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ANNUAL REPORT 2004 - 05

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BOARD OF DIRECTORS : Mr. Harpal Singh Chairman
 Mr. Sunil Godhwani Managing Director
 Mr. Malvinder Mohan Singh
 Mr. Shivinder Mohan Singh
 Mr. Vinay Kumar Kaul
 Mr. V. M. Bhutani
 Mr. Umesh Kumar Khaitan

COMPANY SECRETARY : Mr. Sunil Kumar Garg

REGISTERED OFFICE : 55, Hanuman Road
 Connaught Place
 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 : ABN Amro Bank
 HDFC Bank Limited
 Central Bank of India

AUDITORS : R.V. Shah & Co., Mumbai

ANNUAL GENERAL MEETING : Venue : Shah Auditorium
 2, Raj Niwas Marg,
 New Delhi - 110 054
 Date : 23rd September 2005
 Day : Friday
 Time : 10.00 a.m.

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FORTIS FINANCIAL SERVICES LIMITED

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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of Fortis Financial Services Limited will be held on Friday, the September 23, 2005 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, 2005 along with the Report of Directors and Auditors.
2. To appoint a Director in place of Mr. Harpal Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shivinder Mohan Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s R V Shah & Co., Chartered Accountants, the retiring Auditors of the Company, as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors.

By Order of the Board of Directors

(Sunil Kumar Garg)
Company Secretary

Dated : August 17, 2005

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. 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.
2. **The Register of Members and Transfer Books of the Company will remain close from September 20, 2005 to September 23, 2005 (both days inclusive).**
3. Members desiring any information as regards to accounts are requested to write to the Company atleast 10 days before the

meeting at 55, Hanuman Road, Connaught Place, New Delhi - 110 001 for the kind attention of Mr. Sunil Kumar Garg, Company Secretary.

4. Members are requested, if desired, to avail the benefits of Nomination facility for the shares held by them.
5. Members/proxies are requested to bring the Annual Report along with duly filled attendance slips sent herewith for attending the meeting.
6. Corporate members intending to send their authorised representative(s) to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote at the Meeting.
7. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members/proxies attending the Annual General Meeting are hereby informed that the management of the Company has decided that no gifts/coupons shall be distributed.
9. Members are requested to note that M/s. Intime Spectrum Registry Limited A-31, 3rd Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, New Delhi-110 028, as a common agency for share registry work.
10. The shares of the Company are under Compulsory Demat for trading since June 28, 2001. The members are requested to convert their holding from physical shares into Demat form and send all DRF to our registrar or our Mumbai/New Delhi office through your depository participants. For any query, do write to our Company Secretary. The ISIN No. of the Company is INE991C01018.
11. 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.

By Order of the Board of Directors

(Sunil Kumar Garg)
Company Secretary

Dated : August 17, 2005

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Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting (in Pursuance of Clause 49 of the Listing Agreement)

| | | |
|---|--|---|
| Name of Director | Mr. Harpal Singh | Mr. Shivinder Mohan Singh |
| Date of Birth | September 11, 1949 | July 21, 1975 |
| Date of Appointment | July 29, 1999 | June 27, 2000 |
| Expertise in Specific Functional area | Mr. Harpal Singh has a diverse corporate experience in the area of Corporate Strategic planning and marketing that include senior positions held in Hindustan Motors, Shaw Wallace, Mahindra & Mahindra and Telco. He is currently Chairman and Managing Director of Fortis Healthcare Limited. | Mr. Shivinder Mohan Singh is currently Joint Managing Director of Fortis Healthcare Limited He has earlier worked with Eli Lilly Ranbaxy Limited. |
| Qualification | B.A.(Honours) in Economics from St. Stephens College, Delhi University Master degree in Public Affairs from California State College at Hayward, California, U. S.A. | B.A.(Honours) in mathematics from St. Stephens College, Delhi University Master Degree in Business Administration from Fuqua School of Business, Duke University, U.S.A. |
| Directorship held in other Companies (Excluding Foreign Companies) | 1. Fortis Healthcare Limited 2. Fortis Securities Limited 3. SRL Ranbaxy Limited 4. Fortis Medical Centre Holdings Limited 5. International Hospital Limited | 1. Fortis Healthcare Limited 2. SRL Ranbaxy Limited 3. Oscar Investments Limited 4. Ranbaxy Holding Company 5. Ranbaxy Health Care Private Limited 6. Chetak Pharmaceuticals Private Limited 7. R.C. Nursery Private Limited 8. Chetak Investment & Trading Company (P) Ltd. 9. Chinara Investment & Trading Company (P) Ltd. 10. Shimal Holdings Private Limited 11. A - 1 Book Company (P) Limited 12. Fortis Securities Limited 13. Fortis Healthcare Holdings Limited 14. Vajreshwari Cosmetics Private Limited 15. Fortis Finvest Limited 16. Oscar Bio-Tech Private Limited 17. Fortis Medical Centre Holdings Limited 18. International Hospital Limited 19. Shimal Research Laboratories Limited 20. Fortis Comdex Limited |
| Committee position held in other Companies | Ranbaxy Laboratories Limited Management Committee Audit Committee Compensation Committee Fortis Healthcare Limited Audit Committee Management Committee - Chairman | Fortis Financial Services Limited Shareholders'/Investors' Grievance Committee Ranbaxy Holding Company Audit Committee Shareholders'/Investors' Grievance Committee |

REPORT ON CORPORATE GOVERNANCE
(Pursuant to Clause 49 of the Listing Agreement)**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company believes that the fundamental objective of Corporate Governance is enhancement of long - term Shareholders value, while keeping in view the interest of all stakeholders. The Company always try to fulfill its commitment towards its investors above everything else. The Company has constantly laid emphasis on the value of transparency, efficiency and fair dealing. These values have aided the Company to carry on its business smoothly even during the trouble times that Non Banking Finance Companies (NBFCs) have had to face.

BOARD OF DIRECTORS - MEETING AND ATTENDANCE

The Board of Directors comprises seven Directors. The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships/Chairmanships held by them in Indian public Companies as on March 31, 2005 are given below :-

During the year ended March 31, 2005, seven Board Meetings were held on the following dates: (i) April 29, 2004 (ii) July 29, 2004 (iii) September 30, 2004 (iv) October 19, 2004 (v) October 30, 2004 (vi) December 07, 2004 and (vii) January 31, 2005.

| Name of the Directors | Category of Directorship | Attendance at Board Meeting | | No. of Directorships held in other Companies | No of Board Committee memberships held in other Companies | |
|--|---------------------------|-----------------------------|-----|--|---|----------|
| | | Last AGM | | | Member | Chairman |
| Mr Harpal Singh Chairman | Non-Executive Independent | 5 | Yes | 7 | 4 | 1 |
| Mr Sunil Godhwani Managing Director | Executive Independent | 7 | Yes | 3 | Nil | Nil |
| Mr Malvinder Mohan Singh | Non-Executive Promoter | 4 | Yes | 15 | 7 | 1 |
| Mr Shivinder Mohan Singh | Non-Executive Promoter | 5 | No | 11 | 1 | Nil |
| Mr U K Khaitan | Non-Executive Independent | Nil | No | 11 | Nil | Nil |
| Mr V K Kaul | Non-Executive Independent | 7 | Yes | 10 | 8 | 1 |
| Mr V M Bhutani | Non-Executive Independent | 7 | Yes | 6 | 1 | 2 |

Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors seven days before the meeting.

COMMITTEE OF THE BOARD**AUDIT COMMITTEE**

The Company's Audit Committee consists of 3 non-executive Directors -Mr. Malvinder Mohan Singh, Mr. V. K. Kaul, and Mr. V M Bhutani. The Chairman of the Committee is Mr. V M Bhutani, an Independent Director.

The Audit Committee plays an important role in ensuring good governance through proper reporting of financial performance and establishment and review of internal control procedures.

The role of the audit committee, in brief, is:

- to review the accounting practices/standards followed by the Company;
- any changes in accounting policies;
- compliance with accounting standards;
- adequacy of internal control/audit system;
- any related party transactions and functions;
- discussion on unaudited quarterly/half yearly financial statements including quarterly Limited Review etc.

The Company Secretary acts as the Secretary of the Committee.

Minutes of Audit Committee Meetings are circulated to members of the Committee and the Board kept apprised.

During the year ended March 31, 2005, three meetings of the Audit Committee were held:- July 21, 2004, October 22, 2004 and January 21, 2005. The attendances of the members at meetings were as follows:

| Name of member of Audit Committee | Status | No. of Meetings held | No. of Meeting attended |
|-----------------------------------|-------------|----------------------|-------------------------|
| Mr. V. M. Bhutani – Chairman | Independent | 3 | 3 |
| Mr. V. K. Kaul | Independent | 3 | 3 |
| Mr. Malvinder Mohan Singh | Promoter | 3 | 2 |

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namely Fortis Securities Ltd (FSL) and Fortis Comdex Ltd. (FCL) on May 16, 2005, pursuant to approval of the shareholders. The sale has resulted in a gain of Rs. 2400 Lacs.

As per requirements of Section 212 of the Companies Act, 1956, the audited statements of FSL and FCL together with their Directors' Report and Auditors' Report for the year ended March 31, 2005 are annexed.

FIXED DEPOSITS

The Company has not invited/received any fixed deposits during the year as per Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975. The matured and unclaimed deposits aggregating to Rs.0.37 Lacs representing 7(Seven) deposit holders have been transferred to an escrow account with designated Bank as specified by Reserve Bank of India.

LISTING

The Equity Shares of the Company have been voluntarily delisted from the Delhi Stock Exchange with effect from March 1, 2005 in accordance with the SEBI (Delisting of Securities) Guidelines, 2003.

Equity Shares of the Company continue to remain listed on The Stock Exchange, Mumbai (BSE). The annual listing fee for the year 2004-05 has been paid to BSE.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Harpal Singh and Mr. Shivinder Mohan Singh, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm as under:

- (i) that in the preparation of the annual accounts for the year ended on March 31, 2005, the applicable accounting standards had been followed;
- (ii) that the Directors had 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 at the end of the Financial Year 2004-05 and of the profit of the Company for that period;
- (iii) that the Directors had 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;

- (iv) That the Directors had prepared the annual accounts of the Company on a "going concern" basis.

PARTICULARS OF EMPLOYEES

None of the Employees 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.

AUDITORS

M/s R V Shah & Company, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The Company has nothing to report in respect of information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988.

CORPORATE GOVERNANCE

A separate report on Corporate Governance as stipulated under clause 49 of the Listing Agreement is furnished as a part of the Directors' Report and the certificate from the Company's Auditors regarding compliance of conditions of Corporate Governance is annexed to the said Report.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, Audited Consolidated Financial Statements form part of the Annual Report.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and Shareholders during the year under review. The Directors of your Company also wish to place on record their deep sense of appreciation for the committed services of the executives and staff of the Company.

On order of the Board of Directors

Place : New Delhi
 Date : August 17, 2005

Harpal Singh
 Chairman

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report along with Audited Accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

The summarized Financial Results are as under:

| Particulars | (Rs. in Lacs) | |
|------------------------------|---------------|-----------|
| | 2004-05 | 2003-04 |
| Gross Income | 918.73 | 2400.48 |
| Profit before Write Off, | | |
| Provision for Tax | 41.17 | 1241.73 |
| Amounts written off | 0.00 | 650.45 |
| Provision for Tax | 0.00 | 64.00 |
| Profit after Tax (PAT) | 41.17 | 527.28 |
| Provision/(Reversal) for Non | | |
| Performing Assets/Diminution | | |
| in value of Investments | 894.20 | (3788.52) |
| Balance brought forward | | |
| from last year | (2975.68) | (7266.00) |
| Balance carried forward | (3692.34) | (2975.68) |

DIVIDEND

In view of the accumulated losses, the Directors do not recommend any dividend for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PERFORMANCE

Gross Income of the Company for the financial year ended March 31, 2005 was Rs.918.73 Lacs, compared to Rs.2400.48 Lacs in the previous year. PAT of the Company for the year was Rs.41.17 Lacs compared to Rs.527.28 Lacs in the previous year.

Finance Charges during the year were Rs.319.42 Lacs compared to Rs.592.62 Lacs in the previous year.

(II) INDUSTRY OVERVIEW

Non Banking Finance Companies (NBFCs) are being regulated by Reserve Bank of India (RBI). The regulatory and supervisory frameworks for NBFCs have been continuously strengthened to ensure healthy functioning of NBFCs. Entries of new NBFCs and Private Sector Banks have 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 personalised services.

(iii) COMPANY'S PERFORMANCE

Over the last three years, the Company has been focusing on and strengthening non fund based business which has yielded

positive results. The Company has been able to record PAT of Rs.41.17 Lacs during the year due to its efforts made on reducing its costs and focusing on non fund based activities.

(iv) OUTLOOK FOR THE COMPANY

The Company intends to continue its thrust on fee based activities and minimize cost of debt and other operating/administrative costs.

(v) OPPORTUNITIES & FUTURE OUTLOOK

India is a large and growing economy with rapidly expanding financial services sector. During the last decade, there has been a considerable broadening and deepening of the Indian Financial sector.

The Company was able to unlock significant value of its investments in its wholly owned subsidiaries during the financial year 2005-06 and has been able to significantly reduce its accumulated losses and repay its debts.

The Company intends to continue its thrust to reduce costs and derive income from its non fund based activities.

(vi) RISKS & CONCERNS

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

(vii) 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, risk management policies, adequacy of internal controls and audit findings on various aspects of the business.

(viii) HUMAN RESOURCES

The Company is making do the existing employees through motivation and in order to conserve costs, no recruitments have been made. The total number of employees was 10 as on March 31, 2005.

SUBSIDIARY COMPANIES

The Company has divested its entire equity investments in its two wholly owned subsidiaries

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REMUNERATION TO DIRECTORS/REMUNERATION COMMITTEE

No remuneration has been paid to any of the Directors of the Company. Accordingly, the need for remuneration committee has not arisen.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted a Shareholders'/Investors' Grievance Committee comprising of Mr. Harpal Singh, Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Mr. V. M. Bhutani.

The Company has authorised aforesaid Directors severally and Mr. J. S. Grewal, Senior General Manager along with Mr. Sunil Kumar Garg, Company Secretary jointly to approve the share transfers.

This committee looks into redressing of shareholders' complaints, like delay in transfer/demat of shares, non receipt of Annual Reports etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures to improve the level of Investors' Services.

The Company attends the investors' grievances/correspondence expeditiously and usually reply is sent within a period of 15 days of receipt, except in cases that are constrained by disputes or legal impediments.

The Shareholders'/Investors' Grievance and Share Transfer Committee reviews the complaints received and the action taken by the company.

The Company has received Seventeen complaints from Stock Exchanges, during the year ended March 31, 2005 and all the complaints were resolved to the satisfaction of the shareholders. There was no share transfer request pending with the Company as on March 31, 2005.

Mr. Sunil Kumar Garg, Company Secretary is the Compliance Officer of the Company.

GENERAL BODY MEETING

The last three Annual General Meetings of the Company were held at Shah Auditorium, 2, Raj Niwas Marg, Delhi 110 054 as under :-

| Financial Year | Date | Day | Time |
|----------------|------------|-----------|------------|
| 2003-04 | 22.09.2004 | Wednesday | 10.00 a.m. |
| 2002-03 | 22.09.2003 | Monday | 3.00 p.m. |
| 2001-02 | 27.09.2002 | Friday | 3.00 p.m. |

RESOLUTIONS PASSED BY POSTAL BALLOT

During the financial year 2004-05, an ordinary resolution for divestment of equity shares held in wholly owned subsidiaries was put through postal ballot. The resolution was approved with 99.98% majority.

DISCLOSURES
Related Party Transactions

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

Compliance by the Company

No penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the period under review.

Means of Communication

- In compliance with the requirements of Listing Agreement, the Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board. These financial results are normally published in the Pioneer (English newspaper) and Veer Arjun (Hindi newspaper). The unaudited results are not sent individually to the shareholders.
- Management Discussion and Analysis Report forms part of the Report of the Directors.

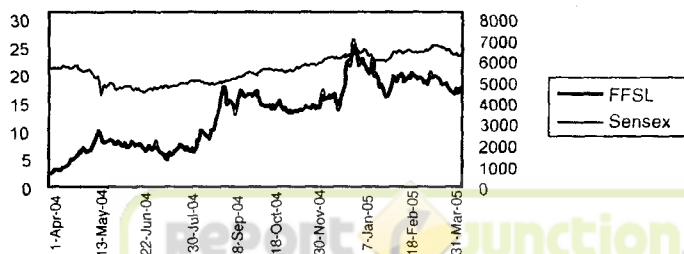
SHAREHOLDERS' INFORMATION:

- 10th Annual General Meeting:** Day September 23, 2005, Time 10.00 a.m., Venue Shah Auditorium, 2, Raj Niwas Marg, Delhi - 110 054.
- Financial Calendar :**

| | |
|---|------------------|
| Financial Reporting for the quarter ending June 30, 2005 | End July 2005 |
| Financial Reporting for the quarter ending Sept 30, 2005 | End October 2005 |
| Financial Reporting for the quarter ending Dec 31, 2005 | End January 2006 |
| Financial Reporting for the quarter ending March 31, 2006 | End April 2006 |
| Annual General Meeting for the year ended March 31, 2006 | End Sept 2006 |
- Dates of Book Closure**
September 20, 2005 to September 23, 2005 (both days inclusive)
- Listing on Stock Exchanges**
The Equity Shares of the Company have been voluntary delisted from the Delhi Stock Exchange with effect from March 1, 2005 in accordance with the SEBI (Delisting of Securities) Guidelines, 2003. Equity Shares of the Company continue to remain listed on The Stock Exchange, Mumbai (BSE). The annual listing fee for the year 2004-05 has been paid to BSE.
- Stock Code**
The Stock Exchange, Mumbai 526927

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(f) Stock Market price for the year

| MONTH | High (Rs.) | BSE Low (Rs.) | Volume of Shares (Qty.) | (No. of Traders) |
|-----------|------------|------------------|----------------------------|------------------|
| April | 7.60 | 3.02 | 104027 | 595 |
| May | 11.18 | 6.30 | 238011 | 1257 |
| June | 9.60 | 5.99 | 52058 | 414 |
| July | 8.80 | 5.12 | 68661 | 508 |
| August | 20.16 | 6.40 | 433418 | 2807 |
| September | 19.95 | 13.55 | 416071 | 2750 |
| October | 16.80 | 13.10 | 146545 | 1210 |
| November | 18.90 | 13.50 | 451845 | 2569 |
| December | 29.60 | 12.90 | 1712599 | 8326 |
| January | 25.65 | 16.30 | 404646 | 2691 |
| February | 22.25 | 18.30 | 629899 | 3393 |
| March | 21.95 | 16.80 | 377893 | 2343 |

(g) Share Prices of the Company on BSE
Fortis Financial Services Ltd. (FFSL) Vs Sensex

(h) Registrar and Transfer Agents

The Company has appointed Intime Spectrum Registry Limited, A-31, 3rd Floor, Naraina Industrial Area, Phase-I, Near PVR Naraina, New Delhi - 110 028, as its Registrar and Share Transfer Agents for physical and Dematerialized shares.

However, keeping in view convenience of the shareholders, documents relating to shares will continue to be received by the Company at 210, Taj Building, 1st Floor, D.N. Road, Fort, Mumbai-400 001. Telephone No. 022- 22073191 and at Regd. Office: 55, Hanuman Road, Connaught Place, New Delhi-110001. Telephone No. 011 - 23346875 E-mail ID secretarial.mumbai@fortisindia.com.

(i) Share Transfer Systems

- Share transfer requests are acted upon within 15-20 days from the date of their receipt at the share department. In case no response is received from the Company within 35 days of lodgment of transfer request, the lodger should immediately write to the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.
- Dematerialisation requests duly completed in all respect are normally processed within 7-10 days from the date of their receipt at the share department.

(j) Distribution of Shareholding
a) Class- wise Distribution of Equity Shares as on 31st March, 2005

| No. of Shares | No. of Shareholders | Amount of Shareholding (in Rs.) | Percentage (%) |
|------------------|---------------------|---------------------------------|----------------|
| Upto 2500 | 14,961 | 1,46,78,550 | 5.68 |
| 2501-5000 | 1,296 | 50,45,370 | 1.96 |
| 5001-10000 | 505 | 41,42,940 | 1.60 |
| 10001-20000 | 207 | 31,72,120 | 1.22 |
| 20001-30000 | 62 | 15,76,960 | 0.61 |
| 30001-40000 | 25 | 9,02,660 | 0.35 |
| 40001-50000 | 28 | 13,17,740 | 0.51 |
| 50001-100000 | 34 | 23,96,750 | 0.92 |
| 100001 and Above | 47 | 22,53,70,660 | 87.15 |

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b) Pattern of Shareholding as on March 31, 2005

| Category | No. of Shares held | Percentage (%) |
|----------------------------------|--------------------|----------------|
| A Promoters' Holdings | 20,749,225 | 80.24 |
| Sub Total (a) | 20,749,225 | 80.24 |
| B Non Promoters' Holdings | | |
| a Private Corporate Bodies | 553,802 | 2.14 |
| b Indian Public | 3,483,770 | 13.47 |
| c NRIs/ OCBs | 1,073,578 | 4.15 |
| Sub-Total (b) | 5,111,150 | 19.76 |
| Grand Total (a+b) | 25,860,375 | 100.00 |

There are no outstanding warrants or any convertible instruments.

(k) Dematerialisation of Shares

The shares of the Company are in compulsory demat segment. The Company's shares are available for trading in the depository system, of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2005, 24,26,28,970 Equity Shares of the Company, forming 93.82 % of the Share Capital of the Company, stand dematerialized.

International Securities Identification Number- INE 991C01018 (with NSDL and CDSL)

(l) Liquidity of Shares

The Equity Shares of the Company are traded in the B-2 group at BSE.

(m) Address for Correspondence

The Company's Registered office is situated at 55-Hanuman Road, Connaught Place, New Delhi-110001.

The Shareholders may address their communication/ suggestions/ queries to:

Fortis Financial Services Limited

210, Taj Building, Dr. D. N. Road, Fort, Mumbai 400 001.
 Tel. No. (022) 207 31 91 Fax No. : (022) 207 31 90.

OR

55, Hanuman Road, Connaught Place, New Delhi - 110 001
 Telephone No. (011) 23346875 Fax No. (011) 23346876
 Contact Person: Mr. Sunil Garg, Company Secretary

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, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of 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 condition 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 explanation given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month except where disputed or sub-judices, 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 for the efficiency/effectiveness with which the management has conducted the affairs of the Company.

For R. V. Shah & Co.
 Chartered Accountant

Place : New Delhi
 Dated : August 17, 2005

(R. V. Shah)
 Proprietor
 Membership No. F16097