

## ANNUAL REPORT 1999 - 2000

REPORT  JUNCTION.COM

# FORTIS

Fortis

Fortis

Fortis

**FORTIS****FORTIS FINANCIAL SERVICES LIMITED****BOARD OF DIRECTORS**

Mr. Harpal Singh *Chairman*  
 Mr. Vinay Kumar Kaul  
 Mr. Malvinder Mohan Singh  
 Mr. Shivinder Mohan Singh  
 Mr. Umesh Kumar Khaitan  
 Mr. V.M. Bhutani

**COMPANY SECRETARY**

Mr. Ujjval Mehta

**REGISTERED OFFICE**

G-16, Marina Arcade,  
 Connaught Circus  
 New Delhi - 110 001.

**CORPORATE OFFICE**

210, Taj Building,  
 Dr. D.N. Road, Fort,  
 Mumbai - 400 001.

**BRANCHES**

**Calcutta :**  
 24, R.N. Mukherjee Road,  
 Calcutta 700 001.

**Chennai :**  
 8D, Century Plaza,  
 Anna Salai, Teynampet,  
 Chennai 600 018.

**BANKERS**

Bank of India  
 UCO Bank  
 The United Western Bank Ltd.

**AUDITORS**

R.A. Patel & Co., Mumbai

**ADVOCATES & SOLICITORS**

D'lima & Associates  
 P.S. Anand  
 Mehta Laljee & Co.  
 Mahesh Menon & Co

**ANNUAL GENERAL MEETING**

Venue : Shah Auditorium  
 2, Raj Niwas Marg,  
 Delhi 110 054.

Date : September 18, 2000

Day : Monday

Time : 10.00 a.m.

# FORTIS

## FORTIS FINANCIAL SERVICES LIMITED

Registered Office : G-16, Marina Arcade, Connaught Circus, New Delhi 110 001.

### NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of Fortis Financial Services Limited will be held on Monday, September 18, 2000 at 10.00 a.m. at Shah Auditorium, 2 Raj Niwas Marg, Delhi 110 054 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended March 31, 2000 alongwith the Reports of Directors and Auditors.
2. To appoint a Director in place of Mr. V.M. Bhutani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of current meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. R.A. Patel & Company, the retiring Auditors being eligible, offer themselves for re-appointment.

### 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 Mr. Harpal Singh who was appointed by the Board of Directors under Section 262 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, with effect from July 29, 1999, in casual vacancy caused by the death of Dr. Parvinder Singh and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director under Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire 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 Mr. Shivinder Mohan Singh who was appointed by the Board of Directors under Section 260 of the Companies Act, 1956 and Article 141 of the Articles of Association of the Company, with effect from June 27, 2000, as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director under Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company, liable to retire by rotation."

By Order of the Board

Ujval Mehta  
Company Secretary

Dated : August 10, 2000

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT 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.
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business under Item No.4 and 5 is appended hereto.
3. The Register of Members and Transfer Books of the Company will remain close from September 14, 2000 to September 18, 2000 (both days inclusive).
4. Members desiring any information as regards accounts are requested to write to the Company atleast 10 days before the meeting at G - 16, Marina Arcade, Connaught Circus, New Delhi - 110 001 for the kind attention of Mr. Ujval Mehta, Company Secretary.

5. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
6. Members/proxies are requested to bring the Annual Report along with duly filled attendance slips sent herewith for attending the meeting.
7. Members/proxies attending the Annual General Meeting are requested to note that the management of the Company has decided that no gifts / coupons shall be distributed.
8. Members are requested to note that the Company has discontinued the services of its Registrar & Share Transfer Agent - M/s. Karvy Consultants Limited w.e.f. September 15, 1998 and Share Transfer processing is being done in-house. Members are requested to address all their correspondence including change of address, transfer of shares etc. to the registered office or corporate office of the Company.
9. Members of erstwhile The 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 in accordance with the approved exchange ratio.

### Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

#### ITEM NO. 4

The Board of Directors had appointed Mr. Harpal Singh to fill casual vacancy caused by the death of Dr. Parvinder Singh with effect from July 29, 1999 pursuant to Article 141 of the Articles of Association of the Company.

The Board of Directors considered that it would be in the interest of the Company to appoint him as a Director of the Company. The Company has received a notice alongwith deposit from a shareholder under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Harpal Singh as a Director of the Company. Mr. Harpal Singh is a B.A. (Hons) in Economics from St. Stephens College, BS Economics, CSCH from California, USA and holds a Master Degree in Public Affairs, CSCH, California, USA. He is presently working with M/s Mahindra & Mahindra Limited and M/s Fortis Health Care Limited. He has earlier worked with Tata Engineering & Locomotive Company Limited (TELCO).

Mr. Harpal Singh and Mr. Malvinder Mohan Singh are to be considered as interested or concerned in the proposed resolution. None of the other Directors of the Company are interested or concerned in the proposed resolution.

#### ITEM NO. 5

The Board of Directors had appointed Mr. Shivinder Mohan Singh as an Additional Director of the Company with effect from June 27, 2000 pursuant to Article 141 of the Articles of Association of the Company.

The Board of Directors considered that it would be in the interest of the Company to appoint him as a Director of the Company. The Company has received a notice alongwith deposit from a shareholder under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Shivinder Mohan Singh as a Director of the Company.

Mr. Shivinder Mohan Singh is a B. A. (Hons) in Mathematics from St. Stephen's College, Delhi University, New Delhi and holds a Master Degree in Business Administration from the Fuqua School of Business, Duke University, Durham NC. He is presently working with M/s Fortis Health Care Limited. He has earlier worked with M/s Eli Lilly Ranbaxy Limited, New Delhi.

Mr. Shivinder Mohan Singh and Mr. Malvinder Mohan Singh are to be considered as interested or concerned in the proposed resolution. None of the other Directors of the Company are interested or concerned in the proposed resolution.

**FORTIS FINANCIAL SERVICES LIMITED**  
 ANNUAL REPORT 1999-2000

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the fifth report of your Company with Audited Accounts for the year ended March 31, 2000.

The summarised financial results are as under :

**Financial Highlights**

	Rs.Lacs	
	Current Year (12 months)	Previous Period (15 months)
Lease Rental & Other Income	2069.53	2585.10
Income from Capital Market Operations	4021.29	Nil
Cash Profit	246.58	167.08
Depreciation	848.32	1333.90
Profit / (Loss) before Tax	(611.77)	(1179.36)
Provision for NPAs under RBI Prudential Norms	392.92	413.91
Profit / (Loss) after Tax	(1004.69)	(1593.27)
<b>Appropriations</b>		
Transfer from General Reserves	Nil	(421.69)
Balance brought forward from last year	(1171.58)	Nil
<b>Balance carried forward</b>	(2176.27)	(1171.58)

**Dividend**

In view of losses reported by the company, your Directors have not recommended any dividend for the year.

**Operations**

In recent years the operations of NBFC's have been adversely affected by several factors, including huge defaults made by Corporates in repayment of dues, stiff competition posed by multinationals and financial institutions having access to low cost funds, negative view of the financing institutions in providing long term funds to NBFC's and the imposition of strict provisioning norms by RBI. Your company was no exception. This has resulted in substantial erosion of profits and network. With good quality assets, increasingly difficult to come by with remunerative yields, the Company continued its focus on Capital Market operations where it has performed reasonably well. The Company, through its consistent efforts on the recovery front did reasonably well in effectuating recoveries from various clients through persuasion, arbitration and other legal processes. However, with the continued down turn in the industrial activity, some of the parties to whom the assets were financed and/or certain other credit facilities were provided are unable to pay their dues in spite of the various action taken by the Company. Accordingly, the Company has written off Rs.37.14 crores in respect of cases where there are no changes of any recovery. Further, the Company has made an additional provision of Rs.3.93 crores in terms of RBI prudential norms directions, 1998 on account of various non performing assets.

**Resource Mobilisation**

Despite adverse conditions mentioned above, the Company ensured timely repayment of Fixed Deposits together with interest. The Company during the year neither accepted fresh deposits nor renewed any deposits from public. During the year under review, your company has repaid public deposits to the extent of Rs.10.51 Crores.

The Company has no overdue deposits as at March 31, 2000, other than those matured and unclaimed, aggregating to Rs.5.44 lacs, representing 63 deposit holders. Most of these deposits have since been refunded and efforts are being made to refund the balance.

**Subsidiary Company**

During the year under review, Fortis Securities Limited, a wholly owned subsidiary of the Company, continued to maintain a steady growth. Total income grew to Rs.478.31 lacs and net profit to Rs.45.29 lacs as against income of Rs.134.28 lacs and a loss of Rs.9.40 lacs in the previous year. The focus remains on development of business from Financial Institutions, Mutual Funds, Corporates and select high net worth individuals.

The Directors' Report together with the audited accounts of the subsidiary company are annexed.

## Directors

With profound grief and sorrow, we report the sad and untimely demise of Dr. Parvinder Singh, Chairman, on July 3, 1999. The Directors paid rich tributes for his dynamic leadership and invaluable contribution to the Company.

Mr. V.M. Bhutani, Director, retires by rotation, in accordance with the Articles of Association of the Company and being eligible, offers himself for re-appointment.

Mr. Harpal Singh who was appointed as Director of the Company on July 29, 1999, in the casual vacancy due to the death of Dr. Parvinder Singh, ceases to hold office under section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Shivinder Mohan Singh who was appointed as an Additional Director on June 27, 2000 retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## Stock Exchange Listings

The Equity shares of the Company are listed on the Stock Exchanges at Delhi and Mumbai as well as the National Stock Exchange. The Company confirms that it has paid the annual listing fees due to all the above Stock Exchanges for the year 1999-2000.

## Auditors

M/s. R.A. Patel & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## Disclosure of Particulars

Particulars under Companies (Disclosure of Particulars in the report of Board of Directors ) Rules, 1988 on conservation of energy and technology absorption are not applicable since the Company is not a Manufacturing Company.

## Y2K Compliance

Your company took effective steps to ensure that all its computer operating systems were fully Y2K compliant. As a consequence, the company faced no problems in switch over to the new millennium.

## Foreign Exchange Earnings and outgo

Earnings	: Rs.Nil
Outgo	: Rs.Nil

## Particulars of Employees

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms a part of this Report.

However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and accounts are being sent excluding this information. Those members who are interested in obtaining such particulars may write to Company Secretary at the Registered Office.

## Acknowledgements

Your Directors appreciate the valuable co-operation and support extended by the Company's Bankers, Investors, Financial Institutions and the contribution of all the employees.

On behalf of the Board of Directors

**Harpal Singh**  
Chairman

Place : New Delhi  
Dated : June 27, 2000



**FORTIS FINANCIAL SERVICES LIMITED**

ANNUAL REPORT 1999-2000

**AUDITORS' REPORT**

To The Members of Fortis Financial Services Limited.

We have audited the attached Balance Sheet of **FORTIS FINANCIAL SERVICES LIMITED** as at March 31, 2000 and the annexed Profit and Loss Account for the year ended on that date and report that:

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - (a) 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;
  - (b) 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 the books;
  - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts of the company;
  - (d) in our opinion the Balance Sheet and Profit and Loss Account complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view;
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2000; and
    - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

**For R.A. Patel & Co.**  
**Chartered Accountants**

Place : Mumbai  
Dated : June 28, 2000

**V.R. Patel**  
**Proprietor**

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- |   |   |
|---|---|
| <p>(1) The Company has maintained adequate records showing full particulars including quantitative details and situation in respect of the Fixed Assets. The management has a phased programme of physically verifying leased assets and owned assets. In our opinion, the frequency and extent of this verification programme is reasonable. No significant discrepancies have been noticed on such verification.</p> <p>(2) None of the Fixed Assets has been revalued during the year.</p> <p>(3) The Company has not taken any loan from any of the Companies, Firms or other Parties listed in the register maintained under Section 301 and under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.</p> <p>(4) The Company has not granted any loan, secured or unsecured to Companies, firms or other Parties listed in the register maintained under Section 301 and under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.</p> <p>(5) Adequate provisions have been made against parties to whom loans or advances in the nature of loans have been given by the Company, in respect of which are defaults in repayments of principle and interest. The company has taken reasonable steps in respect of defaulting clients for recovery of the same.</p> <p>(6) In our opinion, according to the information and explanations 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 Plant and Machinery, equipment and other assets.</p> <p>(7) On the basis of information and explanation given to us, in respect of transactions entered into for the purchase and sale of goods materials and services rendered, with the parties whose names are entered in the register maintained under section 301 of the companies Act, 1956 and aggregating during the year to Rs.50,000 or more, we are of the opinion that the transactions are made at prices which are reasonable having regard to the prevailing market price.</p> <p>(8) In respect of fixed deposits accepted from the public, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, in so far as applicable to the Company and the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977.</p> | <p>(9) In our opinion, the Company has a reasonable internal audit system commensurate with the size of the company and nature of its business.</p> <p>(10) According to the records of the Company, and the information and explanations given to us, the Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.</p> <p>(11) As per the records of the company and according to the information and explanations given to us, no undisputed amount payable as at March 31, 2000 in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, for a period of more than six months from the date of becoming payable.</p> <p>(12) During the course of our examination of the books of accounts and according to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.</p> <p>(13) The Company has maintained adequate documents and records in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(14) As explained to us, the provisions of special statutes applicable to Chit Funds, Nidhi or Mutual Benefit Society are not applicable to the company.</p> <p>(15) The Company has maintained adequate records of its dealings in shares, securities, debentures and other investments and timely entries have been made therein. The securities, debentures and investments are in the name of the company or in the process of transfer to the company's name.</p> <p>(16) We are informed that, and in our opinion, the nature of the business is such that Clauses (iii), (iv), (v) and (vi) are not applicable to Stock on Hire and further Clauses (xii), (xiv), (xvi) and (xx) of paragraph 4(A) of the Manufacturing and Other Companies (Auditors' Report) Order, 1988, are not applicable.</p> |
|---|---|

**For R.A. Patel & Co.**  
**Chartered Accountants**

Place : Mumbai  
Dated : June 28, 2000

**V.R. Patel**  
**Proprietor**

**FORTIS FINANCIAL SERVICES LIMITED**

ANNUAL REPORT 1999-2000

**BALANCE SHEET AS AT MARCH 31, 2000**

	<b>SCHEDULE</b>	<b>As at March 31, 2000 ( 15 Months ) Rs.</b>	<b>As at March 31, 1999 ( 12 Months ) Rs.</b>
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	<b>A</b>	258,603,750	258,603,750
Reserves and Surplus	<b>B</b>	10,246,305	10,246,305
		<b>268,850,055</b>	<b>268,850,055</b>
<b>Loan Funds</b>			
Secured Loans	<b>C</b>	248,790,229	428,925,404
Unsecured Loans	<b>D</b>	713,690,823	425,804,163
		<b>962,481,052</b>	<b>854,729,567</b>
<b>Total</b>		<b>1,231,331,107</b>	<b>1,123,579,622</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	<b>E</b>	1,015,901,174	1,021,227,255
Less : Depreciation		810,575,723	739,303,660
Net Block		<b>205,325,451</b>	<b>281,923,595</b>
<b>Investments</b>			
	<b>F</b>	<b>89,864,756</b>	<b>120,733,878</b>
<b>Current Assets, Loans and Advances</b>			
Stock In Trade		195,543,571	0
Sundry Debtors	<b>G</b>	504,117,984	314,655,483
Cash and Bank Balances	<b>H</b>	4,989,546	19,901,842
Other Current Assets		30,636,789	57,619,838
Loans and Advances	<b>I</b>	141,265,105	327,569,478
		<b>876,552,995</b>	<b>719,746,641</b>
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	<b>J</b>	158,184,733	117,131,165
Provisions		0	0
		<b>158,184,733</b>	<b>117,131,165</b>
<b>Net Current Assets</b>		<b>718,368,262</b>	<b>602,615,476</b>
<b>Miscellaneous Expenditure (to the extent not written off or adjusted)</b>			
	<b>K</b>	<b>217,772,639</b>	<b>118,306,674</b>
<b>Total</b>		<b>1,231,331,107</b>	<b>1,123,579,622</b>
<b>Significant Accounting Policies and Notes to the Accounts</b>			
	<b>P</b>		

As per our report of even date

For R. A. Patel & Co.  
Chartered AccountantsV. R. Patel  
ProprietorPlace : Mumbai  
Dated : June 28 , 2000

On behalf of the Board of Directors

Harpal Singh  
ChairmanV.M Bhutani  
DirectorUjjval Mehta  
Company SecretaryPlace : New Delhi  
Dated : June 27 ,2000



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2000

	SCHEDULE	Year ended 31.3.2000 12 Months Rs.	Period ended 31.3.1999 15 Months Rs.
<b>Income</b>			
Lease Rentals		141,429,769	177,477,414
Hire charges		5,222,783	12,989,097
Interest and Discounting Income	L	10,066,153	26,157,615
Dividend income		1,188,085	3,280,764
Profit on Sale of Investments ( Net )		0	36,196,564
Income from Capital Market Operation	M	402,128,786	0
Other income		49,046,175	2,409,006
<b>Total</b>		<b>609,081,751</b>	<b>258,510,459</b>
<b>Expenditure</b>			
Operating, Administrative and Other expenses	N	38,099,465	81,474,579
Interest and Finance charges	O	174,908,118	160,238,575
Bad debts written off		371,415,884	89,889
Depreciation		84,832,074	133,389,832
Miscellaneous expenses written off		1,003,164	1,253,955
<b>Total</b>		<b>670,258,704</b>	<b>376,446,829</b>
<b>Loss Before Tax</b>		<b>(61,176,953)</b>	<b>(117,936,370)</b>
Provision under RBI Prudential Norms		39,292,175	41,390,927
Provision for tax		0	0
<b>Loss After Tax</b>		<b>(100,469,128)</b>	<b>(159,327,297)</b>
Balance brought forward		(117,158,452)	0
<b>Loss</b>		<b>(217,627,580)</b>	<b>(159,327,297)</b>
<b>Appropriations</b>			
Transfer from General Reserve		0	42,168,845
<b>Balance Carried to Balance Sheet</b>		<b>(217,627,580)</b>	<b>(117,158,452)</b>
<b>Significant Accounting Policies and Notes to the Accounts</b>	P		

As per our report of even date

For R. A. Patel & Co.  
Chartered AccountantsV. R. Patel  
ProprietorPlace : Mumbai  
Dated : June 28 , 2000

On behalf of the Board of Directors

Harpal Singh  
ChairmanV.M Bhutani  
DirectorUjjval Mehta  
Company SecretaryPlace : New Delhi  
Dated : June 27 ,2000