.**
Chartered Accountants

Sd/-
(R. V. Shah)
Proprietor
Membership No. F16097

Place : New Delhi
Date : June 30, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2007 OF FORTIS FINANCIAL SERVICES LIMITED.

On the basis of such checks as we considered appropriate and in terms of the information and Explanation given to us, we state that:

- i.
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which is in our opinion, is reasonable, considering the size and the nature of its business. No material discrepancies were noticed on such verifications.
 - c) The Company has not disposed off any fixed assets during the year under report; accordingly, there is no question of the going concern being affected.
- ii.
 - a) The Company is trading in Shares and Securities and IT Products. As explained to us, the inventories of the Company have been physically verified by the management during the year.
 - b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and the discrepancies between the physical stock and the book records which have been dealt properly with in the books of account were not material.

- iii. (A) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (B) In respect of loans, secured or unsecured, taken by the Company from parties covered in the register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans from four companies during the year. At the end of the financial year, the outstanding balance of such loans was Rs. 3,374.00 Lacs and the maximum amount involved during the year was Rs. 4,207.00 Lacs
- (b) The rate of interest and other terms and conditions of such loans, in our opinion, prima facie are not prejudicial to the interests of the Company.
- (c) The payments of principal amount and interest during the year have been regular as stipulated as applicable.
- iv. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods and services.
- v. a) In our opinion, the transactions that need to be entered in the register maintained under Section 301 of the Act have been so entered.
- b) There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act aggregating during the year to Rs.5,00,000/- or more in respect of each party.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- viii. a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities applicable to it.
- b) At the end of the financial year there were no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute except as follows:

Name of the Statutory Dues	Forum where dispute is pending	Amount (Rs. Lacs)
Sales Tax / Lease Tax	First Appellate Authority	11.35

- ix. The Company has been registered for more than five years. The Company has accumulated losses at the end of the financial year exceeding fifty percent of its net worth. The Company has incurred cash losses during the financial year. In the immediately preceding financial year, the Company has not incurred cash losses.
- x. According to the records produced, the Company has not defaulted in repayment of its dues to any financial institution or bank or debenture holders during the year.
- xi. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts as to dealings or trading in shares, securities, debentures and other investments and have been held by the Company in its own name, except to the extent of the exemption, if any, granted under Section 49 of the Act.
- xiii. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xiv. According to the records of the company, the company has not obtained any term loans. Hence, comments under the clause are not called for.
- xv. On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment.
- xvi. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
- xvii. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.
- xviii. Clauses (viii), (xiii), (xix) and (xx) of the aforesaid Order are not applicable to the Company.

For **R. V. Shah & Co.**
 Chartered Accountants

Sd/-
(R. V. Shah)
 Proprietor

Place : New Delhi
 Date : June 30, 2007

Membership No. F16097

BALANCE SHEET AS AT MARCH 31, 2007

Particulars	Schedule	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	269,317,750	258,603,750
Reserves and Surplus	B	64,513,177	229,177
		<u>333,830,927</u>	<u>258,832,927</u>
Loan Funds			
Unsecured Loans	C	337,400,000	28,150,000
Total		<u>671,230,927</u>	<u>286,982,927</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	54,827,825	45,063,930
Less : Depreciation		21,172,969	18,539,592
Net Block		<u>33,654,856</u>	<u>26,524,338</u>
Investments	E	265,636,688	73,975,491
Current Assets, Loans and Advances			
Stock in Trade	F	5,159,030	5,016,473
Sundry Debtors	G	16,003,541	-
Cash and Bank Balances	H	4,947,582	2,985,510
Other Current Assets	I	79,763	14,462
Loans and Advances	J	181,481,979	16,166,066
		<u>207,671,895</u>	<u>24,182,511</u>
Loss : Current Liabilities and Provisions			
Liabilities	K	57,830,594	20,743,826
Provisions	L	39,293,288	39,636,875
		<u>97,123,882</u>	<u>60,380,701</u>
Net Current Assets		<u>110,548,013</u>	<u>(36,198,190)</u>
Profit & Loss Account		<u>260,973,206</u>	<u>222,463,124</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Share Issue Expenses		418,164	218,164
Total		<u>671,230,927</u>	<u>286,982,927</u>
Notes on Accounts	R		
As per our attached report of even date		On behalf of the Board of Directors	
For R. V. SHAH & CO. Chartered Accountants	Sd/- Sunil Godhwani Managing Director	Sd/- Maninder Singh Grewal Whole Time Director	
Sd/- (R.V. SHAH) Proprietor Membership No. F16097	Sd/- Anjali Malhotra Company Secretary		
Place : New Delhi Date : June 30, 2007	Place : New Delhi Date : June 30, 2007		

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

Particulars	Schedule	Year Ended March 31, 2007 Rs.	Year Ended March 31, 2006 Rs.
INCOME			
Income from operations	M	17,305,245	13,240,525
Other Income	N	1,106,718	243,284,601
Sales			
- Shares & Securities		-	774,733
- IT Products		21,141,678	-
Closing Stock			
- Shares & Securities		4,859,796	5,016,479
- IT Products		299,234	-
		<u>44,712,671</u>	<u>262,316,332</u>
EXPENDITURE			
Opening Stock			
- Shares & Securities		5,016,473	5,124,329
Purchases			
- Shares & Securities		-	216,138
- IT Products		20,169,047	-
Operating Expenses	O	2,187,456	-
Personnel Expenses	P	14,081,713	5,694,468
Administrative and other Expenses	Q	16,030,928	122,207,039
Interest and Finance Charges		23,668,283	4,875,441
Bad Debts Written Off		-	90,014,078
Depreciation		2,633,377	9,825,894
		<u>83,787,280</u>	<u>237,957,387</u>
PROFIT / (LOSS) BEFORE TAX		(39,074,609)	24,358,945
- Current Tax		-	630,000
- Fringe Benefits Tax		145,000	87,500
PROFIT / (LOSS) AFTER TAX		(39,219,609)	23,641,445
Balance brought forward		(222,463,124)	(369,254,487)
Reversal of Provision for Non Performing Assets		900,000	97,465,713
Reversal of Provision for Diminution in Value of Investments		-	23,043,380
Investment Allowance Reserve		-	2,610,000
Taxes for earlier years		(190,473)	-
Excess Provision for Tax for earlier years		-	57,438
Prior period Items		-	
- Others		-	(46,613)
BALANCE CARRIED TO BALANCE SHEET		(260,973,206)	(222,463,124)
Basic and Diluted Earnings per Equity Share of Rs. 10/- each (Refer Note 2 (o) of Schedule 'R')		(1.36)	0.61

Notes on Accounts

R

As per our attached report of even date

On behalf of the Board of Directors

For **R. V. SHAH & CO.**
Chartered Accountants

Sd/-
Sunil Godhwani
Managing Director

Sd/-
Maninder Singh Grewal
Whole Time Director

Sd/-
(R.V. SHAH)
Proprietor
Membership No. F16097

Sd/-
Anjali Malhotra
Company Secretary

Place : New Delhi
Date : June 30, 2007

Place : New Delhi
Date : June 30, 2007

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
SCHEDULE 'A' : SHARE CAPITAL		
Authorised		
4,70,00,000 Equity Shares of Rs.10/- each	470,000,000	470,000,000
	<u>470,000,000</u>	<u>470,000,000</u>
Issued and Subscribed		
2,69,31,775 (Previous Year 2,58,60,375) Equity Shares of Rs.10/- each fully paid up (Refer Note 2(f) of Schedule 'R')	269,317,750	258,603,750
	<u>269,317,750</u>	<u>258,603,750</u>
SCHEDULE 'B' : RESERVES AND SURPLUS		
Capital Reserve	229,177	229,177
Securities Premium Account	64,284,000	-
	<u>64,513,177</u>	<u>229,177</u>
SCHEDULE 'C' : UNSECURED LOANS		
Inter Corporate Deposits	337,400,000	28,150,000
	<u>337,400,000</u>	<u>28,150,000</u>

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 'D' : FIXED ASSETS

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	As at 01.04.2006	Additions	Deletions	As at 31.03.2007	As at 01.04.2006	Additions	Deletions	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Land	15,661,500	-	-	15,661,500	-	-	-	-	15,661,500	15,661,500
Premises	2,800,000	-	-	2,800,000	190,313	45,640	-	235,953	2,564,047	2,609,687
Plant and Machinery	9,368,339	114,565	-	9,482,904	6,883,820	446,114	-	7,329,934	2,152,970	2,484,519
Computers & Peripherals	257,116	3,632,822	-	3,889,938	914	300,943	-	301,857	3,588,081	256,202
Computer Networking & Equipment	-	1,672,739	-	1,672,739	-	64,716	-	64,716	1,608,023	-
Office Equipments	-	839,988	-	839,988	-	254,839	-	254,839	585,149	-
Furniture and Fixtures	16,680,579	508,123	-	17,188,702	11,250,334	1,358,250	-	12,608,584	4,580,118	5,430,245
Lease Improvement	-	2,591,410	-	2,591,410	-	69,631	-	69,631	2,521,779	-
Vehicles	296,386	-	-	296,386	214,211	28,158	-	242,369	54,027	82,185
<u>Intangible Assets</u>										
Software	-	404,248	-	404,248	-	65,085	-	65,086	339,162	-
Total	45,063,936	9,763,895	-	54,827,825	18,539,592	2,633,377	-	21,172,969	33,654,856	26,524,338
Previous Year	813,870,469	4,396,736	773,203,275	45,063,930	710,462,616	9,825,894	701,748,918	18,539,592	26,524,338	-

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

Particulars	As at March 31, 2007		As at March 31, 2007	
	Nos.	Rs.	Nos.	Rs.
SCHEDULE 'E' : INVESTMENTS (AT COST/BOOK VALUE)				
I. LONG TERM - NON TRADE				
A. Government Securities				
Unquoted				
National Savings Certificates VIlIth issue	7	6,500	7	6,500
Kisan Vikas Patra	5	5,000	5	5,000
Total (A)		11,500		11,500
B. Equity Shares (F.V. Rs. 10/- each fully paid up unless otherwise stated)				
1. Quoted				
Asian CERC Information Technology Ltd. (FV Rs. 5/- each)	3,573,000	190,403,546	-	-
		190,403,546		
2. Unquoted				
Wholly Owned Subsidiary :				
Fortis Business Intellect Ltd.	100,000	1,000,000	-	-
Others				
Bharat Margarine Ltd.	3,229,500	54,901,500	3,229,500	54,901,500
Flavex Aromatics India Ltd.	72,220	743,880	72,220	743,880
Indian Lead Ltd.	275,745	8,798,811	275,745	8,798,811
MPR Refractories Ltd.	50,000	2,500,000	50,000	2,500,000
Reliance Bulk Drugs and Formulations Ltd.	400,000	6,800,000	400,000	6,800,000
Shree Vaishnavi Dyeing Ltd.	420,000	220,000	420,000	220,000
		74,963,991		73,963,991
Total (B)		265,367,537		73,963,991
Total (A+B)		265,379,037		73,975,491
II. CURRENT INVESTMENT - NON TRADE				
Quoted				
Canbank Mutual Fund Units: NLFG CanLiquid Fund - Growth	19,503.97	257,651	-	-
		257,651		
Total (I)+(II)		265,636,688		73,975,491
Market Value of Quoted Investments		644,478,277		
Book Value of Quoted Investments		190,661,197		
Book Value of Unquoted Investments		74,975,491		73,975,491
Note:				
Investments Purchased and Sold during the year: NLFG CanLiquid Fund- Growth 241,657.85 Units				
SCHEDULE 'F' : STOCK IN TRADE				
- Shares & Securities		4,859,796		5,016,473
- IT Products		299,234		
		5,159,030		5,016,473

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
SCHEDULE 'G' : SUNDRY DEBTORS		
Unsecured - considered good		
- Debts outstanding for a period exceeding six months		
- Other debts (Refer Note 2 (h) of Schedule 'R')	16,003,541	-
	<u>16,003,541</u>	<u>-</u>
SCHEDULE 'H' : CASH AND BANK BALANCES		
Cash in Hand	382,976	266,372
Cheques in Hand	-	912,784
Balances With Scheduled Banks		
- Fixed Deposit Accounts		
(Refer Note 2 (b) of Schedule 'R')	2,458,000	1,268,000
- Current Accounts	2,126,606	538,354
	<u>4,967,582</u>	<u>2,985,510</u>
SCHEDULE 'I' : OTHER CURRENT ASSETS		
Interest accrued but not due on		
Fixed Deposits with Banks	79,763	14,462
	<u>79,763</u>	<u>14,462</u>
SCHEDULE 'J' : LOANS AND ADVANCES		
Unsecured - considered good		
Advance for purchase of shares (Escrow Accounts)	159,357,492	-
(Refer Note 2 (c) of Schedule 'R')		
Advances recoverable in cash or in kind		
or for value to be received*	6,199,540	3,535,000
(includes Rs.33,744 due from subsidiary company)		
Prepaid Expenses	613,215	39,900
Advance Payment of Taxes/Tax Deducted at Source	3,606,347	4,909,952
Balance with Service Tax Authorities	589,023	-
Staff Loans/Advances	1,285,483	5,344
Security Deposits	7,088,147	4,031,147
Unsecured - considered doubtful		
Loan Against Shares	2,744,723	3,644,723
* (Refer Note 2 (g) of Schedule 'R')	<u>181,481,979</u>	<u>18,166,066</u>
SCHEDULE 'K' : LIABILITIES		
Sundry Creditors	21,545,139	13,808,184
Advance Against Sale of Shares	790,000	390,000
Book Overdraft with Bank	15,303,847	3,930,802
Security Deposits	1,659,000	1,659,000
Interest accrued but not due	4,402,218	320,955
Other Liabilities	13,963,817	634,885
Unearned Revenue	166,573	-
	<u>57,830,590</u>	<u>20,743,826</u>
SCHEDULE 'L' : PROVISIONS		
Provision for Non - Performing Assets	2,744,723	3,644,723
Provision for Diminution in Value of Investments	34,648,991	34,648,991
Provision for Gratuity	612,311	433,404
Provision for Leave Encashment	424,763	192,257
Provision for Direct Tax	630,000	630,000
Provision for Fringe Benefits Tax	232,500	87,500
	<u>39,293,288</u>	<u>39,636,875</u>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT
YEAR ENDED MARCH 31, 2007**

Particulars	As at March 31, 2007 Rs.	As at March 31, 2006 Rs.
SCHEDULE 'M' : INCOME FROM OPERATIONS		
IT Services (TDS Rs.144,210; Previous Year Rs Nil)	3,497,179	-
Consultancy and Support Services (TDS Rs 95,688; Previous Year Rs. 366,282)	5,977,044	6,051,032
Lease Rentals	7,831,022	7,189,493
	<u>17,305,245</u>	<u>13,240,525</u>
SCHEDULE 'N' : OTHER INCOME		
Dividend income	10,142	17,990
Profit on Disinvestment of Shares- Subsidiary Companies	-	240,000,000
Profit on Sale of MF units	7,651	-
Service Charges (TDS Rs 16,090; Previous Year Rs. 122,809)	511,037	1,986,485
Rent (TDS Rs 48,246; Previous Year Rs. 269,280)	215,000	1,200,000
Interest Income		
Banks (TDS Rs 25,789; Previous Year Rs. 16,735)	143,021	74,580
Staff Loan	89,455	-
Others	130,412	5,546
	<u>1,106,718</u>	<u>243,284,601</u>
SCHEDULE 'O' : OPERATING EXPENSES		
Freight Charges	77,992	-
Support Service Charges	2,109,464	-
	<u>2,187,456</u>	<u>-</u>
SCHEDULE 'P' : PERSONNEL EXPENSES		
Salaries and Allowances	12,674,026	5,392,781
Contribution to Provident and Other Funds	953,582	216,935
Staff Welfare Expenses	454,108	84,752
	<u>14,081,716</u>	<u>5,694,468</u>
SCHEDULE 'Q' : ADMINISTRATIVE AND OTHER EXPENSES		
Fees & Subscription	233,054	112,367
Rent, Rates and Taxes	5,740,510	854,295
Repairs and Maintenance	1,358,137	23,307
Insurance	207,301	9,223
Travelling and Conveyance	1,167,968	801,043
Printing and stationery	399,671	168,008
Advertisement	467,001	100,850
Expenditure for Disinvestment of Shares- Subsidiary Companies	-	82,650
Legal and Professional Charges	4,498,863	2,374,036
Loss on Sale of Fixed Assets	-	133,507
Loss on Sale of Leased Assets	-	66,990,851
Loss on Sale of Investments (Net)	-	49,889,196
Auditors' Remuneration :		
- Audit Fees	55,000	45,000
- Other Services (including tax audit)	48,811	64,190
Postage & Telephones	682,181	194,059
Bank Charges	36,179	15,726
Miscellaneous	1,136,252	368,731
	<u>16,030,928</u>	<u>122,207,039</u>

SCHEDULE 'B' : NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles. The Company follows prudential norms for income recognition and provisioning for non performing assets.

b) USE OF ESTIMATES

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

c) REVENUE RECOGNITION

1. Revenue from sale of IT Products is recognized where persuasive evidence of an arrangement exists, the product has been delivered, the sales price is fixed or determinable and collectibility is reasonably assured. Revenue from IT Products sales are shown net of sales tax.
2. Revenue from sales of shares & securities are recognised on the date of sale of such shares & securities.
3. Revenue from IT Services is recognised either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Maintenance revenue in respect of products is deferred and recognized ratably over the term of the agreement.
4. Lease rentals shows recovery from the defaulting parties and the same is accounted on the receipts basis.
5. Dividend Income is accounted for as income when the right to receive dividend is established.
6. Interest and other dues are accounted on accrual basis except in respect of Non-Performing Assets, Income against which is recognized on cash basis.
7. Revenue excludes service tax.

d) FIXED ASSETS

Fixed assets are stated at cost inclusive of incidental expenses, less accumulated depreciation.

e) STOCK IN TRADE

1. Trading Stocks of Shares & Securities are valued at lower of Cost or Realisable Value.
2. Stocks of IT Products are valued at lower of Cost or Realisable Value. Cost is computed on 'Weighted Average Method'.

f) INTANGIBLE ASSETS

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Computer software which is not an integral part of the related hardware is classified as an intangible asset and is being amortized over the estimated useful life.

g) DEPRECIATION

1. Immovable assets at the leased premises including civil works, electrical items are capitalized as lease improvement and are accordingly being amortized over the primary period of lease subject to maximum of 5 years.
2. Depreciation on fixed assets are provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

3. Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from/upto the date the asset is put to use/ discarded.
4. Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

h) INVESTMENTS

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments. Long term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at cost or market / fair value, whichever is lower.

i) RETIREMENT BENEFITS

1. Company's contributions to Provident Fund and Employees' State Insurance Schemes are charged against revenue.
2. Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.

j) TAXES ON INCOME

1. Current tax is determined as the amount of tax payable in respect of taxable income for the year.
2. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax asset, on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) FRINGE BENEFIT TAX

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961 of India and the Guidance note on Accounting for Fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

l) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and, it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

m) IMPAIRMENT OF FIXED ASSETS

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

n) BORROWING COST

Borrowing costs are accounted for as expense in the period in which they are incurred and they are related to.

2. NOTES TO ACCOUNTS

a) CONTINGENT LIABILITIES

- i. The Sales Tax authorities of Uttar Pradesh and Karnataka States have raised demands aggregating to Rs. 11.35 lacs (Previous Year 11.35 lacs). The Company has preferred appeal (s) against the said orders and pending final outcome, no provision for sales tax liability has been made in accounts. The company has made a payment of Rs. 1.57 lacs against the said orders. The liability of sales tax payable in future, if any, is recoverable from the concerned hirer and/or lessee as per the terms of hire purchase/lease agreements.

- ii. The Company has filed an appeal in Calcutta High Court challenging the money decree of Rs.11 lacs granted by Court of 2nd Civil Judge (Senior Division) at Alipore. Hearing petition, for stay of operation, Calcutta High Court has directed the Company for submission of a bank guarantee for Rs. 11 lacs; which the Company has obtained from Punjab National Bank and furnished the same to Registrar, Calcutta High Court.

Future cash outflow(s) in respect of above are determinable only on receipt of judgements/decisions pending with various authorities.

- b) Fixed Deposits with Scheduled Banks includes Rs.11.00 lacs under lien in favour of banks as margin deposit for the guarantee issued on behalf of the company referred to in 2 (a)(ii) above and Rs.1.10 lacs with various state VAT authorities.
- c) The company has entered into a Share Purchase and Subscription Agreement dated August 14, 2006 ("the SPSA"), inter alia, with the Asian CERC Information Technology Ltd. (ACERC), for the purpose of acquiring substantial equity stake and consequent control of the management and affairs of ACERC.

ACERC is a leading power of IT services with focus on knowledge Management Services, Financial Technology Solutions and Offshore Services & Support.

The company had already acquired 9,45,000 fully paid up equity shares of Rs.5 each of ACERC through open market purchases for Rs.5.03 crores in aggregate. In addition, 26,28,000 fully paid-up equity share of Rs.5 each have been allotted to the company on preferential basis @Rs.53.25 per share for Rs. 13.99 crores. Accordingly, the Company is presently holding 32.39% of the expanded Equity Capital of ACERC. Further, the company is in the process of acquiring 23,52,000 fully paid up equity shares of Rs 5 each (constituting 21.33% of the expanded Equity capital of ACERC) from specified Promoter Entities of ACERC in terms of the SPSA which are presently held by an Escrow Agent, pending making of Open Offer and its completion in terms of SEBI (SAST) Regulations, 1997.

Upon completion of the Open Offer and compliance of SEBI (SAST) Regulations, 1997 ACERC would become a subsidiary of the Company.

- d) The Company is going to make Public offer to the shareholders of Asian CERC Information Technology Ltd to acquire 24,76,400 Shares (@ Rs. 53.45/- per share) and 25% of total money (Rs.13.24 crores) has been deposited in Escrow Account. For this draft offer document has been filed and pending with SEBI for their clearance.
- e) The Board of Directors in its meeting held on September 16, 2006 approved the offer, issue and allotment of 1,34,65,888 Equity Shares on Right Basis for cash at par to the equity share holders in ratio of 1(one) equity share for every 2(two) equity shares held as on the record date to be determined by the Board of Directors in this regard. The company has received the final observation letter dated June 12, 2007 and is in the process of making the rights offer.
- f) The Board of Directors in its meeting held on September 29, 2006 allotted 10,71,400 equity shares @Rs. 70/- per share (FV Rs. 10/- each), on Preferential Basis to Mr. Sanjay V. Padode, in due compliance with SEBI (Disclosure and Investor Protection) Guidelines 2000 and subsequent amendments thereto.
- g) The loans and advances includes following loans and advances to the companies under the same management with the meaning of Section 370 1B of Companies Act, 1956:

(Rs. In lacs)

Particulars	Balance Outstanding	Maximum balance Outstanding at any time during the year	Balance Outstanding	Maximum balance Outstanding at any time during the year
	As at March 31,2007	2006-2007	As at March 31, 2006	2005-2006
Religare Finvest Limited	7.81	7.81	Nil	Nil

- h) Sundry Debtors includes following debts due from companies under the same management within the meaning of Section 370 1B of Companies Act, 1956:

	(Rs. in lacs)
Religare Enterprises Limited	0.53
Religare Securities Limited	28.10
Religare Commodities Limited	11.71

- i) Management Remuneration under Section 198 of the Companies Act 1956 (included under Schedule P):

Mr. M.S. Grewal was appointed as Chief Executive Officer of the company on June 1, 2006. Subsequently, w.e.f September 16, 2006 he was appointed as director in the whole time employment for a salary of not exceeding Rs.47 lacs per annum and other allowances and perquisites. The Board of Directors, based on the recommendations of Remuneration Committee, at its meeting held on September 16, 2006 approved the remuneration payable to Mr. Grewal. Details of Remuneration paid after 16-Sep-06 is as below:

Particulars	Year ended
	31 st March-07 (Rs. in lacs)
Salary & Allowances	31.93
Perquisites	4.55
Contribution to PF & other funds	1.30
Provision for gratuity	0.54
Total	38.32

The aforesaid remuneration was subject to approval from Central Government, which has been approved vide its letter dated February 21, 2007.

- j) Related Party Disclosures as required by Accounting Standard 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

- i. List of Related Parties where control exists or with whom transactions have taken place during the year:

- | | |
|---|--|
| 1. Subsidiary Companies | Religare Securities Limited*
Religare Commodities Limited*
Fortis Business Intellect Limited\$ |
| * Upto May 6, 2005
\$ W.e.f. February 14, 2007 | |
| 2. Associates | Asian CERC Information Technology Limited |
| 3. Individual having control | Mr. Malvinder Mohan Singh
Mr. Shivinder Mohan Singh |
| 4. Key Management Personnel | Mr. Sunil Godhwani, who is Managing Director of the Company and no remuneration has been paid during the year
Mr. Maninder Singh Grewal
(Whole Time Director) |
| 5. Other Enterprises on which significant influence exists of persons covered under (3) & (4) above | Religare Enterprises Limited
Religare Securities Limited
Religare Finvest Limited
Ranbaxy Holding Company
Prime Syscom (P) Limited
Religare Insurance Broking Limited
AEGON Religare Life Insurance Co. Limited
Ranbaxy Laboratories Limited
Fortis Healthworld Limited
(Formerly Fortis Healthworld Pvt Limited) |

The following transactions were carried out with the Related Parties in the ordinary course of business:

Nature of Transaction	Subsidiary Companies	Associates	Individuals having Control	Key Management Personnel	(Amt. in face)
					Enterprises over which Individual/Key Management Personnel able to exercise significant influence
Inter Corporate Deposits Received					
Ranbaxy Holding Company	-	-	-	-	3,210.00
Religare Finvest Limited	-	-	-	-	1,862.00
Religare Securities Limited	-	-	-	-	12.36
Inter Corporate Deposits Received Total	-	-	-	-	5,084.36
Inter Corporate Deposits Repaid					
Ranbaxy Holding Company	-	-	-	-	1,502.00
Religare Finvest Limited	-	-	-	-	708.00
Religare Securities Limited	-	-	-	-	12.36
Inter Corporate Deposits Repaid Total	-	-	-	-	2,022.36
Interest on Inter Corporate Deposits					
Ranbaxy Holding Company	-	-	-	-	168.08
Religare Finvest Limited	-	-	-	-	32.79
	-	-	-	-	0.62
Religare Securities Limited	-	-	-	-	0.11
	0.23	-	-	-	-
Interest on Inter Corporate Deposits Total	-	-	-	-	200.99
	0.23	-	-	-	0.62
Sale of Goods					
Asian CERC Information Technology Limited	-	7.33	-	-	-
Ranbaxy Laboratories Limited	-	-	-	-	7.23
AEGON Religare Life Insurance Co. Limited	-	-	-	-	29.93
Religare Commodities Limited	-	-	-	-	11.71
Religare Enterprises Limited	-	-	-	-	0.53
Religare Finvest Limited	-	-	-	-	2.47
Religare Insurance Broking Limited	-	-	-	-	5.02
Religare Securities Limited	-	-	-	-	152.32
Sale of Goods Total	-	7.33	-	-	209.20
Support Services					
AEGON Religare Life Insurance Co. Limited	-	-	-	-	47.70
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	-	-	1.82
Ranbaxy Laboratories Limited	-	-	-	-	20.53
Religare Finvest Limited	-	-	-	-	5.74
	-	-	-	-	19.01
Religare Securities Limited	-	-	-	-	3.00
	0.85	-	-	-	-
Support Services Total	-	-	-	-	78.79
	0.85	-	-	-	19.01
Lease Rentals					
Religare Securities Limited	-	-	-	-	2.15
	1.00	-	-	-	11.00
Mr. Malvinder Mohan Singh	-	-	0.60	-	-
Lease Rentals Total	-	-	0.60	-	2.15
	1.00	-	-	-	11.00
Purchase of Fixed Assets					
Prime Syscom (P) Limited	-	-	-	-	1.48
Purchase of Fixed Assets Total	-	-	-	-	1.48
Remuneration					
Maninder Singh Grewal	-	-	-	36.32	-
Remuneration Total	-	-	-	36.32	-

ANNUAL REPORT 2006-07
FORTIS FINANCIAL SERVICES LIMITED



Broking Related Transactions			
Religare Securities Limited	-	-	1,761.99
Broking Related Transactions Total	-	-	1,761.99
Sale of Shares of Subsidiary Companies			
	-	1,418.75	1,437.50
Re-Imbursement of Expenses Borne by other Companies			
Ranbaxy Laboratories Limited	-	-	1.11
Re-Imbursement of Expenses Borne by other Companies Total	-	-	1.11
Current Account Transactions			
Asian CERC Information Technology Limited	-	0.08	-
Fortis Business Intellect Limited	0.31	-	-
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	1.52
Prime Syscom (P) Limited	-	-	2.28
AEGON Religare Life Insurance Co. Limited	-	-	1.82
Religare Finvest Limited	-	-	0.01
Religare Securities Limited	-	-	0.25
Current Account Transactions Total	0.31	0.08	5.87
Outstanding as on 31-3-07			
Receivable			
Trade Receivable			
Asian CERC Information Technology Limited	-	7.33	-
AEGON Religare Life Insurance Co. Limited	-	-	77.63
Religare Commodities Limited	-	-	11.71
Religare Enterprises Limited	-	-	0.53
Religare Finvest Limited	-	-	2.47
Religare Insurance Broking Limited	-	-	5.02
Religare Securities Limited	-	-	28.57
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	0.43
Ranbaxy Laboratories Limited	-	-	7.62
Religare Finvest Limited	-	-	-
Religare Securities Limited	-	-	-
Trade Receivable Total	7.33	-	133.98
Other			
Asian CERC Information Technology Limited	-	0.08	-
Fortis Business Intellect Limited	0.31	-	-
Prime Syscom (P) Limited	-	-	2.22
AEGON Religare Life Insurance Co. Limited	-	-	1.82
Religare Finvest Limited	-	-	2.88
Religare Securities Limited	-	-	0.11
	-	-	1.82
Other Total	0.31	0.08	7.02
	-	-	1.82
Payable			
Loan			
Ranbaxy Holding Company	-	-	1,908.00
Religare Finvest Limited	-	-	1,157.00
	-	-	3.00
Loan Total	-	-	3,065.00
	-	-	3.00
Other Payable			
Ranbaxy Holding Company	-	-	9.41
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	1.38
Religare Finvest Limited	-	-	0.00
Other Payable Total	-	-	10.78
Security Deposits			
Religare Securities Limited	-	-	6.00
	-	-	6.00
Security Deposits Total	-	-	6.00
	-	-	6.00

(Figures in italics relates to previous year)

k) Additional disclosure pursuant to circular CRD/GEN/2003/1 dated February 6, 2003 of the Stock Exchange, Mumbai:

(Rs. in Lacs)

Particulars	Amount outstanding as at March 31, 2007	Maximum Amount outstanding during the year
I. Loans and advances in the nature of loans to Subsidiary Companies	0.33	0.33
II. Loans and advances in nature of loans to associates	-	-
III. Loans and advances in nature of loans where there is		
a) no repayment schedule or repayment beyond seven years	-	-
b) no interest or interest below section 372A of the Companies Act, 1956	-	-
IV. Loans and advances in nature of loans to firms/ companies in which directors are interested	2.23	-
V. Investments by loaned in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	-	-

l) The Company has unabsorbed depreciation and carry forward losses under the Income Tax Act 1961 of India. Accordingly, keeping in view virtual uncertainty of taxable income in the future, provision for deferred tax assets/ liabilities have not been recognised in the accounts

m) In view of accumulated losses, no provision for income tax is considered necessary.

n) Segment Reporting:

1. Business Segment:

- i. The business segment has been considered as the primary segment.
- ii. The company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- iii. The Company's primary business comprises of financial business, trading of IT Products and knowledge/ processing outsource.
- iv. Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on reasonable basis.

2. Geographical Segment:

The Company operates in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

Information about primary Business Segments

(Amount in lacs)

Particulars	Financial Business	IT Product Trading/ Services	Business Process Outsourcing Services	Unallocated	Total
(i) Segment Revenue					
External Revenue	87.29	267.21	39.02	2.02	395.54
Inter-Segmental Revenue	-	-	-	-	-
Total Revenue	87.29	267.21	39.02	2.02	395.54

(ii) Segment Results					
Total Segment Results	(0.60)	(34.66)	(25.18)	(92.88)	(153.74)
Less: Unallocated Interest expenses	-	-	-	(237.01)	(237.01)
Less: Income Taxes (Current, Deferred and Fringe Benefit Tax)	-	-	-	-	1.45
Profit after tax	-	-	-	-	(392.20)
(iii) Segment Assets					
Unallocated Corporate Assets	4,331.01	199.34	11.04	145.68	4,541.40
Total Assets	4,331.01	199.34	11.04	145.68	4,687.07
(iv) Segment Liabilities					
Unallocated Corporate Liabilities	323.91	20.55	8.58	3,609.63	3,609.63
Total Liabilities	323.91	20.55	8.58	3,609.63	3,962.68
(v) Capital Expenditure					
Unallocated Capital expenditure	1.27	34.64	9.36	52.37	45.27
Total Capital expenditure	1.27	34.64	9.36	52.37	52.37
(vi) Depreciation / Amortisation					
Unallocated Depreciation amount	16.25	3.51	1.58	4.99	21.34
Total Depreciation	16.25	3.51	1.58	4.99	4.99
(vii) Non Cash Expenditure other than Depreciation					
Unallocated Non cash expenditure	4.48	0.87	0.25	4.77	5.60
Total Non cash expenditure	4.48	0.87	0.25	4.77	4.77

o) For the purpose of calculation of Basic and Diluted Earning per Share the following amounts are considered:

Particulars	For the year Ended 31-Mar-07	For the year Ended 31-Mar-06
Net Profit/Loss after tax but before reversal of provision of Non-Performing asset and Prior Period Items	(39,219,609)	2,36,41,445
Weighted Average No. of Equity Shares (No.)	29,176,091	25,860,375
Basic and Diluted Earning per share (Rs.)	(1.34)	0.61*
Face Value per share (Rs.)	10.00	10.00

* Restated considering the impact of issue of right shares due to vested options.

p) Additional particulars required to be furnished as per Part-II of Schedule VI of the Companies Act 1956:

Item's Name	Opening Balance		Purchases		Closing Balance	
	Quantity	Value	Quantity (In pcs)	Value (In Rs.)	Quantity (In pcs)	Value (In Rs.)
Computers	-	-	-	-	-	-
a) CPU	-	-	144 Pcs.	2,964,500	-	-
b) others items	-	-	80Pcs.	1,401,723	-	-
Total	-	-	224 Pcs.	4,366,223	-	-
Laptops	-	-	-	-	-	-
a) IBM 14 TFT XPP	-	-	46 Pcs.	2,118,751	-	-
b) Laptops	-	-	56 Pcs.	2,754,870	-	-
Total	-	-	102 Pcs.	4,873,621	-	-

Server	-	-	-	-	-	-
a) HP Blade Server	-	-	1 Pcs.	1,756,912	-	-
b) other Items	-	-	1303 Pcs.	3,325,500	-	-
Total	-	-	1,304 Pcs.	5,082,423	-	-
Accessories and Parts	-	-	2 Pcs.	645	-	-
Computer Accessories	-	-	200 Pcs.	1,573,695	27 Pcs.	191,234
Software-IBM	-	-	481 Pcs.	1,591,094	-	-
Software-Microsoft	-	-	105 Pcs.	586,089	18 Pcs.	108,000
Software-Others	-	-	1,901 Pcs.	1,333,915	-	-
Mobile Phones	-	-	25 Pcs.	268,804	-	-
Miscellaneous Items	-	-	84 Pcs.	492,540	-	-
Grand Total	-	-	4428 Pcs.	20,169,047	55 Pcs.	299,234

- q) Other Information with regards to other matters specified in clauses 3,4,4A,4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are either nil or not applicable to the Company for the year ended March 31, 2007.
- r) There are no transactions during the year with Micro, Small and Medium Enterprises during the year and as such there is no balance outstanding as at March 31, 2007.
- s) Previous year figures have been regrouped/recast to make the same comparable with those of the current year.

Signatories to Schedules A to R forming part of the financial statement

As per our attached report of even date

On behalf of the Board of Directors

For **R. V. SHAH & CO.**
Chartered Accountants

Sd/-
Sunil Godhwani
Managing Director

Sd/-
Maninder Singh Grewal
Whole Time Director

Sd/-
(R.V. SHAH)
Proprietor
Membership No. F16097

Sd/-
Anjali Malhotra
Company Secretary

Place : New Delhi
Date : June 30, 2007

Place : New Delhi
Date : June 30, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

(Amount in lacs)

31st March, 2007 31st March, 2006

CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before tax and extraordinary items	(390.75)	243.59
Adjustments for:		
+Non fund items / losses		
Depreciation	26.33	98.26
Profit / (Loss) on Sale of Fixed Assets	-	671.24
Profit / (Loss) on sale of Investment	-	(1,901.31)
Reversal of earlier provisions	9.00	1,205.09
Provision for Gratuity and Leave Encashment	1.79	2.58
Interest & Finance Charges	236.68	48.75
Interest income	(3.63)	(0.80)
Interest Received (Revenue)	2.98	13.68
-Non trading incomes		
Dividend income received from investment activities	(0.10)	(0.18)
Profit on Sale of MF units	(0.08)	-
Prior period item (Net of Short/Excess Tax)	(1.90)	0.11
Operating Profit before working capital changes	(119.68)	381.02
Adjustments for changes in Working Capital:		
Increase / Decrease in Stock in Trade	(1.43)	1.08
Increase / Decrease in Sundry Debtors	(160.04)	334.99
Increase / Decrease in Loans and Advances	(1,653.16)	715.82
Increase / Decrease in Current Liabilities	330.06	51.09
Increase / Decrease in Provisions	(5.22)	(1,200.24)
Cash Generated from Operating Activities	(1,609.47)	283.76
Interest Paid	(195.87)	(295.53)
Tax Paid	(1.45)	(7.18)
Net Cash from Operating Activities (A)	(1,806.79)	(18.95)

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed Assets	(97.84)	(43.97)
Capital Work in Progress	-	-
Sale of Fixed Assets	-	43.30
Purchase of Long Term Investments	(1,914.03)	(2.20)
Purchase of Current Investments	(34.50)	-
Sale of Current Investments	32.00	2,995.87
Dividend income received from investment activities	0.10	0.18
Net Cash from Investing Activities (B)	(2,014.07)	2,993.18

CASH FLOW FROM FINANCING ACTIVITIES

Issue of Equity Share Capital	749.98	-
Share issue expenses	(2.00)	(2.18)
Receipts of Unsecured Loans (net)	3,092.50	-
Repayment of Unsecured Loans	-	(3,066.00)
Net Cash from Financing Activities (C)	3,840.48	(3,068.18)
Net Increase in cash and cash equivalents (A+B+C)	19.62	(93.95)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

(Amount in lacs)

	31st March, 2007	31st March, 2006
Cash and Cash equivalents as at the beginning of the Year	29.86	123.80
Cash and Cash equivalents as at the Year Ended 31st March, 2007	49.48	29.86
Cash and cash equivalents comprise of :-		
- Cash and cheques in hand	3.63	11.79
- Balance with scheduled banks	45.85	18.06
Total	49.48	29.86

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Balance with scheduled banks include fixed deposits of Rs 12.10 Lacs under lien or pledge in favour of Banks or sales tax authorities.
3. Previous Year figures have been regrouped/recasted to make the same comparable with those of current year.

On behalf of the Board of Directors

For R. V. SHAH & CO.
 Chartered Accountants

Sd/-
Sunil Godhwani
 Managing Director

Sd/-
Maninder Singh Grewal
 Whole Time Director

Sd/-
(R.V. SHAH)
 Proprietor
 Membership No. F16097

Sd/-
Anjali Malhotra
 Company Secretary

Place : New Delhi
 Date : June 30, 2007

Place : New Delhi
 Date : June 30, 2007

(Rs. In Lacs)

Particulars	31-03-2007		31-03-2006		
	Amount Outstanding		Amount Outstanding		
Long Term Investments:					
1. Quoted:					
(i) Shares:		1,904.04		739.64	
a) Equity		-		-	
b) Preference		-		-	
(ii) Debentures and Bonds		-		-	
(iii) Units of mutual funds		-		-	
(iv) Government Securities		-		-	
(v) Others		-		-	
2. Unquoted:					
(i) Shares:		749.64		739.64	
a) Equity		-		-	
b) Preference		-		-	
(ii) Debentures and Bonds		-		-	
(iii) Units of mutual funds		-		-	
(iv) Government Securities		0.12		0.12	
(v) Others - immovable property		182.26		187.21	
6. Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:					
Category	31-03-2007			31-03-2006	
	Secured	Unsecured	Total	Secured	Unsecured
1. Related Parties	-	-	-	-	-
(a) Subsidiaries	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-
(c) Other related parties	-	1,593.57	1,593.57	-	-
2. Other than related parties	-	193.80	193.80	-	125.21
Total	-	1,787.37	1,787.37	-	125.21
7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)					
Category	31-03-2007		31-03-2006		
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties					
(a) Subsidiaries	-	100.00	-	-	
(b) Companies in the same group	-	-	-	-	
(c) Other related parties	6,442.12	1,904.04	-	-	
2. Other than related parties					
(a) Quoted	2.66	2.58	187.66	50.16	
(b) Unquoted	-	739.75	393.27	393.27	
Total	6,444.78	2,656.37	580.93	443.43	
8. Other Information					
(i) Gross Non-Performing Assets					
(a) Related Parties		-		-	
(b) Other than related parties		27.45		36.45	
(ii) Net Non-Performing Assets					
(a) Related Parties		-		-	
(b) Other than related parties		-		-	
(iii) Assets acquired in satisfaction of debt		-		-	
On behalf of the Board of Directors					
	Sd/- Sunil Godhwani Managing Director		Sd/- Maninder Singh Grewal Whole Time Director		
			Sd/- Anjali Malhotra Company Secretary		
Place : New Delhi Date : June 30, 2007					

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
 As per Part IV of Schedule VI of the Companies Act, 1956

I. Registration Details

Registration No. State Code
 Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue - Right Issue -
 Bonus Issue - Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserve and Surplus
 Secured Loans - Unsecured Loans
 Other Liabilities -

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Losses

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover Total Expenditure
 Profit/Loss Before Tax Profit/Loss After Tax
 Earning per share in Rs. Dividend @%

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)
 Product Description :

On behalf of the Board of Directors

Sd/-
Sunil Godhwani
 Managing Director

Sd/-
Maninder Singh Grewal
 Whole Time Director

Sd/-
Anjali Malhotra
 Company Secretary

Place : New Delhi
 Date : June 30, 2007

AUDITORS' REPORT

Auditors' report to the Board of Directors of Fortis Financial Services Limited on the Consolidated Financial Statements of Fortis Financial Services Limited And its Subsidiary

We have examined the attached Consolidated Balance Sheet of Fortis Financial Services Limited And its Subsidiary Fortis Business Intellect Limited as at 31st March, 2007 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These Consolidated financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

We did not audit the financial statements of Fortis Business Intellect Limited, a subsidiary, whose financial statements reflect total assets of Rs 32.46 Lacs as at 31st March, 2007 and total revenues NIL for the period then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of such subsidiary, is based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Fortis Financial Services Limited and its subsidiary included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Fortis Financial Services Limited and its subsidiary, we are of the opinion that the Consolidated Financial Statements read together with the significant accounting policies and notes give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of Fortis Financial Services Limited and its subsidiary as at 31st March, 2007,
- b) In the case of the Consolidated Profit and Loss Account of the consolidated results of operations of Fortis Financial Services Limited and its subsidiary for the year ended on that date, and
- c) In the case of the Consolidated Cash Flow Statement of the consolidated cash flows of Fortis Financial Services Limited and its subsidiary for the year ended on that date.

For R. V. Shah & Co.
Chartered Accountant

Sd/-
(R. V. Shah)

Proprietor

Membership No. F16097

Place : New Delhi
Date : June 30, 2007

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

Particulars	Schedule	As at March 31, 2007 Rs.
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	A	269,317,750
Reserves and Surplus	B	64,513,177
		<u>333,830,927</u>
Loan Funds		
Unsecured Loans	C	340,000,000
Total		<u>673,830,927</u>
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	D	54,827,825
Less : Depreciation		21,172,969
Net Block		33,654,856
Investments		
	E	268,954,571
Current Assets, Loans and Advances		
Stock in Trade	F	5,159,030
Sundry Debtors	G	16,003,541
Cash and Bank Balances	H	5,977,957
Other Current Assets	I	79,763
Loans and Advances	J	183,898,234
		<u>211,118,525</u>
Less : Current Liabilities and Provisions		
Liabilities	K	58,031,398
Provisions	L	39,293,288
		<u>97,324,686</u>
Net Current Assets		113,793,839
Profit & Loss Account		257,009,497
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Share Issue Expenses		418,164
Total		<u>673,830,927</u>
Notes on Accounts		
R		
As per our attached report of even date	On behalf of the Board of Directors	
For R. V. SHAH & CO. Chartered Accountants	Sd/- Sunil Godhwani Managing Director	Sd/- Maninder Singh Grewal Whole Time Director
Sd/- (R.V. SHAH) Proprietor Membership No. F16097	Sd/- Anjali Malhotra Company Secretary	
Place : New Delhi Date : June 30, 2007	Place : New Delhi Date : June 30, 2007	

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
 MARCH 31, 2007**

Particulars	Schedule	Year Ended March 31, 2007 Rs.
INCOME		
Income from operations	M	17,305,245
Other Income	M	1,106,718
Sales		
– Shares & Securities		–
– IT Products		21,141,878
Closing Stock		
– Shares & Securities		4,859,796
– IT Products		299,234
		44,712,871
EXPENDITURE		
Opening Stock		
– Shares & Securities		3,016,473
Purchases		
– IT Products		20,169,047
Operating Expenses	O	2,187,456
Personnel Expenses	P	14,081,716
Administrative and other Expenses	Q	16,378,263
Interest and Finance Charges		23,675,121
Depreciation		2,633,377
		84,141,453
PROFIT / (LOSS) BEFORE TAX		(39,428,782)
– Current Tax		
– Fringe Benefits Tax		145,000
PROFIT / (LOSS) AFTER TAX BEFORE PROFIT OF ASSOCIATES		(39,573,782)
Add: Share Profit of Associates		4,317,883
PROFIT / (LOSS) AFTER TAX AND PROFIT OF ASSOCIATES		(35,255,899)
Balance brought forward		(222,463,125)
Reversal of Provision for Non Performing Assets		900,000
Taxes for earlier years		(190,473)
BALANCE CARRIED TO BALANCE SHEET		(257,009,497)
EARNING PER SHARE (In Rupees)		
Basic		(1.21)
Diluted		(1.21)
Notes on Accounts	R	

As per our attached report of even date

On behalf of the Board of Directors

For **R. V. SHAH & CO.**
Chartered Accountants

Sd/-
Sunil Godhwani
Managing Director

Sd/-
Maninder Singh Grewal
Whole Time Director

Sd/-
(R.V. SHAH)
Proprietor
Membership No. F16097

Sd/-
Anjali Walhotra
Company Secretary

Place : New Delhi
Date : June 30, 2007

Place : New Delhi
Date : June 30, 2007

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT
 MARCH 31, 2007**

Particulars	As at March 31, 2007 Rs.
SCHEDULE 'A' : SHARE CAPITAL	
Authorised	
4,70,00,000 Equity Shares of Rs.10/- each	470,000,000
	<u>470,000,000</u>
Issued and Subscribed	
2,69,31,775 Equity Shares of Rs. 10/- each fully paid up (Refer Note 3(g) of Schedule 'R')	269,317,750
	<u>269,317,750</u>
SCHEDULE 'B' : RESERVES AND SURPLUS	
Capital Reserve	229,177
Securities Premium Account	64,284,000
	<u>64,513,177</u>
SCHEDULE 'C' : UNSECURED LOANS	
Inter Corporate Deposits	340,000,000
	<u>340,000,000</u>

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 'D' : FIXED ASSETS

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 01.04.2006	Additions	Deletions	As at 31.03.2007	As at 01.04.2006	Additions	Deletions	As at 31.03.2007	As at 31.03.2007	As at 31.03.2006
Land	15,661,500	-	-	15,661,500	-	-	-	15,661,500	15,661,500	
Premises	2,800,000	-	-	2,800,000	190,313	45,640	-	235,953	2,564,047	2,609,687
Plant and Machinery	9,368,339	114,565	-	9,482,904	6,883,820	446,114	-	7,329,934	2,152,970	2,484,519
Computers & Peripherals	257,116	3,632,822	-	3,889,938	914	300,943	-	301,857	3,588,081	256,202
Computer Networking & Equipment	-	1,672,739	-	1,672,739	-	64,716	-	64,716	1,608,023	-
Office Equipments	-	839,988	-	839,988	-	254,839	-	254,839	585,149	-
Furniture and Fixtures	16,680,579	508,123	-	17,188,702	11,250,334	1,358,250	-	12,608,584	4,580,118	5,430,245
Lease Improvement	-	2,591,410	-	2,591,410	-	69,631	-	69,631	2,521,779	-
Vehicles	296,396	-	-	296,396	214,211	28,158	-	242,369	54,027	82,185
Intangible Assets										
Software	-	404,248	-	404,248	-	65,085	-	65,085	339,162	-
Total	45,063,930	9,763,895	-	54,827,825	18,539,592	2,633,377	-	21,172,969	33,654,856	26,524,338
Previous Year	813,670,469	4,396,738	773,203,275	15,063,930	710,462,616	9,225,894	701,749,916	18,539,592	26,524,338	-

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT
 MARCH 31, 2007**

Particulars	As at March 31, 2007	
	Nos.	Rs.
SCHEDULE 'E' : INVESTMENTS (AT COST/BOOK VALUE)		
I. LONG TERM - NON TRADE		
A. Government Securities		
Unquoted		
National Savings Certificates VIIIth issue	7	6,500
Kisan Vikas Patra	5	5,000
Total (A)		11,500
B. Equity Shares (F.V. Rs. 10/- each fully paid up unless otherwise stated)		
1. Quoted		
a. Investment In Associates		
Equity Shares (Fully Paid Up) FV Rs. 5 each		
Asian CERC Information Technology Limited - Carrying Cost of Acquisition of Associate (including goodwill for Rs. 167,072,489) Add: Proportionate share of post acquisition Reserves and Surplus	3,573,000	190,403,546
		4,317,883
		194,721,429
b. Others		
Bharat Margarine Ltd.	3,229,500	54,901,500
Flavex Aromatics India Ltd.	72,220	743,880
Indian Lead Ltd.	275,745	8,798,611
MPR Refractories Ltd.	50,000	2,500,000
Reliance Bulk Drugs and Formulations Ltd.	400,000	6,800,000
Shree Vaishnavi Dyeing Ltd.	420,000	220,000
		73,963,991
Total (B)		268,685,420
Total (A+B)		268,696,920
II. CURRENT INVESTMENT - NON TRADE		
Quoted		
Canbank Mutual Fund Units:		
NLFG CanLiquid Fund - Growth	19,503.97	257,651
		257,651
Total (I)+(II)		268,954,571
Market Value of Quoted Investments		644,478,277
Book Value of Quoted Investments		194,979,080
Book Value of Unquoted Investments		73,975,491
Note:		
Investments Purchased and Sold during the year: NLFG CanLiquid Fund- Growth 241,657.85 Units		
SCHEDULE 'F' : STOCK IN TRADE		
- Shares & Securities		4,859,796
- IT Products		299,234
		5,159,030

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT
 MARCH 31, 2007**

Particulars	As at March 31, 2007 Rs.
SCHEDULE 'G' : SUNDRY DEBTORS	
Unsecured - considered good	-
- Debts outstanding for a period exceeding six months	16,003,541
- Other debts	16,003,541
	<u>16,003,541</u>
SCHEDULE 'H' : CASH AND BANK BALANCES	
Cash in Hand	362,976
Balances With Scheduled Banks	
- Fixed Deposit Accounts	2,458,000
(Refer Note 3 (b) of Schedule 'R')	3,156,981
- Current Accounts	5,977,957
	<u>5,977,957</u>
SCHEDULE 'I' : OTHER CURRENT ASSETS	
Interest accrued but not due on	
Fixed Deposits with Banks	79,763
	<u>79,763</u>
SCHEDULE 'J' : LOANS AND ADVANCES	
Unsecured - considered good	
Advance for purchase of shares (Escrow Accounts)	159,357,492
(Refer Note 3 (c) of Schedule 'R')	
Advances recoverable in cash or in kind	
or for value to be received	6,935,804
Prepaid Expenses	613,216
Advance Payment of Taxes/Tax Deducted at Source	3,806,347
Balance with Service Tax Authorities	589,023
Staff Loans/Advances	1,285,482
Security Deposits	8,766,147
Unsecured - considered doubtful	-
Loan Against Shares	2,744,723
	<u>183,898,234</u>
SCHEDULE 'K' : LIABILITIES	
Sundry Creditors	21,552,655
Advance Against Sale of Shares	790,000
Bank Overdraft with Bank	15,303,847
Security Deposits	1,659,000
Interest accrued but not due	4,402,218
Other Liabilities	14,157,105
Unearned Revenue	166,573
	<u>58,031,398</u>
SCHEDULE 'L' : PROVISIONS	
Provision for Non - Performing Assets	2,744,723
Provision for Diminution in Value of Investments	34,648,991
Provision for Gratuity	612,311
Provision for Leave Encashment	424,763
Provision for Direct Tax	630,000
Provision for Fringe Benefits Tax	232,500
	<u>39,293,288</u>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
 YEAR ENDED MARCH 31, 2007**

Particulars	Year ended March 31, 2007 Rs.
SCHEDULE 'M' : INCOME FROM OPERATIONS	
IT Services (TDS Rs 144,210)	3,497,179
Consultancy and Support Services (TDS Rs. 95,688)	5,977,044
Lease Rentals	7,831,022
	<u>17,305,245</u>
SCHEDULE 'N' : OTHER INCOME	
Dividend income	10,142
Profit on Sale of MF units	7,651
Service Charges (TDS Rs. 16,090)	511,037
Rent (TDS Rs 48,246)	215,000
Interest Income	
Banks (TDS Rs 25,789)	143,021
Staff Loan	89,455
Others	130,412
	<u>1,106,718</u>
SCHEDULE 'O' : OPERATING EXPENSES	
Freight Charges	77,992
Support Service Charges	2,109,464
	<u>2,187,456</u>
SCHEDULE 'P' : PERSONNEL EXPENSES	
Salaries and Allowances	12,674,026
Contribution to Provident and Other Funds	953,582
Staff Welfare Expenses	454,108
	<u>14,081,716</u>
SCHEDULE 'Q' : ADMINISTRATIVE AND OTHER EXPENSES	
Fees & Subscription	233,054
Rent, Rates and Taxes	6,020,510
Repairs and Maintenance	1,385,123
Insurance	207,301
Travelling and Conveyance	1,167,968
Printing and stationery	399,671
Advertisement	467,001
Legal and Professional Charges	4,498,863
Auditors' Remuneration :	
- Audit Fees	60,618
- Other Services (including tax audit)	48,811
Postage & Telephones	682,181
Bank Charges	37,158
Miscellaneous	1,170,004
	<u>16,378,263</u>

SCHEDULE 'R' : ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2007.

1. PRINCIPLES OF CONSOLIDATION

- A.** The consolidation financial statements relate to Fortis Financial Services Limited ('the Company') and its subsidiary entities and associate ('the Group'). The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Company and its of subsidiary enterprises are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after as far as possible eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
 - In case of Associate Enterprises the financial statements have been consolidated as per Accounting Standard 23 - Accounting for investment in Associates issued by the Institute of Chartered Accountants of India.
 - The excess of cost over the Company's investments in the subsidiary company is recognised in the consolidated financial statements as Goodwill which has been charged off in the Profit and Loss Account in the year of acquisition. The excess of Company's share in equity and reserves of the subsidiary company over the cost of acquisition is treated as Capital Reserve.
 - The share of Minority Interest in the net profit of subsidiaries for the year is identified and adjusted against the income of the group to arrive at the net income attributable to the Company.
 - The share of Minority Interest in net assets of subsidiaries is identified and presented in the consolidated financial Statements separate from liabilities and the equity of the Company.
 - The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- B.** Investments other than in subsidiaries have been accounted as per Accounting Standard 13 on "Accounting for Investments".
- C.** The subsidiaries enterprises and associates (all incorporated in India) considered in the consolidated financial statements :

Name of the Entity	Proportion of Ownership Interest March 31, 2007
Fortis Business Intellect Limited	100%
ASIAN CERC Information Technology Limited	32.40%

- D.** During the year the Company has acquired shareholding of 100% in Fortis Business Intellect Limited and 32.40% in Asian CERC Information Technology Limited.

In the absence of separate audited financial statements drawn on the said dates of acquisition, it is assumed that the profits of the associates has arisen evenly through out the year as adjusted for certain significant transactions for arriving at the share of profit, computation of goodwill and capital reserve in the consolidated financial statements.

The results of operations of ASIAN CERC Information Technology Limited for the period have been incorporated as those of an associate as per Accounting Standard 23 - Accounting for investment in Associates issued by the Institute of Chartered Accountants of India.

2. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and on accrual basis of accounting and comply with the accounting standards referred in Section 211 (3C) of the Companies Act, 1956 of India.

B. USE OF ESTIMATES

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

C. REVENUE RECOGNITION

- a. Revenue from sale of IT Products is recognized where persuasive evidence of an arrangement exists, the product has been delivered, the sales price is fixed or determinable and collectibility is reasonably assured. Revenue from IT Products sales are shown net of sales tax.
- b. Revenue from sales of shares & securities are recognised on the date of sale of such shares & securities.
- c. Revenue from IT Services is recognised either on time and material basis or fixed price basis or based on certain measurable criteria as per relevant agreements. Maintenance revenue in respect of products is deferred and recognized ratably over the term of the agreement.
- d. Lease rentals shows recovery from the defaulting parties and the same is accounted on the receipts basis.
- e. Dividend Income is accounted for as income when the right to receive dividend is established.
- f. Interest and other dues are accounted on accrual basis except in respect of Non- Performing Assets, Income against which is recognized on cash basis.
- g. Revenue excludes service tax.

D. FIXED ASSETS

Fixed assets are stated at cost inclusive of incidental expenses, less accumulated depreciation.

E. STOCK IN TRADE

1. Trading Stocks of Shares & Securities are valued at lower of Cost or Realisable Value.
2. Stocks of IT Products are valued at lower of Cost or Realisable Value. Cost is computed on 'Weighted average method'.

F. INTANGIBLE ASSETS

Intangible Assets are recognised only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Computer software which is not an integral part of the related hardware is classified as an intangible asset and is being amortized over the estimated useful life.

G. GOODWILL ON CONSOLIDATION

The difference between the Cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill, if any, is amortised over a period of 5 years.

H. DEPRECIATION

1. Immovable assets at the leased premises including civil works, electrical items are capitalized as lease improvement and are accordingly being amortized over the primary period of lease subject to maximum of 5 years.
2. Depreciation on fixed assets are provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.
3. Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from/upto the date the asset is put to use/ discarded.
4. Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

I. INVESTMENTS

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current

investments. Long term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at cost or market/ fair value, whichever is lower.

J. RETIREMENT BENEFITS

1. Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.
2. Company's contribution to Provident Fund is charged to revenue.

K. FRINGE BENEFIT TAX

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961 of India and the Guidance note on Accounting for Fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

L. TAXES ON INCOME

- i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- ii) Deferred tax resulting from timing differences between book and tax profits is accounted for under the Liability method at the current rate of tax to the extent that the timing differences are expected to crystallize/ capable of reversal.
- iii) Deferred tax assets arising on account of carried forward losses and unabsorbed depreciation as per the Income Tax Act, 1961, of India, are recognized only when there is a virtual certainty supported by convincing evidence that such assets will be realized.

M. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

N. IMPAIRMENT OF FIXED ASSETS

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

O. BORROWING COST

Borrowing costs are accounted for as an expense in the period in which they are incurred and related to.

3. NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

a) Contingent Liabilities

- i. The Sales Tax authorities of Uttar Pradesh and Karnataka States have raised demands aggregating to Rs. 11.35 lacs (Previous Year 11.35 lacs). The Company has preferred appeal (s) against the said orders and pending final outcome, no provision for sales tax liability has been made in accounts. The company has made a payment of Rs. 1.57 lacs against the said orders. The liability of sales tax payable in future, if any, is recoverable from the concerned hirer and / or lessee as per the terms of hire purchase / lease agreements.
- ii. The Company has filed an appeal in Calcutta High Court challenging the money decree of Rs.11 lacs granted by Court of 2nd Civil Judge (Senior Division) at Alipore. Hearing petition, for stay of operation, Calcutta High Court has directed the Company for submission of a bank guarantee for Rs. 11 lacs; which the Company has obtained from Punjab National Bank and furnished the same to Registrar, Calcutta High Court.

Future cash outflow(s) in respect of above are determinable only on receipt of judgements/ decisions pending with various authorities.

- b) Fixed Deposits with Scheduled Banks includes Rs.11.00 lacs under lien i.; favour of banks as margin deposit for the guarantee issued on behalf of the company referred to in 2 (a) (i) above and Rs.1.10 lacs with various state VAT authorities.

- c) The company has entered into a Share Purchase and Subscription Agreement dated August 14, 2006 ("the SPSA"), inter alia, with the Asian CERC Information Technology Ltd. (ACERC), for the purpose of acquiring substantial equity stake and consequent control of the management and affairs of ACERC.

ACERC is a leading power of IT services with focus on knowledge Management Services, Financial Technology Solutions and Offshore Services & Support.

The company had already acquired 9,45,000 fully paid up equity shares of Rs.5 each of ACERC through open market purchases for Rs.5.03 crores in aggregate. In addition, 26,28,000 fully paid-up equity share of Rs.5 each have been allotted to the company on preferential basis @ Rs53.25 per share for Rs. 13.99 crores. Accordingly, the Company is presently holding 32.39% of the expanded Equity Capital of ACERC. Further, the company is in the process of acquiring 23,52,000 fully paid up equity shares of Rs 5 each (constituting 21.33% of the expanded Equity capital of ACERC) from specified Promoter Entities of ACERC in terms of the SPSA which are presently held by an Escrow Agent, pending making of Open Offer and its completion in terms of SEBI (SAST) Regulations, 1997.

- d) Upon completion of the Open Offer and compliance of SEBI (SAST) Regulations, 1997 ACERC would become a subsidiary of the Company.
- e) The Company is going to make Public offer to the shareholders of its associate to acquire 24,76,400 Shares (@ Rs. 53.45/- per share) and 25% of total money (Rs.13.24 crores) has been deposited in Escrow Account. For this draft bills of offer has been filed with SEBI and pending for their clearance.
- f) The Board of Directors of the company in its meeting held on September 16, 2006 approved the offer, issue and allotment of 1,34,65,888 Equity Shares on Right Basis for cash at par to the equity share holders in ratio of 1(one) equity share for every 2(two) equity shares held as on the record date to be determined by the Board of Directors in this regard. The company has received the final observation letter dated June 12, 2007 and is in the process of making the rights offer.
- g) The Board of Directors of the company in its meeting held on September 29, 2006 allotted 10,71,400 equity shares @Rs. 70/- per share (FV Rs. 10/- each), on Preferential Basis to Mr. Sanjay V. Padode, in due compliance with SEBI (Disclosure and Investor Protection) Guidelines 2000 and subsequent amendments thereto.
- h) Management Remuneration under Section 198 of the Companies Act 1956 (included under Schedule P):

Mr. M.S. Grewal was appointed as Chief Executive Officer of the company on June 1, 2006. Subsequently, w.e.f September 16, 2006 he was appointed as director in the whole time employment for a salary of not exceeding Rs.47 lacs per annum and other allowances and perquisites. The Board of Directors, based on the recommendations of Remuneration Committee, at its meeting held on September 16, 2006 approved the remuneration payable to Mr. Grewal.

Details of Remuneration paid after 16-Sep-06 is as below:

Particulars	Year-ended 31st March, 07 (in lacs)
Salary & Allowance	31.93
Perquisites	4.55
Contribution to PF & other funds	1.30
Provision for gratuity	0.54
Total	38.32

The aforesaid remuneration was subject to approval from Central Government, which has been approved vide its letter dated February 21, 2007.

- i) The Company has unabsorbed depreciation and carry forward losses under the income Tax Act 1961 of India. Accordingly, keeping in view virtual uncertainty of taxable income in the future, provision for deferred tax assets/ liabilities have not been recognised in the accounts
- j) In view of accumulated losses, no provision for income tax is considered necessary.

k) Segment Reporting:

1. Business Segment:

- i. The business segment has been considered as the primary segment.
- ii. The company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- iii. The Company's primary business comprises of financial business, trading of IT Products, knowledge /processing outsource.
- iv. Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on reasonable basis.

2. Geographical Segment:

The Company operates in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

Information about primary Business Segments

(Amount in lacs)

Particulars	Financial Business	IT Product Trading/ Services	Business Process Outsourcing Services	Unallocated	Total
(i) Segment Revenue					
External Revenue	87.29	267.21	39.02	2.02	395.54
Inter-Segmental Revenue	-	-	-	-	-
Total Revenue	87.29	267.21	39.02	2.02	395.54
(ii) Segment Results					
Total Segment Results	(0.80)	(34.88)	(28.72)	(92.88)	(157.28)
Less: Unallocated interest expenses	-	-	-	(237.01)	(237.01)
Less: Income Taxes (Current, Deferred and Fringe Benefit Tax)	-	-	-	-	(1.45)
Add: Share Profit of Associates	-	-	-	-	43.18
Profit after tax	-	-	-	-	(352.56)
(iii) Segment Assets	4,331.01	199.34	11.04	-	4,541.39
Unallocated Corporate Assets	-	-	-	145.68	145.68
Total Assets	4,331.01	199.34	11.04	145.68	4,687.07
(iv) Segment Liabilities	323.91	20.55	8.58	-	353.04
Unallocated Corporate Liabilities	-	-	-	3,609.63	3,609.63
Total Liabilities	323.91	20.55	8.58	3,609.63	3,962.67
(v) Capital Expenditure	1.27	34.64	9.36	-	45.27
Unallocated Capital expenditure	-	-	-	52.37	52.37
Total Capital expenditure	1.27	34.64	9.36	52.37	97.64
(vi) Depreciation / Amortisation	16.25	3.51	1.58	-	21.34
Unallocated Depreciation amount	-	-	-	4.99	4.99
Total Depreciation	16.25	3.51	1.58	4.99	26.33
(vii) Non Cash Expenditure other than Depreciation	4.48	0.87	0.25	-	5.60
Unallocated Non cash expenditure	-	-	-	4.77	4.77
Total Non cash expenditure	4.48	0.87	0.25	4.77	10.37

l) Earnings per share (EPS) calculation (basic and diluted):

In accordance with Accounting Standard on Earnings Per Share the following table reconciles the numerator and denominator used to calculate basic and diluted earnings per share:

Particulars	For the Year ended March 31, 2007
Profit available to Equity Shareholders	
– Profit after Taxation (A)	(35,255,986)
Number of Equity Shares	
– Weighted Number of equity shares outstanding during the year (B)	29,176,091
– Number of dilutive potential* equity shares (C)	29,176,091
Basic earnings per share (A/B) (Rs.)	(1.21)
Dilutive earnings per share (A/C) (Rs.)	(1.21)
Nominal value of an equity share (Rs.)	10

m) Related Party Disclosure

(i) List of Related Parties where control exists or with whom transactions have taken place during the year:

Nature of Relationship	Name of Party
1. Associates	Asian CERC Information Technology Limited
2. Individual having control	Mr. Mahvinder Mohan Singh Mr. Shivinder Mohan Singh
3. Key Management Personnel	Mr. Sunil Godhwani, who is Managing Director of the Company and no remuneration paid during the year Mr. Maninder Singh Grewal*
4. Other Enterprises on which significant influence exists of persons covered under (2) & (3) above	Religare Enterprises Limited Religare Securities Limited Religare Commodities Limited Religare Finvest Limited Ranbaxy Holding Company Prime Syscom (P) Limited Religare Insurance Broking Limited AEGON Religare Life Insurance Co. Limited Ranbaxy Laboratories Limited Fortis Healthworld Limited (Formerly Fortis Healthworld Private Limited)

* Appointed as whole time director w.e.f. Sep-16, 2006

n) The Company is presenting its Consolidated Financial Statements for the first time for the year ended March 31, 2007. Hence, as per Para 30 of AS-21 "Consolidated Financial Statements", comparative figures for the previous year have not been presented.

Signatories to Schedules A to R forming part of the financial statement

On behalf of the Board of Directors

For **R. V. SHAH & CO.**
Chartered Accountants

Sd/-
Sunil Godhwani
Managing Director

Sd/-
Maninder Singh Grewal
Whole Time Director

Sd/-
(R.V. SHAH)
Proprietor
Membership No. F16097

Sd/-
Anjali Malhotra
Company Secretary

Place : New Delhi
Date : June 30, 2007

Place : New Delhi
Date : June 30, 2007

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
 MARCH 31, 2007**

(Amount in lacs)
 31st March, 2007

CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before tax and extraordinary items	(394.29)
Adjustments for:	
+Non fund Items / losses	
Depreciation	26.33
Reversal of earlier provisions	9.00
Provision for Gratuity and Leave Encashment	1.79
Interest & Finance Charges	236.75
Interest Income	(3.63)
Interest Received (Revenue)	2.98
-Non trading incomes	
Dividend income received from investment activities	(0.10)
Profit on Sale of MF units	(0.08)
Prior period item (Net of Short/Excess Tax)	(1.90)
Operating Profit before working capital changes	(123.15)
Adjustments for changes in Working Capital:	
Increase / Decrease in Stock in Trade	(1.43)
Increase / Decrease in Sundry Debtors	(160.04)
Increase / Decrease in Loans and Advances	(1,677.32)
Increase / Decrease in Current Liabilities	331.98
Increase / Decrease in Provisions	(5.22)
Cash Generated from Operating Activities	(1,635.17)
Interest Paid	(195.87)
Tax Paid	(1.45)
Net Cash from Operating Activities (A)	(1,832.49)

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed Assets	(97.64)
Capital Work in Progress	-
Purchase of Long Term Investments	(1,904.03)
Purchase of Current Investments	(34.50)
Sale of Current Investments	32.00
Dividend income received from investment activities	0.10
Net Cash from Investing Activities (B)	(2,004.07)

CASH FLOW FROM FINANCING ACTIVITIES

Issue Share Equity Share Capital	749.98
Share issue expenses	(2.00)
Receipts of Unsecured Loans	3,118.50
Net Cash from Financing Activities (C)	3,866.48
Net Increase in cash and cash equivalents (A+B+C)	29.92

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
 MARCH 31, 2007**

(Amount in lacs)

31st March, 2007

Cash and Cash equivalents as at the beginning of the Year.	29.86
Cash and Cash equivalents as at the Year Ended 31st March, 2007	59.78
Cash and cash equivalents comprise of :-	
- Cash and cheques in hand	3.63
- Balance with scheduled banks	56.15
Total	59.78

Notes:

1. The above Cash Flow Statement has been prepared under the "indirect Method" as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Balance with scheduled banks include fixed deposits of Rs 12.10 Lacs under lien or pledge in favour of Banks or sales tax authorities.
3. This being the first year of consolidation previous year figures are not incorporated.

On behalf of the Board of Directors

For **R. V. SHAH & CO.**
 Chartered Accountants

Sd/-
Sunil Godhwani
 Managing Director

Sd/-
Maninder Singh Grewal
 Whole Time Director

Sd/-
(R.V. SHAH)
 Proprietor
 Membership No. F16097

Sd/-
Anjali Malhotra
 Company Secretary

Place : New Delhi
 Date : June 30, 2007

Place : New Delhi
 Date : June 30, 2007

The following transactions were carried out with the Related Parties in the ordinary course of business:

	(Amt. in facts)			
	Associates	Individuals having Control	Key Management Personnel	Enterprises over which Individual/ Key Management Personnel able to exercise significant influence
Inter Corporate Deposits Received				
by Holding Company				
Ranbaxy Holding Company	-	-	-	3,210.00
Religare Finvest Limited	-	-	-	1,862.00
Religare Securities Limited	-	-	-	12.36
Inter Corporate Deposits Received by Holding Company Total	-	-	-	5,084.36
Inter Corporate Deposits Received by Subsidiary Company				
Religare Finvest Limited	-	-	-	26.00
Inter Corporate Deposits Received by Subsidiary Holding Company Total	-	-	-	26.00
Inter Corporate Deposits Repaid by Holding Company				
Ranbaxy Holding Company	-	-	-	1,302.00
Religare Finvest Limited	-	-	-	708.00
Religare Securities Limited	-	-	-	12.36
Inter Corporate Deposits Repaid by Holding Company Total	-	-	-	2,022.36
Interest on Inter Corporate Deposits for Holding Company				
Ranbaxy Holding Company	-	-	-	168.08
Religare Finvest Limited	-	-	-	32.79
Religare Securities Limited	-	-	-	0.11
Interest on Inter Corporate Deposits for Holding Company Total	-	-	-	200.88
Interest on Inter Corporate Deposits for Subsidiary Company				
Religare Finvest Limited	-	-	-	0.06
Interest on Inter Corporate Deposits for Subsidiary Company Total	-	-	-	0.06
Sale of Goods by Holding Company				
Asian CERC Information Technology Limited	7.33	-	-	-
Ranbaxy Laboratories Limited	-	-	-	7.23
AEGON Religare Life Insurance Co. Limited	-	-	-	29.93
Religare Commodities Limited	-	-	-	11.71
Religare Enterprises Limited	-	-	-	0.53
Religare Finvest Limited	-	-	-	2.47
Religare Insurance Broking Limited	-	-	-	5.02
Religare Securities Limited	-	-	-	152.32
Sale of Goods by Holding Company Total	7.33	-	-	209.20
Support Services by Holding Company				
AEGON Religare Life Insurance Co. Limited	-	-	-	47.70
Fortis Healthworld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	-	1.82
Ranbaxy Laboratories Limited	-	-	-	20.53
Religare Finvest Limited	-	-	-	5.74
Religare Securities Limited	-	-	-	3.00
Support Services by Holding Company Total	-	-	-	78.79
Lease Rentals by Holding Company				
Religare Securities Limited	-	-	-	2.15
Mr. Malvinder Mohan Singh	-	0.60	-	-
Lease Rentals by Holding Company Total	-	0.60	-	2.15

ANNUAL REPORT 2006-07
FORTIS FINANCIAL SERVICES LIMITED



Purchase of Fixed Assets by Holding Company				
Prime Syscom (P) Limited	-	-	-	1.48
Purchase of Fixed Assets by Holding Company Total	-	-	-	1.48
Remuneration paid by Holding Company				
Maninder Singh Grewal	-	-	38.32	-
Remuneration paid by Holding Company Total	-	-	38.32	-
Broking Related Transactions of Holding Company				
Religare Securities Limited	-	-	-	1,761.99
Broking Related Transactions of Holding Company Total	-	-	-	1,761.99
Re-Imbursement of Expenses Borne by other Companies of Holding Company				
Ranbaxy Laboratories Limited	-	-	-	1.11
Re-Imbursement of Expenses Borne by other Companies of Holding Company Total	-	-	-	1.11
Current Account Transactions of Holding Company				
Asian CERC Information Technology Limited	0.08	-	-	-
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	-	1.52
Prime Syscom (P) Limited	-	-	-	2.28
AEGON Religare Life Insurance Co. Limited	-	-	-	1.82
Religare Finvest Limited	-	-	-	0.01
Religare Securities Limited	-	-	-	0.25
Current Account Transactions of Holding Company Total	0.08	-	-	5.88
Outstanding as on 31-3-07				
Receivable				
Trade Receivable				
Asian CERC Information Technology Limited	7.33	-	-	-
AEGON Religare Life Insurance Co. Limited	-	-	-	77.63
Religare Commodities Limited	-	-	-	11.71
Religare Enterprises Limited	-	-	-	0.53
Religare Finvest Limited	-	-	-	2.47
Religare Insurance Broking Limited	-	-	-	5.02
Religare Securities Limited	-	-	-	28.57
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	-	0.43
Ranbaxy Laboratories Limited	-	-	-	7.62
Trade Receivable Total	7.33	-	-	133.98
Other				
Asian CERC Information Technology Limited	0.08	-	-	-
Prime Syscom (P) Limited	-	-	-	2.22
AEGON Religare Life Insurance Co. Limited	-	-	-	1.82
Religare Finvest Limited	-	-	-	2.88
Religare Securities Limited	-	-	-	0.11
Other Total	0.08	-	-	7.03
Payable				
Loan				
Ranbaxy Holding Company	-	-	-	1,908.00
Religare Finvest Limited	-	-	-	1,183.00
Loan Total	-	-	-	3,091.00
Other Payable				
Ranbaxy Holding Company	-	-	-	9.41
Fortis HealthWorld Limited (Formerly Fortis Healthworld Pvt Limited)	-	-	-	1.38
Religare Finvest Limited	-	-	-	-
Other Payable Total	-	-	-	10.79
Security Deposits				
Religare Securities Limited	-	-	-	6.00
Security Deposits Total	-	-	-	6.00

DIRECTORS' REPORT

Dear Members,
Fortis Business Intellect Limited

Your Directors have immense pleasure in presenting the First Annual Report along with the Audited Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

(Rupees in million)

Particulars	2006-07
Income	
Income	Nil
TOTAL	Nil
Expenditure	
Preliminary Expenses	0.03
Other Expenses	0.32
TOTAL	0.35
Loss before Tax	(0.35)
Loss after Tax	(0.35)

PERFORMANCE

Your company was incorporated on February 14, 2007 as wholly owned subsidiary of M/s Fortis Financial Services Limited. The company has received Certificate of Commencement of Business on March 20, 2007.

During the year, no commercial activity has been undertaken by the Company.

FUTURE OUTLOOK

Your Company is proposed to engage in business process outsourcing, operating interactive call centre, data processing centers, remote customer services etc.

DIRECTORS

The Board of Directors of the Company, Mr. Shachindra Nath and Mr. Maninder Singh Grewal were acting as First Directors of the Company being named in the Articles of Association of Company to hold office upto the date of ensuing Annual General Meeting of the Company. It will be in the interest of the Company to appoint all of them as the Directors of the Company subject to retirement by rotation in accordance with Articles of Association of the Company.

Mr. Hemant Dhingra was appointed as Additional Director of the Company w.e.f. May 28, 2007 to

hold office upto the date of ensuing Annual General Meeting of the Company.

The Company is in receipt of notice(s) under Section 257 of the Companies Act, 1956 from members, proposing their candidature as Director(s) of the Company, liable to retire by rotation.

The requisite disclosure regarding appointment has been given in the Explanatory Statement attached to the notice.

Brief profile of the Directors seeking appointment/ re-appointment has been given as the Annexure forming part of the Notice.

Mr. Sunil Godhwani, resigned from the Directorship of the Company w.e.f. May 28, 2007. The Board placed on record their appreciation for the valuable contribution made by him during his tenure as Director of the Company.

DIVIDEND

Since the Company does not have any income from its business operations, the Directors do not recommend any Dividend.

AUDITORS

M/s. M.S. Sekhon & Co., Chartered Accountants, the Statutory Auditors retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the retiring auditors to the effect that the appointment if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2007, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2007, and of the profit of the Company for the said period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) the Directors have prepared the accounts for the financial year ended March 31, 2007 on a 'going concern' basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company is not engaged in manufacturing activities and, therefore, the particulars as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Research and Development and Technology Absorption are not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has neither incurred any expenditure in Foreign Exchange nor did it earn any foreign Exchange during the year under review.

Earnings : Rs. Nil
Outgo : Rs. Nil

PARTICULARS OF EMPLOYEES

None of the Employees of the Company is in receipt of remuneration for the year which, in aggregate, was more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation, and assistance received from the Bankers, Regulatory Bodies, Investors, Suppliers, Distributors and other Business Constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

By order of the Board of Directors
For Fortis Business Intellect Limited

Sd/- Sd/-
Maninder Singh Grewal Shachindra Nath
Director Director

Place : New Delhi
Date : August 2, 2007

ANNEXURE

Brief Profile of Directors seeking Appointment

Mr. Shachindra Nath

Mr. Shachindra Nath, received a bachelor's degree in law from the Banaras University, Varanasi, and a post graduate diploma in Intellectual Property Rights from the Amity Law College, Delhi. Previously, he has worked as a Senior Consultant and Divisional Incharge at Abhipra Capital Limited and held several key positions there from 1998 until 2000. He has also worked with Obasree Textiles Limited, R. D & Company and Garware Wall Ropes Limited.

He has over 14 years of experience in the financial services industry.

He is on the Board of following Companies:

- Religare Capital Markets Limited;
- Religare Commodities Limited;
- Religare Insurance Broking Limited;
- Religare Securities Limited;
- Religare Wealth Management Services Limited; and
- Religare Travels (India) Limited.

Mr. Maninder Singh Grewal

Mr. Maninder Singh Grewal, holds a degree in Mechanical Engineering and B. Tech. (Hons.) from the Indian Institute of Technology, Kharagpur. He has more than 33 years of experience in the Information Technology industry.

He is on the Board of the following Companies:

- Fortis Financial Services Limited;
- Fortis Technologies Private Limited
- Mehar Singh and Co. Private Limited.

Mr. Hemant Dhingra

Mr. Hemant Dhingra is a member of the Institute of Cost and Works Accountants of India. He has over 15 years of experience in the finance, taxation and capital markets during his employment with Ranbaxy Laboratories Limited. He is presently Director-Finance in Ranbaxy.

He is on the Board of following Companies:

- Religare Commodities Limited;
- Religare Insurance Broking Limited;
- Religare Finance Limited;
- Religare Realty Limited;
- Religare Capital Markets Limited;
- Solaris Finance Limited;
- Hospitative Information System Private Limited;
- Hospitalia Eastern Private Limited;
- Shimal Research Laboratories Limited; and
- Shivi Holdings Private Limited.

AUDITORS' REPORT

To
Members

Fortis Business Intellect Limited

We have audited the attached Balance Sheet of **FORTIS BUSINESS INTELLECT LIMITED** as at 31st March, 2007 and also the Profit and Loss Account for the period ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Act, to the extent applicable.
 - v. On the basis of the written representation from the directors, taken on record by Board of Directors, and according to the information and explanations given to us, none of the Directors is disqualified as on 31st March, 2007 from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2007;
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

FOR M.S. SEKHON & CO.
CHARTERED ACCOUNTANTS

Sd/-
(RAJIV TANDON)
PARTNER
MEMBERSHIP NO.87343

Place : DELHI
Dated : June 26, 2007

ANNEXURE TO THE AUDITOR' REPORT

(Referred to in Paragraph 2 of our report of even date)

1. The Company does not have any fixed asset and thus clause 4 of Companies (Auditor's Report) Order, 2003, is not applicable to the Company.
2. The Company does not have any inventory and thus clause 4(ii) of the Companies (Auditor's Report) Order, 2003, is not applicable to the Company.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Act.

4. In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and Fixed Assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. Based on the audit procedure applied by us and according to information and explanation provided by the management, we are of the opinion that the company has not entered into any transaction during the year, which needs to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public to which provision of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. (a) In our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable with the appropriate authorities during the year.
(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of, Income Tax, Wealth Tax, Sales Tax, Excise Duty, which are outstanding as at 31st March, 2007 for a period of more than six months from the date they became payable.
9. The accumulated losses of the Company are not more than fifty percent of its net worth. The Company has incurred cash loss during the financial year covered by our audit and this is the first year of Company's existence.
10. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of Security by way of pledge of shares, debentures and other securities.
11. The Company is not a chit fund / nidhi / mutual benefit fund or society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
12. In our opinion, the Company is not dealing in or trading in shares, securities and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
14. The Company has not availed any term loan facility.
15. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
16. The company has not made preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.
17. The Company did not have any outstanding debentures during the period.
18. The Company has not raised any money through a public issue during the period.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.
20. In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities during the year, have been such that clauses (ix) and (xii) of the paragraph 4 of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.

FOR M.S. SEKHON & CO.
CHARTERED ACCOUNTANTS

Sd/-
(RAJIV TANDON)
PARTNER
MEMBERSHIP NO.87343

Place : DELHI
Dated : June 26, 2007

BALANCE SHEET AS AT MARCH 31, 2007

Particulars	Schedule	As at March 31, 2007 Rs.
SOURCES OF FUNDS:		
Shareholders' Funds:		
Share Capital	A	1,000,000
Bank Funds:		
Unsecured Loans	B	2,600,000
TOTAL		<u>3,600,000</u>
APPLICATION OF FUNDS:		
Current Assets, Loans and Advances:		
Cash and Bank Balances	C	1,030,375
Loans and Advances	D	2,450,000
		<u>3,480,375</u>
Less : Current Liabilities and Provisions		
Current Liabilities	E	234,548
		<u>234,548</u>
Net Current Assets		<u>3,245,827</u>
Profit and Loss Account		<u>354,173</u>
TOTAL		<u>3,600,000</u>
Notes to Financial Statements	G	
Schedules referred to above form an integral part of the Balance Sheet.		

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board of Directors

For M.S. SEKHON & CO.
Chartered Accountants

Sd/-
Maninder Singh Grewal
Director

Sd/-
Nemant Dhingra
Director

Sd/-
Rajiv Tandon
Partner
Membership No. 87849

Place : New Delhi
Date : June 26, 2007

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM
 FEBRUARY 14, 2007 TO MARCH 31, 2007**

Particulars	Schedule	For the period February 14, 2007 to March 31, 2007 Rs.
INCOME		
TOTAL		-
EXPENDITURE		
Operating, Administrative and Other Expenses	F	313,583
Interest and Finance charges		8,838
Preliminary Expenses		32,227
Pre - Operative Expenses		1,525
TOTAL		354,173
PROFIT / (LOSS) BEFORE TAX		(354,173)
Provision for Taxation		
- Current Tax		-
- Deferred Tax		-
- Fringe Benefits Tax		-
PROFIT / (LOSS) AFTER TAX		(354,173)
Balance brought forward		-
BALANCE CARRIED TO BALANCE SHEET		(354,173)
EARNINGS PER SHARE (In Rupees)		
Basic		(3.54)
Diluted		(3.54)
(Refer note 2 (f) of Schedule 'G')		

Notes to Financial Statements G

Schedules referred to above form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board of Directors

For **M.S. SEKHON & CO.**
Chartered Accountants

Sd/-
Maninder Singh Grewal
Director

Sd/-
Hemant Dhinra
Director

Sd/-
Rajiv Tandon
Partner
Membership No. 87343

Place : New Delhi
Date : June 26, 2007

SCHEDULES A TO G FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at March 31, 2007 Rs.
SCHEDULE 'A' : SHARE CAPITAL	
Authorised Capital :	
100,000 Equity Shares of Rs.10 each	1,000,000
Used, Subscribed and Paid up Capital :	
1,00,000 Equity Shares of Rs. 10 each, fully paid up (held entirely by M/s Fortis Financial Services Limited and its nominees)	1,000,000
	<u>1,000,000</u>
SCHEDULE 'B' : UNSECURED LOANS	
Inter Corporate Deposits	2,600,000
	<u>2,600,000</u>
SCHEDULE 'C' : CASH AND BANK BALANCES	
Balances With Scheduled Banks - Current Accounts	1,030,375
	<u>1,030,375</u>
SCHEDULE 'D' : LOANS AND ADVANCES	
Unsecured - considered good Advances recoverable in cash or kind Security Deposits	770,000
	1,680,000
	<u>2,450,000</u>
SCHEDULE 'E' : CURRENT LIABILITIES	
Sundry Creditors Other Liabilities	41,260
	193,288
	<u>234,548</u>
SCHEDULE 'F' : OPERATING, ADMINISTRATIVE AND OTHER EXPENSES	
Rent Bank Charges Repairs and Maintenance Auditors' Remuneration : - Statutory Audit Fees	280,000
	979
	26,986
	5,618
	<u>313,583</u>

SCHEDULE 'G' : NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING

The Financial Statements are prepared under the historical cost convention and on accrual basis of accounting and comply with the accounting standards referred in Section 211 (3C) of the Companies Act, 1956 of India.

b. REVENUE RECOGNITION

Revenue is recognized on accrual basis.

c. PRELIMINARY EXPENSES

As per AS 26, 'Intangible Assets' issued by Institute of Chartered Accountants of India, Preliminary Expenses have been written off in the period in which these expenses are incurred.

d. TAXES ON INCOME

- (i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- (ii) Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2. NOTES ON ACCOUNTS

- a) Fortis Business Intellect Limited ("the Company") was incorporated on February 14, 2007. The Company was set up as wholly owned subsidiary of M/s Fortis Financial Services Limited to carry on business of processing Services, operating interactive call centre, data processing centers, remote customer support services etc.
- b) No operations have been commenced during the current financial year.
- c) No remuneration has been paid to any director during the year.
- d) There is no deferred tax assets/ liability in terms of the Accounting Standard 22 issued by the Institute of Chartered Accountants of India.

e) Details of Auditor's Remuneration

Particulars	Amount (Rs.)
Statutory Audit Fees	5,000
Service Tax on above	618
Total Audit Fees	5,618

f) Earnings per Share (EPS) calculation (basic and diluted)

Particulars	Amount (Rs.)
Net Profit after tax available for equity shareholder	(354,173)
Weighted average number of equity share	
For Basic EPS	100,000
For Diluted EPS	100,000
Nominal Value of shares	Rs. 10
Earning per share (EPS)	
Basic	(3.54)
Diluted	(3.54)

g) Disclosure in respect of applicability of AS - 18 Related Party Disclosures:

A. Nature of Relationship	Name of Party
1) Holding Company/ Controlling Entity	Fortis Financial Services Limited.
2) Individuals owning directly or indirectly interest in the voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
3) Key management personnel and relatives	-
4) Enterprises over which key (2) and (3) are able to exercise significant influence with whom transactions have taken place	Religare Finvest Limited

B. The Schedule of related party transaction is as under:

(Amount in Lacs)

Transaction Details	Holding Company	Enterprises over which Individuals/Key Management Personnel/Relatives are able to exercise significant influence
Subscription of Equity Shares		
Fortis Financial Services Limited	10.00	-
Loan Taken		
Religare Finvest Limited	-	26.00
Interest Paid		
Religare Finvest Limited	-	0.06
Expenses re-imburement		
Fortis Financial Services Limited	0.33	-
Other Receipts and Payments		
Fortis Financial Services Limited	0.10	-

C. Outstanding Balances are as under:

Transaction Details	Holding Company	Enterprises over which Individuals/Key Management Personnel/Relatives are able to exercise significant influence
Loan Taken		
Religare Finvest Limited	-	26.00
Expenses re-imburement		
Fortis Financial Services Limited	0.33	-

h. Information with regard to other matters specified in clauses 3, 4A, 4C and 4D of Part II of Schedule VI to the Act are either nil or not applicable to the Company for the period ended March 31, 2007.

i. There are no transactions during the period ended March 31, 2007 with Micro, Small and Medium enterprises and as such there is no balance outstanding as at March 31, 2007.

j. The financial statements have been prepared for the period February 14, 2007, being the date of incorporation, to March 31, 2007. This being the first accounting period of the Company, there are no corresponding figures for the previous year/period.

Signature to Schedule A to G forming part of the Financial Statements

For and on behalf of the Board of Directors

For **M.S. SEKHON & CO.**
Chartered Accountants

Sd/-
Maninder Singh Grewal
Director

Sd/-
Hemant Dhingra
Director

Sd/-
Rajiv Tandon
Partner
Membership No. 87343

Place : New Delhi
Date : June 26, 2007

**CASH FLOW STATEMENT FOR THE PERIOD FROM
 FEBRUARY 14, 2007 TO MARCH 31, 2007**

Particulars	For the period February 14, 2007 to March 31, 2007 Rs.
A. Cash flow from operating activities:	
Net Profit / (Loss) before tax and extraordinary items	(354,173)
Adjustments for:	
Interest and Finance Charges	6,838
Operating Profit before working capital changes	(347,335)
Adjustments for changes in working capital :	
Increase / Decrease in Loans and Advances	(2,450,000)
Increase / Decrease in Current Liabilities	234,548
Cash generated from operations	(2,562,787)
Tax Paid	-
Net cash used in operating activities (A)	(2,562,787)
B. Cash flow from investing activities:	
Purchase of fixed assets	-
Loans/ICDs given	-
Loans/ICDs refunds received	-
Net cash from investing activities (B)	-
C. Cash flow from financing activities:	
Issue Share Equity Share Capital	1,000,000
Proceeds from Short Term Borrowings	2,600,000
Interest paid	(6,838)
Net Cash from Financing Activities (C)	3,593,162
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	1,030,375
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	1,030,375
Cash and cash equivalents comprise of :-	
Balance with scheduled bank	1,030,375
- Current Account	-
Total	1,030,375

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- The Company is incorporated on February 14, 2007. This being the first accounting period of the Company, there are no corresponding figures for the previous year.

This is the Cash Flow Statement referred to in our report of even date attached

For and on behalf of the Board of Directors

For **M.S. SEKHON & CO.**
 Chartered Accountants

Sd/-
Maninder Singh Grewal
 Director

Sd/-
Hemant Dhillon
 Director

Sd/-
Rajiv Tandon
 Partner
 Membership No. 87343

Place : New Delhi
 Date : June 26, 2007

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
 AS PER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

1. Registration Details	
Registration No.	U72900DL2007PLC159272
State Code	55
Balance Sheet Date	31st March, 2007
2. Capital Raised During the year	
	Amount in Rs. Thousands
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
3. Position of Mobilisation and Deployment of Funds	
Total Liabilities	3,600
Total Assets	3,600
Source of Funds	
Paid-up Capital	1,000
Reserves and Surplus	Nil
Share Application Money	Nil
Unsecured Loans	2,600
Deferred Tax Liability	Nil
Application of Funds	
Net Fixed Assets	Nil
Investments	Nil
Deferred Tax Assets	Nil
Net Current Assets	3,246
Miscellaneous Expenditure	Nil
Accumulated Loss	354
4. Performance of the Company	
Turnover	Nil
Total Expenditure	354
Loss Before Tax	354
Loss After Tax	354
Earning Per Share in Rs.	(3.54)
Dividend Rate %	Nil
5. Generic Names of Principal Products and Services of the Company (As per Monetary Terms)	
Item Code No.	N.A.
Product Description	Knowledge Process Outsource

For and on behalf of the Board of Directors

Place : New Delhi
 Date : June 26, 2007

Sd/-
Maninder Singh Grewal
 Director

Sd/-
Hemant Dhingra
 Director

FORTIS FINANCIAL SERVICES LIMITED

Regd. Office : 255, 1st Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020

Registered Folio No. No. of shares held.....
DP-ID & Client ID No.

PROXY FORM

I/We.....of.....in the State of
.....being a Member(s) of Fortis Financial Services Limited hereby
appoint.....of
.....in the state of.....or failing him/
her.....of.....in the state of
.....as my/our proxy to vote for me/us and on
my/our behalf at the **TWELFTH ANNUAL GENERAL MEETING** of the Company to be held on Thursday,
20th day of September, 2007 at 11.30 a.m. at Shah Auditorium, 2, Raj Niwas Marg,
Delhi-110054 and at any adjournment(s) thereof.

As Witness my/our hand/hands this.....day of.....2007.

Signature of Shareholder
Across the stamp

Affix
Re. 1/-
Revenue
Stamp

.....(TEAR HERE).....

FORTIS FINANCIAL SERVICES LIMITED

Regd. Office : 255, 1st Floor, Okhla Industrial Estate, Phase-III, New Delhi-110020

**ATTENDANCE SLIP
TWELFTH ANNUAL GENERAL MEETING
SEPTEMBER 20, 2007**

Registered Folio No. No. of shares held.....
DP-ID & Client ID No.

Full name of the Shareholder/Proxy attending the meeting.

(First Name) (Second Name) (Surname)

FIRST HOLDER/JOINT HOLDER/PROXY
(Strike out whichever is not applicable)

FULL NAME OF FIRST HOLDER

(If Joint holder/Proxy attending) (First Name) (Second Name) (Surname)

Signature of the Member/Proxy

NOTE : PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.