DRAFT RED HERRING PROSPECTUS
Dated June 30, 2007
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Issue

Religare Enterprises Limited

(Our Company was incorporated as "Vajreshwari Cosmetics Private Limited" on January 30, 1984. The name of our Company was subsequently changed to "Religare Enterprises Private Limited" pursuant to a special resolution of the members of our Company dated January 10, 2006. The fresh certificate of incorporation consequent to the change of name was granted to our Company on January 31, 2006, by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Jalandhar. Our status was subsequently changed to a public limited company and the word "private" has been deleted from the name of our Company by a special resolution of the members of our Company passed at the annual general meeting held on July 14, 2006. The fresh certificate of incorporation consequent to change of name was granted to our Company on August 11, 2006 by the Registrar of Companies, NCT at New Delhi.)

Registered and Corporate Office: 19, Nehru Place, New Delhi – 110 019, India
For changes in our Registered Office see "History and Certain Corporate Matters" beginning on page 74.
Telephone: +91 11 3081 5100 / 6655 2200; **Facsimile:** +91 11 3081 5288;
Company Secretary and Compliance Officer: Mr. Ravi Batra; **Email:** investorservices@religare.in
Website: www.religare.in

PUBLIC ISSUE OF 11,364,152 EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [•] PER EQUITY SHARE (THE "ISSUE") BY RELIGARE ENTERPRISES LIMITED (THE "COMPANY" OR "THE ISSUER"), AGGREGATING TO RS. [•] MILLION. THE ISSUE WOULD CONSTITUTE 15% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

Our Company may issue up to 3,788,050 Equity Shares to certain investors including persons resident outside India, prior to filing of the Red Herring Prospectus with the RoC ("**Pre-IPO Placement**"). If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement, will be reduced from the Issue, subject to a minimum Issue size of 10% of the post-Issue share capital.

PRICE BAND: RS. [•] TO RS. [•] PER EQUITY SHARE OF FACE VALUE OF RS. 10.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS [•] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [•] TIMES OF THE FACE VALUE.

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after such revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

Pursuant to Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

IPO GRADING

This Issue has been graded by [•] as [•] indicating [•], pursuant to Clauses 2.5A, 5.6B and 6.17.3A of the SEBI Guidelines. The rationale furnished by the grading agency for its grading, will be updated at the time of filing of the Red Herring Prospectus with the RoC/ Designated Stock Exchange.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" beginning on page xii.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENT

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received the in-principle approval from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated [•] and [•], respectively. For purposes of this Issue, the Designated Stock Exchange is [•].

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED SEBI Reg. No. : INM000006856 801/ 802, Dalamal Towers Nariman Point Mumbai - 400 021, India Telephone: +91 22 6638 1800 Facsimile: +91 22 2284 6824 Email: religare.ipo@enam.com Website: www.enam.com Contact Person: Ms. Aishwarya Mehra	**CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED** SEBI Reg. No. : INM000010718 12th Floor, Bakhtawar 229 Nariman Point Mumbai - 400 021, India Telephone: +91 22 6631 9999 Facsimile: +91 22 6631 9803 Email: religare.ipo@citi.com Website: www.citibank.co.in Contact Person: Mr. Amulya Goyal	**KARVY COMPUTERSHARE PRIVATE LIMITED** SEBI Reg. No. : INR000000221 Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081, India Telephone: +91 40 23420815-820 Facsimile: +91 40 2342 0814 Email: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. M. Murali Krishna

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON: [•]	BID/ISSUE CLOSES ON: [•]

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Term	Description
"REL", Religare, "Issuer", "the Company" and "our Company".	Unless the context otherwise indicates, refers to Religare Enterprises Limited, a public limited company incorporated under the Companies Act
"we", "us" and "our"	Unless the context otherwise indicates or implies, refers to Religare Enterprises Limited together with its Subsidiaries
Articles	The Articles of Association of our Company, as amended from time to time
Auditors	The statutory auditors of our Company, M/s. Price Waterhouse, Chartered Accountants
Board/ Board of Directors/ our Board	Board of Directors of our Company
Business Associates	The parties, including sub-brokers registered with the SEBI, with whom we have entered into arrangements for services including introduction of customers to our services
Business Locations	Premises in which we and/or our Business Associates operate one or more of our business activities
Directors/ our Directors	Directors of Religare Enterprises Limited, unless otherwise specified
ESOS 2006/ our ESOS	Employee Stock Option Scheme 2006 for the employees of our Company as approved by the shareholders by way of a resolution dated November 6, 2006 and subsequent amendments thereto
Hottinger & Cie	Hottinger & Cie Banquiers, a company registered under the laws of Zurich, Switzerland
Memorandum/ our Memorandum	The Memorandum of Association of our Company, as amended from time to time
Registered Office/ our Registered Office	The registered office of our Company presently situated at 19, Nehru Place, New Delhi – 110 019, India
RCL	Religare Commodities Limited
RFL	Religare Finvest Limited
RIBL	Religare Insurance Broking Limited
RSL	Religare Securities Limited
RVCPL	Religare Venture Capital Private Limited
RCML	Religare Capital Markets Limited
RRL	Religare Realty Limited
RFIL	Religare Finance Limited
RWMSL	Religare Wealth Management Services Limited
RIHCL	Religare Insurance Holding Company Limited
Subsidiaries / our Subsidiaries	Religare Securities Limited; Religare Finvest Limited; Religare Commodities Limited; Religare Insurance Broking Limited; Religare Wealth Management Services Limited; Religare Realty Limited; Religare Venture Capital Private Limited; Religare Capital Markets Limited; Religare Finance Limited; and Religare Insurance Holding Company Limited.

Issue Related Terms

Term	Description
Allotment/Allot	Unless the context otherwise requires, the allotment and transfer of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued
Banker(s) to the Issue	[•]
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and a Hindi national newspaper each with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which

Term	Description
	shall be the date notified in an English national newspaper and a Hindi national newspaper each with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to Equity Shares of our Company in terms of the Red Herring Prospectus and the Bid-cum-Application Form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date (inclusive of both days) and during which prospective Bidders can submit their Bids including any revisions thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
Book Running Lead Managers/BRLMs	Book Running Lead Managers to the Issue, in this case being Enam Financial Consultants Private Limited and Citigroup Global Markets India Private Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revision thereof
Cap Price	The higher end of the Price Band, above which no Bids will be accepted
Citi	Citigroup Global Markets India Private Limited
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLMs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository Participant/DP	A depository participant as defined under the Depositories Act
Depository/Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus, issued in accordance with Section 60B of the Companies Act, and the SEBI Guidelines which does not contain, *inter alia,* complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible NRI	An NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Issue
Enam	Enam Financial Consultants Private Limited
Equity Shares	Equity shares of our Company of Rs. 10 each, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, BRLMs, the Syndicate Member and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which no Bids will be accepted.
FVCI	Foreign venture capital investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
Issue	Public issue of 11,364,152 Equity Shares for cash at a price of Rs [•] per Equity Share including a share premium of Rs. [●] per Equity Share, aggregating to Rs. [•] million.
Issue Price	The price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus or the Prospectus
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount, as applicable
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996

Term	Description
Mutual Fund Portion	5% of the QIB Portion or [•] Equity Shares (assuming the QIB Portion is for 60% of the size of the Issue) available for allocation to Mutual Funds only, out of the QIB Portion
NEFT	National Electronic Fund Transfer Service
Net Proceeds	The proceeds of the Issue, after deducting the Issue related expenses, which is estimated at Rs. [●]
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than eligible NRIs)
Non Institutional Portion	The portion of the Issue being up to 10% of the size of the Issue or [•] Equity Shares available for allocation to Non Institutional Bidders
Pay-in Date	Bidding/ Issue Closing Date with respect to Bidders whose Margin Amount is 100% of the Bid Amount or the last date specified in the CAN sent to Bidders with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date; and extending until the Bid/ Issue Closing Date; and (b) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. [•] and the maximum price (cap of the price band) of Rs. [•] including any revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Promoters/ our Promoters	Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh
Promoter Group/ our Promoter Group	Ms. Nimmi Singh, Ms. Japna Malvinder Singh, Ms. Aditi Shivinder Singh, Ms. Nimrita Parvinder Singh, Ms. Nanaki Parvinder Singh, Master Anhad Parvinder Singh, Master Udayveer Parvinder Singh, Master Vivan Parvinder Singh, Master Kabir Parvinder Singh, Oscar Investments Limited, Ranbaxy Laboratories Limited, Fortis Financial Services Limited, SRL Ranbaxy Limited, Fortis Healthcare Holdings Limited, Fortis Healthcare Limited, Fortis HealthStaff Limited, Fortis HealthWorld Limited, Chetak Pharmaceuticals Private Limited, Luxury Farms Private Limited, Malav Holdings Private Limited, R.C. Nursery Private Limited, Shivi Holdings Private Limited, Vistas Realtors Private Limited, Greenview Buildtech Private Limited, Ranbaxy Holding Company, Trendy Exim Private Limited, Regius Aviation Limited, Malsh Healthcare, and Oscar Traders.
Prospectus	The prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information, and including any corrigendum thereof
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount, being the amount QIBs are required to pay at the time of submitting a Bid
QIB Portion	The portion of the Issue being at least 60% of the size of the Issue or [•] Equity Shares to be Allotted to QIBs at the Issue Price on a proportionate basis
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, FVCIs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
Refund Banker(s)	[•]
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited, having its registered office as indicated on the cover page
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 1,00,000 in any of the Bidding options in the Issue (including HUF applying through their Karta and eligible NRIs)
Retail Portion	The portion of the Issue being up to 30% of the size of the Issue or [•] Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid

Term	Description
	Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The red herring prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least three days before the Bid/ Issue Opening Date
RTGS	Real Time Gross Settlement
Syndicate Agreement	Agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Member or Syndicate or member of the Syndicate	Enam Securities Private Limited
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The Agreement between the Underwriters and our Company to be entered into on or after the Pricing Date
Venture Capital Funds/VCF	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CIO	Chief Investment Officer
CIT	Commissioner of Income Tax
CST	Commissioner of Service Tax
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP ID	Depository Participant's Identity
DSE	Delhi Stock Exchange Limited
DTA	Domestic Tariff Area
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/period
EU	European Union
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GoI/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IT Department	Income Tax Department
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
IT	Information Technology
LIBOR	London Interbank Offered Rate

Term	Description
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Rules, 1992
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of Fiscal
NBFC	Non Banking Financial Company as defined under the Reserve Bank of India Act, 1934 and regulations promulgated thereunder, as amended from time to time
NCT	National Capital Territory of Delhi and Haryana
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
OTCEI	Over the Counter Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Portfolio Manager	A portfolio manager as defined under the Securities and Exchange Board of India (Portfolio Mangers) Rules, 1993
PGDBM	Post Graduate Diploma in Business Management
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoC	The Registrar of Companies
RONW	Return on Net Worth
Rs.	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange(s)	the BSE and/ or the NSE as the context may refer to
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
Working Days	All days except Saturday, Sunday and any public holiday

Industry Related Terms

Term	Description
AMC	Asset management company as defined under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
AMFI	Association of Mutual Funds in India
F&O	Futures and Options
FMC	Forward Markets Commission
IP	Intellectual Property
IRDA	Insurance Regulatory and Development Authority
IS	Information Systems
IT	Information Technology

Term	Description
MCX	Multi Commodity Exchange of India Limited
NCDEX	National Commodity and Derivatives Exchange Limited
Nifty	National Stock Exchange Sensitive Index
NMCE	National Multi-Commodity Exchange of India Limited
PMS	Portfolio Management Services
SENSEX	Bombay Stock Exchange Sensitive Index
STT	Securities Transaction Tax
Trading Volumes	Traded value of equities including both cash and derivatives on the Stock Exchanges
VSAT	Very Small Aperture Terminal

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Historically, we conducted business as separate companies. Our business was carried on by Fortis Securities Limited, Fortis Comdex Limited and Fortis Finvest Limited, some of which were subsidiaries of certain of our Promoter Group companies. In order to integrate our financial services operations under the Religare name, the Company acquired a controlling stake in Fortis Securities Limited, Fortis Comdex Limited and Fortis Finvest Limited and subsequently, acquired a 100% stake in these entities and in Religare Insurance Broking Limited and Religare Venture Capital Private Limited. These entities are now our Company's subsidiaries. For further details regarding our acquisitions and subsidiaries, see the section "History and Certain Corporate Matters" beginning on page 74.

Our consolidated results of operations for Fiscal 2006 and Fiscal 2007 do not reflect the results of operations of all our subsidiaries for full periods or what our results of operation would have been had the investment in our subsidiaries occurred at the beginning of such periods. The financial performance of all our subsidiaries for Fiscal 2008 will be fully reflected in our consolidated financial statements for the Fiscal 2008.

We have set forth in this Draft Red Herring Prospectus the following financial statements:

- stand-alone financial statements of Religare Enterprises Limited for Fiscal 2003, 2004, 2005, 2006 and 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Securities Limited for Fiscal 2003, 2004, 2005, 2006 and 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Finvest Limited for Fiscal 2003, 2004, 2005, 2006 and 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Commodities Limited for Fiscal 2004, 2005, 2006 and 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Insurance Broking Limited for Fiscal 2006 and 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines.

- stand-alone financial statements of Religare Wealth Management Services Limited for the period ended March 31, 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines; and

- stand-alone financial statements of Religare Realty Limited for the period ended March 31, 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Venture Capital Private Limited for the period ended March 31, 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Capital Markets Limited for the period ended March 31, 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

- stand-alone financial statements of Religare Finance Limited for the period ended March 31, 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines; and

- consolidated financial statements of Religare Enterprises Limited and its subsidiaries, as applicable, for Fiscal 2006 and 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines;

This Draft Red Herring Prospectus does not contain a pro forma balance sheet or a pro forma income statement prepared in accordance with common practices in other jurisdictions, which would have shown the historical results of our operations assuming the restructurings had occurred at the beginning of the relevant reporting periods.

Unless otherwise specified or the context otherwise requires, all references to a particular "Fiscal year", "fiscal", "Fiscal", "FY" or "Financial Year" in this Draft Red Herring Prospectus are to the twelve months ended March 31 of that year.

Unless otherwise specified or the context otherwise requires, all references to "India" in this Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions; all references to the "US" or the "USA" or the "United States" or the "U.S." are to the United States of America, together with its territories and possessions; and all references to the "U.K." or the "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and IFRS; accordingly, the degree to which the Indian GAAP financial statements (consolidated or stand-alone) included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and SEBI Guidelines on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to reconcile or quantify those differences or their impact on the financial data included herein, and the Company urges you to consult your own advisors regarding such differences and their impact on our financial data.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "$", "US$", "USD", "U.S.$", "U.S. Dollar(s)" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America.

This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all. Unless otherwise specified, all currency translations provided herein have been made based on the exchange rates specified at www.oanda.com, a currency web site.

Industry and Market Data

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that the industry data used in this Draft Red Herring Prospectus is reliable, it has not been verified by any independent source.

Further, the extent to which the market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward looking statements". These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions.

Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- **Competitive environment**:

  Our future results of operations will be affected by changes in the competitive environment. The degree to which competitive changes will affect us depends on the number and size of competitors, their approach to commission structures and their hiring policies, including compensation levels for advisory and sales professionals.

- **Financial market trends**:

  Our services are largely driven by trends in the financial markets. The current favourable business environment may not continue indefinitely. In the event of a market downturn, our businesses could be materially adversely affected in significant ways and we are continually exposed to market volatility.

- **Ability to borrow at competitive rates**:

  Our business requires a significant amount of working capital and we may need to incur additional indebtedness in the future to satisfy our working capital needs. Our working capital requirements are also affected by the credit lines that we extend to our customers. All of these factors have resulted, or may result, in increases in the amount of our short-term borrowings from time to time.

- **Changes in Indian political or economic conditions**:

  Any event which has a significant impact on the economic and political situation in India could lead to a change in investor confidence and the level of investment and trading in securities, thereby affecting our revenues and costs.

- **Changes in government policies and regulation**:

  The financial services industry in India and overseas is subject to extensive regulation by governmental and self-regulatory organizations. Changes to government and other regulatory policies could require changes to our systems and business operations and could involve additional costs and management time.

For further discussion of factors that could cause our actual results to differ, see the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xii, 52 and 350, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither the Company, its Directors and officers, any Underwriter, nor any of their respective affiliates or associates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of final listing and trading permission by the Stock Exchanges for the Equity Shares Allotted pursuant to the Issue.

SECTION II- RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. Any potential investor in, and purchaser of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United States and other countries. If any of the following risks (which have been quantified to the extent possible) materialise, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment in the Equity Shares.

INTERNAL RISK FACTORS

1. There are certain criminal proceedings against one of our Promoters and Directors.

Mr. Malvinder Mohan Singh, our Promoter and Director, is involved in a criminal proceeding wherein a Mr. Tarsem Lal has claimed that Mr. Singh and others have dishonestly received Rs. 0.40 million from him. The High Court of Punjab and Haryana has stayed the proceedings before the concerned judicial authority. The defendants have filed a petition in the High Court of Punjab and Haryana to quash the complaint. The matter is currently pending. For further details, see the section titled "Outstanding Litigation and Material Developments" beginning on page 377.

2. We have been in the past and may in the future be barred by securities regulators from dealing in the securities of certain Indian companies.

From time to time, we are subject to SEBI investigations or other regulatory scrutiny in connection with our securities broking business. Typically, our equity broking business involves trading on national stock exchanges. Our clients use our terminals to trade on these stock exchanges and may engage in activities that result in price manipulation of the securities in which they trade. While we beliee that our business is conducted in accordance with applicable regulations and market conduct norms, we cannot control every trading activity of our clients apart from implementing the prescribed "Know Your Client" norms. Share price manipulation by our clients may result in the SEBI or other regulatory authority commencing investigations or imposing sanctions on us.

On January 17, 2007, the SEBI barred us along with five other day-traders from dealing in the securities of Nissan Copper Limited ("Nissan Copper"). This prohibition has been imposed on us as an interim measure pending SEBI investigations into allegations that we and other entities may have manipulated Nissan Copper's share price following its listing on the BSE and the NSE in December 2006. SEBI has not currently concluded that we and other barred day-traders have manipulated Nissan Copper's share price but the role played by each of us in trading Nissan's shares will be examined during the investigation.

In the matter of Ind Tra Deco Limited, the SEBI observed a sharp increase in price and trading volume in the scrip of Ind Tra Deco Limited and issued an interim order, dated October 5, 2005, restraining RSL (along with other stockbrokers) and the promoters and directors of Ind Tra Deco Limited from buying, selling or dealing in the securities of Ind Tra Deco Limited, directly or indirectly, from October 5, 2005 until the receipt of further orders. Subsequently, the SEBI confirmed its interim order on June 20, 2006.

The SEBI in the matters of IFSL Limited, Mega Corporation Limited, Karuna Cables Limited and Millenium Cybertech Limited, issued orders restraining RSL, among other stock brokers, from buying, selling or dealing in the shares of the companies mentioned above, directly or indirectly, on behalf of certain promoters, directors and clients specified by the SEBI from the date of the respective orders until the receipt of further orders. SEBI is also investigating trading in the shares of Vijay Textile Limited, and has directed RSL to explain its reasons for entering into transactions in these shares on behalf of certain clients, which allegedly resulted in artificial increases in the Vijay Textiles' share price. The SEBI has also directed RSL to provide reasons for having undertaken certain transactions on behalf of its clients.

The BSE, the NSE and the NSCCL have, in the period from April 2004 till date, issued various letters and show cause notices against RSL. An aggregate penalty/ fine of approximately Rs. 3.15 million has been imposed upon RSL in these matters. In addition, the National Securities Depositories Limited has levied penalties aggregating to Rs. 0.11 million on RSL.

We intend to cooperate fully with all SEBI, stock exchange and other regulatory investigations and respond promptly to any notices. The outcome of any such investigations cannot be predicted and could result in our being censured, fined, deregistered, suspended or disqualified from dealing in the securities market, including as an underwriter or an asset management company. Any such action would restrict our trading activities and growth plans, severely impair our equity brokerage business, harm our reputation and materially and adversely affect our business, financial condition and results of operations. For details regarding other legal proceedings to which we are a party, see the section titled "Outstanding Litigation and Material Developments" beginning on page 377.

3. There are certain legal and regulatory proceedings involving our Company, our Directors and Subsidiaries and certain legal and regulatory proceedings involving our Promoters and the Promoter Group.

Our Company is involved in litigation with Fortis N.V., Fortis SA/NV and Fortis Bank regarding our use of the "Fortis" trademark. Furthermore, our Directors, Subsidiaries, Promoters and members of the Promoter Group are involved in certain legal proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate authorities.

A summary of the pending proceedings against our Directors and certain of our Subsidiaries is provided below:

Proceedings involving our Directors

Mr. Shivinder Mohan Singh is currently involved in certain contempt proceedings filed by Mr. Anil Nanda and Goetze (India) Limited, for alleged willful disobedience of a status quo order dated September 30, 2005. Further, Mr. Malvinder Mohan Singh is involved in a criminal complaint filed by Mr. Tarsem Lal involving an amount of Rs. 0.40 million. Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Ms. Nimmi Singh are currently involved in a suit filed by Mr. Bhai Analjit Singh and others, for the grant of the probate for the late Dr. Bhai Mohan Singh's will, and a suit filed by Mr. Bhai Manjit Singh for a decree for partition of a one-third share of the estate of the late Dr. Bhai Mohan Singh. Mr. Harpal Singh and Mr. Shivinder Mohan Singh are parties to an interim application filed by Mr. Anil Nanda and others seeking action against them for allegedly disobeying a High Court order dated April 4, 2007.

Further, legal notices dated May 29, 2006 were received *inter alia* against Mr. Harpal Singh, Mr. Sunil Godhwani, Mr. Vinay Kumar Kaul, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh from the advocates of Mr. Anil Kumar Mehta. RSL, Mr. Sunil Godhwani and others have filed a Criminal Writ Petition before the High Court of Bombay (Criminal Appellate Side) seeking to quash the ex-parte order dated January 7, 2005 passed by the Metropolitan Magistrate 23rd Court, Mumbai. The said order directed investigation under Section 156 (3) of the Code of Criminal Procedure and arose from the complaint filed by Mr. Muslim A. Kapadia alleging offences under Sections 409, 477A read with Sections 120B and 34 of the Indian Penal Code. Further, Mr. Aditya Nashier has filed a consumer complaint before the District Consumer Forum under the Consumer Protection Act against Mr. Harpal Singh and Mr. Sunil Godhwani.

Proceedings involving Religare Securities Limited ("RSL")

There are four civil suits against RSL involving claims aggregating to Rs. 1.05 million, excluding interest. There are 12 consumer disputes involving claims aggregating to Rs. 5.05 million, excluding interest. Further, there are two criminal proceedings pending against RSL. Five claims against RSL are presently before arbitral authorities and involve claims aggregating to Rs. 7.61 million. Further, there are several proceedings currently before the SEBI including those in relation to the securities of IFSL Limited, Mega Corporation Limited, Karuna Cables Limited and Millenium Cybertech Limited, Ind Tra Deco Limited and Nissan Copper Limited. In addition, the BSE, NSE, NSDL and the NSCCL have issued various letters/show cause notices against RSL involving aggregate penalties of approximately Rs. 3.26 million. RSL has filed a rectification application against the order of the Assessment Officer, Income Tax Department, for Assessment Year 2004-2005 with the amount in dispute being Rs. 0.39 million. RSL is also involved in five matters currently being investigated by the police authorities.

Further, in the period from August 2004 till date, RSL has received 265 investor grievances involving claims aggregating to a total value of Rs. 34.23 million. These grievances include alleged unauthorised trading, sale without information, delay in receiving confirmation, non-deposit of a cheque issued by a client, computation of interest and mistaken account statement, pay-outs in shares of Nissan Copper Limited, hacking of password, etc. In addition, RSL has received certain investor grievances through e-mail in relation to which RSL is unable to ascertain relevant amounts claimed.

RSL has initiated claims aggregating to an amount of Rs. 6.55 million. RSL has filed 16 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques against the respective defaulters for recovery of an aggregate amount of Rs. 2.94 million. In addition, RSL has filed 17 claims before the concerned arbitration authority of the NSE for recovery of an aggregate amount of Rs. 3.61 million against certain clients running debit balance in their respective accounts. One such client has filed a counter claim of Rs. 1.10 million. In four matters, replies have been filed, but no amount has been specified in the counter claims.

Proceedings involving Religare Finvest Limited ("RFL")

A civil suit and a criminal proceeding are pending against RFL. RFL has filed claims aggregating to an amount of Rs. 8.62 million against certain defaulting parties. Further, RFL has filed criminal complaints under Section 138 of Negotiable Instruments Act, 1881 for dishonour of cheques against the respective defaulters for recovery of an aggregate amount of Rs. 9,418. Further, RFL has filed an arbitration proceeding against Mr. Anil Kumar Mehta for recovery of Rs. 0.90 million. RFL has also filed a suit before the High Court of Delhi for recovery of Rs. 7.70 million.

Proceedings involving Religare Commodities Limited ("RCL")

NCDEX and MCX have levied various penalties on RCL aggregating to approximately Rs. 0.20 million during the period starting from October 2005 until date. Since May 2005, RCL has received nine investor grievances, all of which are active as of this date, aggregating to a total value of Rs. 0.68 million. These grievances include alleged unauthorized transactions on such clients' accounts, non-delivery of shares into the clients' accounts, wrongly debited amounts from the clients' accounts, non-receipt of sale proceeds into the clients' accounts, etc. In addition, RCL has filed three criminal complaints under Section 138 of Negotiable Instruments Act, 1881 for dishonour of cheques against the defaulters for recovery of an aggregate amount of Rs. 0.67 million. All the above complaints are currently pending.

In addition to the above, our Promoters and the members of our Promoter Group are also involved in various legal proceedings. For details, see the section titled "Outstanding Litigation and Material Developments" beginning on page 377.

4. ***Our Company and certain of our Promoter Group companies are subject to third party claims of intellectual property infringement.***

Our Company and certain of our Promoter Group companies are involved in litigation with Fortis N.V., Fortis SA/NV and Fortis Bank regarding our use of the "Fortis" trademark. Our Company, and two of our Promoter Group companies, Fortis Financial Services Limited and Fortis Healthcare Limited (collectively the "Ranbaxy Group") have filed a suit in the Delhi High Court against Fortis N.V. for a permanent and interim injunction on its use of the "Fortis" name to carry on finance, insurance and investment related businesses in India; for a declaration the Ranbaxy Group that they own the "Fortis" name in relation to finance, insurance, leasing, hire purchase, risk management and healthcare services, as well as damages of Rs. 2 million for loss of reputation.

Fortis N.V., Fortis SA/NV and Fortis Bank have filed a counter suit in the Delhi High Court for a permanent and interim injunction to restrain the Ranbaxy Group from using the word "Fortis" by itself or in combination with any words in its corporate names or as a trademark or any other word or mark. All three plaintiffs are engaged in the provision of banking and insurance services. The plaintiffs have also sought damages in the amount of the income or profits earned by the Ranbaxy Group pursuant to such use. If Fortis N.V., Fortis SA/NV and Fortis Bank are successful in their suit, our Promoter Group and our Comapny may be unable to use the "Fortis" name in respect of our business. For further details see the section titled "Outstanding Litigation and Material Developments" beginning on page 377.

5. ***We do not own the Religare trademark name including its logo and the value of our intellectual property may be impaired by actions by others and our inability or failure to protect the same.***

We use the "Religare" trademark and service mark and its associated logos and invest our resources in building our brand. Ranbaxy Holding Company, or "RHC", has applied for the registration of the "Religare" trademark and service marks under the Trademarks Act of 1999, all of which are currently pending registration. Our Company has the licence to use the "Religare" trademark in India only, pursuant to a licence agreement dated January 4, 2006. As a licence holder, we do not enjoy the statutory protections accorded to a registered trademark and are subject to the risk of non-performance, such as RHC's obligation to obtain, on our Company's behalf, trademark registration offshore, under the licence agreement as well as other contractual risks. Further, we cannot assure you that the application for registration by RHC will be granted by the relevant authorities in a timely manner or at all.

6. ***We currently do not have any trademarks registered in our name and have limited ability to protect our brands. We may be subject to third party claims in respect to certain of our brands and if we are unable to obtain intellectual property protection for some of our brands, our business could be adversely affected.***

At present, we have 10 trademark applications pending for registration under the provisions of the Trade Marks Act, 1999 before the Trade Marks Registry, New Delhi. These include applications for the trademarks "LEO", "ELEPHANT", "HAWK EYE", "PANTHER", "TORTOISE", "CATERPILLAR", composite marks "R-ACE (PRO)", "R-ACE", "R-ALLY" and "R-ACE (LITE)", which are crucial to our business. We currently do not have any registered trademarks. Further, our Promoter Group company, Ranbaxy Holding Company, has made applications with the Trademark Registry, New Delhi for registration of trademarks such as "TRADE REWARDS" and "Partnering Wealth Creation". For further details, see the section titled "Government and Other Approvals" beginning on page 402. We cannot assure you that the application for registration of such trademarks by RSL and RHC will be granted by the relevant authorities or when these authorities will grant the registration. Our efforts to protect our intellectual property may not be adequate and any third party claim on any of our unprotected brands may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property.

7. ***Our restated financial statements contain auditors' qualifications.***

The restated financial statements included in this Draft Red Herring Prospectus contain certain qualifications including those pertaining to our internal control procedures and internal audit systems. The qualifications appear in the notes to the restated consolidated financial statements included in this Draft Red Herring Prospectus. For details, see the section titled "Financial Statements" beginning on page 132.

8. ***We are subject to extensive securities regulation and any failure to comply with these regulations could subject us to penalties or sanctions.***

The securities industry and our business are subject to extensive regulation by the SEBI, the RBI, the FMC, the IRDA and other governmental regulatory authorities. We are also regulated by industry self-regulatory organizations, including the BSE, NSE, MCX, NCDEX, NMCE, NSDL and CDSL. The regulatory environment in which we operate is also subject to change and we may be adversely affected as a result of new or revised legislation or regulations imposed by the SEBI, other governmental regulatory authorities or self-regulatory organizations. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organisations. Our subsidiary, RSL, is a member of the BSE and the NSE. Broker-dealers are subject to regulations which cover all aspects of the securities business, including sales methods and supervision; trading practices among broker-dealers; use and safekeeping of customers' funds and securities; record keeping; and the conduct of directors, officers and employees of broker-dealers.

Compliance with many of the regulations applicable to us involves a number of risks, particularly in areas where applicable regulations may be subject to varying interpretation. The requirements imposed by securities regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us. Consequently, these regulations often serve to limit our activities, including through capital adequacy, credit concentration and market conduct requirements. If we or our Business Associates are found to have violated an applicable regulation, administrative or judicial proceedings may be initiated against us that may result in trading bans, censures, fines, deregistration or suspension of our brokerage activities, the suspension or disqualification of our officers or employees, or other adverse consequences. The imposition of any of these or other penalties could have a material adverse effect on our business, reputation, financial condition and results of operations.

We also are subject generally to changes in Indian law, as well as to changes in regulations and accounting principles. There can be no assurance that the laws governing the Indian financial services sector will not change in the future or that such changes would not adversely affect our business and future financial performance.

9. We are yet to receive approvals from the relevant regulatory authorities for the Pre-IPO Placement and further investment in RIHCL. Any delay in receiving such approval or at all may adversely affect our future financial performance and business.

Our Company has received an approval dated May 7, 2007 from the FIPB, for the Issue. The approval is subject to the investment activities of our Company being confined to the approved 19 NBFC activities (as specified in the FDI Policy notified by the Government of India). Our Company has sought a clarification and amendment to the said approval from the FIPB, pursuant to an application dated June 21, 2007, for (a) further investment in our subsidiary, Religare Insurance Holding Company Limited ("RIHCL") to undertake insurance through its investment in a joint venture company and; (b) the Pre-IPO Placement as part of the IPO.

We cannot assure you that we will receive such a clarification and amendment from the FIPB to undertake investment in RIHCL, or to undertake the Pre-IPO placement in a timely manner or at all. Any delay in receiving such confirmation may delay our ability to make the Pre-IPO Placement to persons resident outside India, or delay the Issue. Further, in the event we do not receive such a clarification and amendment, we may have to hive off our investment in RIHCL, which may adversely affect our financial performance and business to the extent that we are unable to divest our investment in RIHCL or its further investment in the joint venture company created to undertake insurance activities, on favourable terms.

10. We require certain regulatory approvals for conducting our business and failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.

We have made applications to various authorities which are pending. For instance, we have applied to the SEBI for transfer of our merchant banking registration from RSL to RCML, one of our subsidiaries. RFIL, another subsidiary, has applied to the RBI for registration as an NBFC not accepting public deposits. An application by RFL to the RBI for undertaking distribution of mutual funds is currently pending. RSL and Aegon International N.V. have submitted an application to act as sponsors to a fund to enter into the Indian mutual fund asset management business. We are in the process of seeking the approval of the RBI to set up our overseas subsidiary. In addition, we have made certain applications for registration under the Shops and Establishments Act as applicable in the states in which we operate for the registration of our branch offices. If we do not receive such approvals, we may be unable to offer certain of our services and this may have an adverse effect on our financial results.

In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the SEBI, the RBI, the Stock Exchanges, the FMC and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain a certificate of registration for carrying on each of our business activities from SEBI and other such regulatory authorities that are subject to numerous conditions. If we fail to maintain such registrations and licenses or to comply with applicable conditions, or a regulator claims we have not complied with such conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future, in a timely manner or at all. For details, see the sections titled "Regulations and Policies in India" and "Government and Other Approvals" beginning on page 65 and 402, respectively.

11. Our risk management policies and procedures may leave us exposed to unidentified risks or unanticipated levels of risk.

The policies and procedures we employ to identify, monitor and manage risks may not be fully effective. Some methods of risk management are based on the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods depend on evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. This information may not be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. We cannot assure you that our policies and procedures will effectively and accurately record and verify this information.

We seek to monitor and control our risk exposure through a variety of separate but complementary financial, credit, operational and legal reporting systems. Nonetheless, the effectiveness of our ability to manage risk exposure cannot be completely or accurately predicted or fully assured. For example, unexpectedly large or rapid movements or disruptions in one or more markets or other unforeseen developments could have a material adverse effect on our results of operations and financial condition. The consequences of these developments could include losses due to adverse changes in inventory values, decreases in the liquidity of trading positions, higher volatility in earnings, increases in our credit risk to customers as well as to third parties and increases in general systemic risk.

12. Credit risk exposes us to losses caused by financial or other problems experienced by third parties.

We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. We particularly are exposed to risks attributable to our personal finance business, which will involve unsecured lending of funds to individuals and corporations. Other third parties include trading counterparties, customers, clearing agents, exchanges, clearing houses, and other financial intermediaries as well as issuers whose securities we hold. These parties may default on their obligations owed to us due to insolvency, lack of liquidity, operational failure, government or other regulatory intervention or other reasons. In these circumstances, we are exposed to risks arising, for example, from holding securities of third parties; executing securities trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries, extending credit to clients through bridge or margin loans or personal finance schemes. Significant failures by third parties to perform their obligations owed to us in a timely manner or at all could materially and adversely affect our revenues, our ability to borrow in the credit markets and our ability to operate our business.

13. Our proposed insurance business may incur losses for some years, which may adversely affect our business and financial performance.

We currently hold a majority stake in RIHCL, a company which has been formed with the intention of entering into a joint venture with Aegon International N.V. The joint venture company incorporated pursuant to the provisions of the joint venture agreement, is intended to carry out life insurance business in India. We have infused a certain amount towards equity into RIHCL for onward deployment in the joint venture company and intend to reduce our holding in RIHCL to a minority stake. Any further investment by our Company in RIHCL and the conduct of insurance business by the joint venture company, are subject to receipt of appropriate regulatory approvals.

The proposed insurance business may incur losses for some years, as is normal in the start-up phase of any life insurance business due to the high initial costs and operating expenses and reserve requirements in the initial years of operation. Any such losses may adversely affect our business and our financial performance.

14. We face risks associated with margin lending in our trading business.

We require our clients to deposit a minimum initial margin, and if our clients are unable to pay the balance amount to us before the pay-in date, we, at times, extend significant credit to clients at specified interest rates for the purchase of shares. In the case of highly volatile market or adverse movements in share price, it is possible that our clients may not repay this debt. Such an event would be detrimental to our business and profitability. We follow internal risk management guidelines while extending credit, including limits on leverage, quality of collateral, diversification, pre-determined margin call thresholds and pre-determined thresholds to liquidate collateral. However, we are subject to risks inherent in extending credit, especially during periods of rapidly declining markets in which the value of the collateral held by us could fall significantly below the client's indebtedness. The occurrence of an unforeseen event of magnitude resulting in an adverse movement in share prices could severely impact our business if we are unable to successfully limit our losses caused by bad debts.

We undertake trading in the commodities and wholesale debt markets on behalf of our clients. A decline in overall volumes in commodities and wholesale debt markets would affect the future growth of revenues from our commodities and wholesale debt market businesses.

15. We could be exposed to risks arising from employee and Business Associate misconduct and trading errors.

Misconduct by employees could include their binding us to transactions that exceed authorized limits or present unacceptable risks to us; hiding unauthorized or unsuccessful trading activities from us; or the improper use of confidential information. These types of misconduct could result in business risks or losses to us including regulatory sanctions and serious harm to our reputation. Furthermore, while our Business Associates work under our overall supervision and control and each of their clients is directly registered with us on a revenue sharing basis, our Business Associates are typically managed by independent entrepreneurs and not by our employees. We have significantly less control over the activities of our Business Associates than our employees. The precautions we take to prevent and detect these activities may not be effective. For example, some of our clients place orders over the telephone. If employee or Business Associate misconduct or trading errors occur, our business operations and reputation could be materially adversely affected.

16. We are exposed to risks attributable to derivatives trading by clients.

We offer our clients the facility to trade in derivative instruments in the commodities and securities markets, as currently permitted in India. Since these derivative instruments involve taking leveraged positions on the underlying assets, these are riskier to deal with compared to the other financial instruments. Our Subsidiaries are exposed to greater risk in dealing with derivative instruments since they deal with such instruments on behalf of their clients. We may face financial losses if these Subsidiaries fail to manage risks associated with their clients' dealings in derivative instruments, particularly due to price and market volatility.

17. ***Commodity futures trading may be illiquid. In addition, suspensions or disruptions of market trading in the commodities markets and related futures markets may adversely affect our commodities brokerage business.***

The commodity futures markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity, congestion, disorderly markets, limitations on deliverable supplies, strikes by transporters, the participation of speculators, government regulation and intervention, technical and operational or system failures, nuclear accident, terrorism, riots and natural catastrophes. In addition, commodity exchanges, including the MCX, NCDEX and NMCE are relatively new and have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices, consequently affecting the value of the commodities traded and the results and operations of our Company.

18. ***We are subject to uncertainties associated with the securities industry and to fluctuating revenues.***

As a financial services company, we are subject to uncertainties that are common in the securities industry. These include the volatility of domestic and international financial, bond and stock markets; extensive governmental regulation; litigation; intense competition; substantial fluctuations in the volume and price level of securities; and dependence on the solvency of various third parties. As a result, our revenues and earnings may vary significantly from quarter to quarter and from year to year. In periods of low trading volume, profitability is impaired because certain expenses remain relatively fixed. We are much smaller and have much less capital than many competitors in the securities industry and our revenues are likely to decline in such circumstances. If we are unable to correspondingly reduce expenses, our profit margins would erode.

19. ***Downturns or disruptions in the securities markets could reduce transaction volumes, causing a decline in our business and impacting our profitability.***

Our business is materially affected by conditions in the financial markets and economic conditions generally, both in India and elsewhere around the world. Many factors or events could lead to a downturn in the financial markets including war, acts of terrorism, natural catastrophes and sudden changes in economic and financial policies. Any such events could affect confidence in the financial markets and impair their ability to function effectively. A significant portion of our revenues in recent years has been derived from capital markets, and although we continue to diversify our revenue sources, we expect this business to continue to account for a significant portion of our revenues in the foreseeable future. Capital markets are exposed to additional risks, including liquidity, interest rate and foreign exchange related risks. Any downturn or disruption in the securities markets and the capital markets specifically would have a material adverse effect on our results of operations.

20. ***Our investment banking revenues may decline in adverse market or economic conditions.***

In prior years, market and economic conditions have reduced the number and size of the transactions of investment banking services, including underwriting services, merger and acquisition consulting and other services. Anticipated revenues from our planned investment banking ventures, in the form of financial advisory and underwriting fees, are directly related to the number and size of the transactions in which we can participate and therefore we may be adversely affected by any downturn in the securities markets. Additionally, downturn in market conditions may lead to a decline in the volume of transactions that we are able to execute for our customers and, therefore, to a decline in the revenues that we would otherwise receive from commissions and spreads. Should these adverse financial and economic conditions appear and persist for any extended period of time, we will incur a decline in transactions and revenues from commissions and spreads.

21. ***Our failure to successfully implement our new businesses such as on-line trading and commodity and insurance broking, could adversely affect our results of operations.***

Our business is rapidly expanding and the introduction of additional products might expose us to new business risks, which we may not have the expertise, capability or the systems to manage. We have a limited operating history and we have not yet established ourselves in the new businesses which we operate or propose to operate. In particular, we intend to expand our operations international financial markets in the future (in which we have had limited experience hitherto), which is highly dependent on our ability to obtain the requisite approvals and registrations from financial services regulatory authorities in such countries. No assurance can be given that a failure to successfully implement future business ventures would not have a detrimental impact on our business, financial position and results of operations.

For example, we plan to expand our on-line trading business substantially. Due to inadequate infrastructure, poor quality of bandwidth, costs and security concerns for investors and inadequate banking facilities, we have in the past decided not to focus on our on-line trading business and have allocated our resources and concentrated on developing our off-line network through physical branches and franchises. We will have to invest considerable time and money on technology related infrastructure, creation of sales and marketing teams and brand building of our on-line trading business in order to overcome some of these hurdles. Our success in this business will depend on our ability to compete effectively. Further, a significant increase in internet-based or other electronic trading volumes on the BSE and the NSE and our inability to effectively implement the expansion of our on-line trading business may adversely affect our commissions and trading revenues, reduce our participation in the trading markets and associated access to market information and lead to the creation of new and stronger competitors which could have a material adverse effect on our business, financial condition and results of operations.

We also currently plan to further develop our commodity brokerage and insurance brokerage businesses. Commodity brokerage in India until recently was unregulated and undertaken only by individual brokers. As a result, only professionals with knowledge and expertise of the commodities business traded in this sector. Due to recent measures taken by the government to regulate this sector, our retail brokerage clients have expressed an increased interest in commodity broking. There can be no assurance that such interest will develop at a scale for our proposed commodity brokerage business to be profitable. Insurance brokerage is also a new concept in India. Currently, insurance products are sold by agents of insurance companies who have exclusive arrangements with insurance companies to sell their products. There is no guarantee that we will be able to attract clients away from these agents. Moreover, we will need to hire and train employees for these businesses, which may entail substantial expenditure. If we are unable to successfully implement these businesses, our business, financial condition and results of operations could be materially and adversely affected.

22. Our business is dependent on systems and operations availability and any interruptions in our transaction systems could lead to decline in our sales and profits.

We are dependent on our technology systems to perform the critical function of gathering, processing and communicating information efficiently, securely and without interruptions. We face risks arising from failures in our systems control processes or technology systems on which our ability to manage our business depends. Additionally, rapid increases in client demand may strain our ability to enhance our technology and expand our operating capacity. At the core of our on-line trading system is an application based on very small aperture terminals ("VSAT"), which has a direct connection with the NSE and allows investors to trade securities on-line. The VSAT-based network allows us to provide investors with real-time market data such as streaming quotes from each market due to better connectivity. A breakdown or interruption in the Indian domestic satellite system could have a material adverse effect on our business and client base.

Our operations are highly dependent on the integrity of our technology systems and our success depends, in part, on our ability to make timely enhancements and additions to our technology in anticipation of client demands. To the extent we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in client use patterns, technological failure, changes to systems, linkages with third-party systems, and equipment and power failures), our business and operations could be significantly impacted. While we maintain back up of all records at our offices in Delhi and Mumbai, any unforeseen events or circumstances beyond our control at these offices could result in loss of data and records and adversely affect our results of operations. We currently do not have a disaster recovery system, and will be fully exposed in case of natural or man-made disasters.

23. Security breaches could adversely impact our business.

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems caused by our increased internet connectivity. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches but there can be no assurance that these security measures will be successful. Breaches of our security measures could affect the security of information stored in and transmitted through these computer systems and network infrastructure. A failure in security measures could have a material adverse effect on our business and our future financial performance.

24. Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on our business.

In compliance with requirements of the Indian stock exchanges, we maintain stock brokers' indemnity policies that provide coverage against incomplete transactions and computer crimes. In addition, we maintain voluntary insurance coverage against risks including loss of money, loss of electronic equipment, burglary, general fire, damage and flood. We also maintain a floating medical insurance policy for our employees, as well as a directors' and officers' liability insurance policy, which, however, does not provide coverage against certain risks including prior acts, prior and pending litigation, insolvency and money laundering. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow could be adversely affected.

Further, we are exposed to potential liability risks that are inherent in the provision of financial services. Such liabilities may exceed our available insurance coverage or arise from claims outside the scope of our insurance coverage. If our arrangements for insurance or indemnification are not adequate to cover claims, including in the case of claims exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our financial condition and results of operations may be adversely affected.

For details of our insurance cover, see the section titled "Our Business" beginning on page 52.

25. Our inability to attract and retain skilled personnel and significant competition for professional employees could adversely affect our business.

Our ability to meet future business challenges depends on our ability to attract and recruit skilled personnel for our operations, and we face strong competition to recruit and retain skilled and professionally qualified staff. The loss of key personnel or any inability to manage the attrition levels in different employee categories could adversely impact our business, growth plans and control over various business functions. The loss of a registered representative or a trading or investment banking professional, particularly a senior professional with a broad range of contacts in an industry, could materially and adversely affect our operating results. Our business is dependent on the team of relationship managers who directly manage client relationships; if a substantial number of relationship managers either became ineffective or left our employment, the number of our clientele could decline.

26. We may require additional funds to satisfy our capital needs, which we may not be able to procure.

Our growth is dependent on our having a strong balance sheet to support our activities. We may need to raise additional capital from time to time, which we may not be able to procure. Additional capital requirements imposed due to changes in the regulatory regime, new guidelines or significant depletion in our existing capital base due to unusual operating losses or margin pressure from our securities-backed lending activities also may drive demand for additional financing. We may make further equity offerings in the future and any fresh issue of shares or convertible securities would dilute existing holdings. Moreover, additional funds may not be available on attractive terms and conditions, or at all. Our inability to procure additional funds to support our activities could have an adverse effect on our results of operations.

27. ***There are restrictive covenants in the agreements we have entered into with certain banks for our credit facilities and other borrowings.***

Our financing agreements require us to maintain certain security margins and/or financial ratios. Should we breach any financial or other covenants contained in any of our financing agreements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of our assets if we do not have sufficient cash or credit facilities to make repayments. Additionally, if our borrowings are secured against all or a portion of our assets, lenders may be able to sell those assets. Further, we are subject to a cross default clause under certain of our financing agreements, wherein, in the event of a default under any of our material agreements in relation to our borrowings, the lender may exercise of any or all rights under the agreement, including the right to dispose of any or all of the collateral in order to satisfy its obligations. For details, see the sections titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" beginning on pages 350 and 132, respectively.

28. ***Certain joint venture agreements entered into by our company contain provisions which may provide for certain restrictions including those in relation to transfer of shareholding of our Company***

Certain joint venture agreements entered into by our company contain provisions which may provide for certain restrictions including those in relation to transfer of shareholding of our Company. For instance, our Company and Aegon International N.V. ("Aegon") entered into a joint venture agreement on December 28, 2006 ("JV Agreement") to participate in the Indian mutual fund asset management business through a trustee company ("Trustee Company") and an asset management company ("AMC").

Under the terms of the JV Agreement, all meetings of the shareholders are required to have a minimum quorum of at least one representative of our Company and Aegon. The parties have agreed not to transfer their shareholding, or any right, title or interest therein till the fifth anniversary of the launch of the first mutual fund scheme. Subsequently, the parties may transfer all but not part of their shareholding in the AMC and the Trustee Company to an eligible third party simultaneously, subject to the right of first refusal of the non-transferring Party. Further, under the terms of the JV Agreement, a party may at any time transfer all or part of the shares held by it to an affiliate who is an eligible third party (not being a competitor of either the AMC or of the non-transferring party) subject to the written consent of the other party and such affiliate agreeing in writing to be bound by the terms and conditions of the JV Agreement and subject to the unit holders of the mutual fund not gaining a right to exit without paying the exit load. Under the terms of the JV Agreement, the parties shall maintain direct or indirect control over their shares.

29. ***Any inability to manage our recent rapid growth could result in disruptions to our business.***

Our consolidated revenues have grown between Fiscal 2006 and Fiscal 2007, in part because we completed a restructuring over this period that enabled us to consolidate revenues at the Religare level. There can be no assurance that comparable levels of growth will continue or that we will be able to execute our strategy of increasing our client base in the future as well as effectively servicing our clients' requirements at the same level as before. Any failure on our part to scale our infrastructure, financial control and management capabilities to meet the challenges of rapid growth could cause disruptions to our business and could be detrimental to our long-term business outlook and reputation.

30. ***We face risks associated with potential acquisitions, investments, strategic partnerships or other ventures that could adversely affect our results of operations.***

We may acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. The general trend towards consolidation in the financial services industry increases the importance of our ability to successfully complete such acquisitions and investments. We may not identify suitable acquisition, investment or strategic partnership, candidates, or if we do identify suitable candidates, we may not complete those transactions on commercially acceptable terms or at all. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating he acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

31. ***The funding requirements of our Company and the deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

The funding requirements of our Company and the deployment of the Net Proceeds are based on management estimates and have not been appraised by any bank, financial institution or other independent institution. The estimated costs towards rents and deposits for the lease/license arrangements for our branches and the cost of equipment including computers and VSAT, may vary based on location, size and several other factors. In view of the highly competitive nature of the industry in which we operate, we may revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our fund deployment programmes and a change in our proposed expenditure for a particular object and our results of operations may be adversely impacted.

32. ***We have not entered into any definitive agreements to utilise a portion of the Net Proceeds. Any failure to enter into arrangements on favourable terms and conditions, in a timely manner or at all, may have an adverse affect on our business and financial results.***

We intend to use a portion of the Net Proceeds for expenditure on establishment of branches of our subsidiaries, RSL and RIBL, respectively. For further details, see the section titled "Objects of the Issue" beginning on page 33. We have not entered into any lease or licence arrangements for establishment of any of these branches.

Further, as per management estimates, we will be required to incur an expenditure of approximately Rs. 2.70 million and Rs. 1.35 million for branches of RSL and RIBL, respectively, towards furniture and fixtures and office equipment (including VSAT equipment for RSL), which comprises 83.33% of the estimated cost for establishment of each branch. At present we have not placed any orders for such furniture and equipment.

Any failure to enter into utilisation arrangements on favourable terms and conditions in a timely manner or at all, may have an adverse affect on our business and our financial results.

33. ***We intend to use the Net Proceeds towards investments in unlisted subsidiaries, some of which are engaged in businesses which may have contributed less than 25% to our revenues in the last three Fiscals and cannot assure returns pursuant to such investments.***

We intend to utilise the Net Proceeds to fund certain of our Subsidiaries by way of investment in the share capital of such companies. Certain of these Subsidiaries are engaged in businesses which may have contributed less than 25% to our revenues in the last three Fiscals. Further, these funds will be utilised as according to the discretion of the management of these Subsidiaries. These Subsidiaries are unlisted companies and their activities and records are not subject to public scrutiny. Further, our Company is not assured of any dividends pursuant to such investments.

34. ***We operate on leased premises and we may lose possession of leased properties and related buildings and other improvements.***

Most of the offices through which we operate our business are held by us pursuant to certain lease and license arrangements with third parties. We may in the future enter into further such arrangements with third parties. Any adverse impact on the title, ownership rights and/or development rights of the owners from whose premises we operate, or breaches of the contractual terms of such leave and license agreements including delay in payment of annual rent, usage of the property other than for the purpose for which it was allotted, or transfer or assignment of land without prior consent of the lessor, may impede our operations. In the event such leases or licenses are not renewed, our operations and in turn profitability will be adversely impacted.

35. Our title over some of the immovable properties from which we operate our offices may have irregularities, as a result of which our operations may be impaired.

For the immoveable properties for our offices, we enter into lease or licence arrangements. Certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of our leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities. We cannot assure you that we will be able to continue our use of all such properties or enforce our rights under such agreements, which may impair our operations and adversely affect our financial condition.

36. We have entered into a number of related party transactions.

We have entered into a number of related party transactions. Such transactions or any future transactions with related parties may involve conflicts of interest and impose certain liabilities on our Company. For further details, see the "Related Party Transactions" forming part of section titled "Financial Statements" beginning on page 132.

37. Our contingent liabilities could adversely affect our financial condition.

Our contingent liabilities not provided for and outstanding guarantees as of March 31, 2007 (as disclosed in our financial statements) include:

Religare Enterprises Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Corporate guarantees given by the Company on behalf of subsidiaries	300.00	--	--
Pledge of Equity Shares of Karnataka Bank Limited (at book value)	240.11	--	--

Religare Securities Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Guarantees given by bank on behalf of the Company against equity shares pledged by third parties	685.00	1,325.00	685.00
Capital commitment (net of advances)	9.36	38.90	--
Claims against the Company not acknowledged as debt	15.31	--	--

Religare Finvest Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Capital Commitment (net of advances)	0.29	0.48	0.37
Claims against the Company not acknowledged as debt	0.09	--	--
Undisbursed loan sanctioned	117.40	--	--

Religare Commodities Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Guarantees given by bank on behalf of the Company against the equity shares pledge by third party	100.00	50.00	--
Capital commitment (net of advances)	0.78	0.45	--
Claims against the Company not acknowledged as debt	5.88	--	--

Religare Insurance Broking Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Capital commitment (net of advances)	0.72	--	--

If these contingent liabilities materialise, our profitability could be adversely affected. For details, see the section titled "Financial Statements" beginning on page 132.

38. Certain of our Subsidiaries have incurred losses during the last three Fiscals, which may adversely affect our results of operations.

Certain of our Subsidiaries have incurred losses in recent Fiscals, as set forth in the table below:

(Rs. In million)

Name of the Subsidiary	Fiscal 2007	Fiscal 2006	Fiscal 2005
Religare Insurance Broking Limited*	(7.58)	(0.21)	--
Religare Wealth Management Services Limited**	(0.34)	--	--
Religare Commodities Limited	--	--	(1.73)
Religare Realty Limited**	(0.17)	--	--
Religare Venture Capital Private Limited**	(0.14)	--	--
Religare Capital Markets Limited**	(0.13)	--	--
Religare Finance Limited**	(0.32)	--	--

** RIBL has been incorporated in Fiscal 2006.*

*** RWMSL, RRL, RVCPL, RCML and RFIL have been incorporated in Fiscal 2007.*

In the event that these subsidiaries continue to incur losses or any of our other Subsidiaries incur losses, the Company's consolidated results of operations and financial condition will be adversely affected. For further details, see the section titled "History and Certain Corporate Matters" beginning on page 74.

39. One of our Subsidiaries has experienced decline in profitability.

One of our Subsidiaries, Religare Securities Limited, has experienced a decline in profitability from Rs. 206.42 million in Fiscal 2006 to Rs. 121.02 million in Fiscal 2007. If this subsidiary's profits continue to decline, the Company's consolidated results of operations and financial condition could be adversely affected. For further details, see the section titled "Financial Statements" beginning on page 132.

40. Certain of our Promoter Group entities and ventures of our Promoters have incurred losses during recent Fiscals.

Certain of our Promoter Group companies have incurred losses in recent Fiscals, as set forth in the table below:

(Rs. In million)

Name of the Promoter Group entity	Fiscal 2006	Fiscal 2005	Fiscal 2004
Fortis Healthcare Limited	(279.51)	(59.47)	(55.79)
Fortis Healthcare Holdings Limited	(34.54)	(8.40)	(1.62)
Malav Holdings Private Limited	0.15	(0.44)	2.77
Shivi Holdings Private Limited	(1.29)	(0.57)	3.89
Chetak Pharmaceuticals Private Limited	(0.04)	0.02	0.04
Luxury Farms Private Limited	(3.98)	(3.45)	(3.24)
Fortis HealthStaff Limited	0.72	(0.01)	(0.01)
R.C. Nursery Private Limited	(0.52)	(0.56)	(0.55)
Trendy Exim Private Limited	0.03	(0.09)	(0.13)
Malsh Healthcare	0.98	1.87	(1.57)

For further details, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

41. Certain of our Promoter Group entities have experienced declines in profitability

Certain of our Promoter Group companies have experienced declines in profitability, as set forth in the table below:

(Rs. In million)

Name of the Promoter Group entity	Fiscal 2006	Fiscal 2005	Fiscal 2004
Ranbaxy Laboratories Limited	5,103.39	2,617.07	6,985.61
Fortis Financial Services Limited	26.64	4.12	52.73

SRL Ranbaxy Limited	40.63	0.83	79.97
Ranbaxy Holding Company	232.81	584.23	710.57

For further details, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

42. ***In the last year, we have issued Equity Shares at a price less than the Issue Price.***

The Price Band for the Issue is Rs. [•] to Rs. [•]. The Issue Price is expected to be determined by us in consultation with the BRLM on the Pricing Date. We have issued Equity Shares in the last 12 months, details of which are provided below:

Date of allotment of the Equity Shares	No. of Equity Shares	Issue Price (Rs.)	Nature of Payment	Reasons for allotment
December 30, 2006	14,381,250	160	Cash	Preferential allotment
January 18, 2007	15,614	160	Cash	Preferential allotment

On December 30, 2006, we allotted 14,381,250 Equity Shares to Mr. Malvinder Mohan Singh, Malav Holding Private Limited, Mr. Shivinder Mohan Singh, Shivi Holding Private Limited, Rexcin Pharmaceuticals Private Limited, Best Laboratories Private Limited, Vectra Pharmaceuticals Private Limited and Hottinger & Cie at the price of Rs. 160 per Equity Share. Further on January 18, 2007 we allotted 15,614 Equity Shares to Hottinger & Cie at the price of Rs. 160 per Equity Share, on account of adjustment towards foreign exchange fluctuations.

Some or all of the above stated issuances may be at a price that may be lower than the Issue Price. For further details, see the section titled "Capital Structure" beginning on page 24.

43. ***The Promoters will hold a majority of our Equity Shares after the Issue and can therefore determine the outcome of shareholder voting and influence our operations.***

Following the completion of the Issue, our Promoters and Promoter Group entities will own an aggregate of 54.36% of our issued and paid-up Equity Share capital. So long as they hold a majority of our Equity Shares, they will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be passed with a majority shareholder vote.

For as long as the Promoters and/or Promoter Group continue to own Equity Shares representing more than 50% of the voting rights, they will be able to direct the election of our Directors and determine the outcome of all matters submitted to a vote of our shareholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares or other equity securities and the payment of dividends.

Our Promoters and/or our Promoter Group will also continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests and/or the interests of our minority shareholders, and there can be no assurance that such actions will not have an adverse effect on our future financial performance and the price of our Equity Shares.

For further details, see the section titled "History and Certain Corporate Matters" beginning on page 74.

44. ***There are potential conflicts of interest within our Promoter Group.***

Our Promoters and our Promoter Group have equity interests or other investments in other companies that offer services that are related to our business, such as Oscar Investments Limited ("OIL"), Fortis Financial Services Limited ("FFSL"), Vistas Realtors Private Limited ("VRPL") and Greenview Buildtech Private Limited ("GBPL"). OIL is an investment company and is engaged in the business of underwriting, sub-underwriting, investing, acquiring, holding, selling, buying or otherwise dealing in securities. FFSL is an investment company and is engaged in the business of leasing and hiring moveable and immovable properties and acquiring shares, stock, debentures and other securities, to develop and deal in software. VRPL is engaged in selling, purchasing, developing and dealing in real estate and in the construction business. GBPL is engaged in the realty and construction business. For further details regarding OIL, FFSL, VRPL and GBPL, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

While OIL, FFSL, VRPL and GBPL presently do not carry on activities which conflict with our business, there may be conflicts of interest in addressing business opportunities and strategies in circumstances where our interests differ from other companies in which one or more of our Promoters or one or more members of our Promoter Group has an interest. Further, none of our Promoters or the members of our Promoter Group has undertaken to refrain from competing with our business. In addition, none of the Promoters or members of the Promoter Group is obligated to direct any opportunities in the financial services sector to us. In addition, new business opportunities may be directed to these affiliated companies instead of our Company. Our Promoters and our Promoter Group may also keep us from entering into certain businesses related to our own, which may be important for our growth in the future, as they may already have interests in other similar businesses.

45. Certain of our Promoter Group Companies have not fully complied with the applicable provisions of the Takeover Code and the listing agreement of the stock exchanges. In addition, the equity shares of OIL, one of our Promoter Group companies, have previously been suspended from trading by the BSE in the past.

Some of our Promoter Group companies, namely Oscar Investments Limited ("OIL") and FFSL, have in the past not been compliant with certain periodic disclosure requirements of the listing agreement entered into with the stock exchanges ("Listing Agreement"). OIL did not submit timely disclosures in relation to the requirements of Clauses 35, 47, 49 and 51 of the Listing Agreement for the period September 2006. However, appropriate information was submitted to the stock exchanges by OIL on October 31, 2006. Furthermore, FFSL has, in the past, not been compliant with the disclosure requirement under Clause 47(d) of the Listing Agreement. However, FFSL has been compliant with such requirement since September, 2006.

In addition, OIL had not submitted timely disclosures required as per Regulations 6(2) and 6(4) of the Takeover Code as on February 20, 1997 and under Regulation 8(3) of the Takeover Code for the years 1998-2002 and 2006. However, the requisite disclosures under Regulations 6(2) and 6(4) of the Takeover Code have been submitted to the BSE through letter(s) dated October 19, 2006. Furthermore, the requisite disclosures under Regulation 8(3) for the years 1998-2002 and 2006 have been submitted to the BSE through a letter dated October 31, 2006.

OIL received a notice dated April 2, 2004 from the BSE in relation to non-compliance with Clause 51 of the Listing Agreement by OIL. Subsequently, pursuant to a notice dated December 23, 2004, the BSE suspended trading in the securities of OIL with effect from December 21, 2004, until the completion by OIL of all the formalities for revocation of the suspension. The BSE revoked the suspension of the trading of the securities of OIL by its order dated November 16, 2006, effective from November 22, 2006.

For further details, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

46. OIL, one of our listed Promoter Group companies, has issued equity shares which have not yet been listed.

On November 30, 2001, OIL issued and allotted 4,245,808 equity shares to Malav Holdings Private Limited, Shivi Holdings Private Limited and Ranbaxy Holding Company pursuant to a scheme of amalgamation approved by the Delhi High Court on January 12, 2001. Pursuant to the filing of the listing application, OIL submitted certain letters to the BSE requesting that the process of listing be expedited. The last such communication from OIL to the BSE was dated May 16, 2007. BSE vide its letter dated May 18, 2007 has granted in principle approval to the listing application of OIL. OIL is currently in process of completing the necessary formalities for the listing of these additional equity shares. For further details on our group companies, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

47. Certain deviations have occurred in prior public offerings by certain of our Promoter Group companies, including shortfalls in performance relative to stated projections.

In February 1995, Fortis Financial Services Limited ("FFSL") completed a public issue of its equity shares and convertible preference shares. Additionally, in November 1993, Ranbaxy Laboratories Limited ("RLL") completed three simultaneous but linked offers to equity shareholders, employees and specified entities of the management group. There were deviations with respect to certain parameters, including shortfalls in actual performance relative to stated financial and operational projections in the offering documents of FFSL and RLL. For further details, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

48. Our Company is a holding company with minimal revenue generating operations of its own.

Our Company is a holding company and conducts minimal business operations of its own beyond holding indirect ownership interests in a number of operating subsidiaries in India. Our Company does not hold any assets and, apart from offering limited financial advisory services that generates minimal revenues, does not have any sources of revenue other than the equity ownership interests in its Subsidiaries and its right to receive dividends. The ability of our Company to be profitable and to declare dividends is dependent primarily on dividends received from its Subsidiaries. However, as a holding company, our Company has a direct or indirect shareholder's claim in the assets of its Subsidiaries. This shareholder's claim is subordinated and junior to the claims that creditors of a particular subsidiary or affiliate have or may bring against that subsidiary. The ability of our Company to receive payments from its Subsidiaries is contingent on their ability to satisfy their creditors' claims.

EXTERNAL RISK FACTORS

49. Intense competition from existing and new entities may adversely affect our revenues and profitability.

We face significant competition from companies seeking to attract clients' financial assets, including traditional and online brokerage firms, mutual fund companies and institutional players, having wide presence and a strong brand name. As we enter newer markets and launch new products and services, we are likely to face additional competition from those who may be better capitalized, have longer operating history, have greater retail and brand presence, and better management than us. If we are unable to manage our business it might impede our competitive position and profitability.

The financial services industry is rapidly evolving, intensely competitive and has few barriers to entry. We expect competition to continue and intensify in the future. Many of our competitors have significantly greater financial, technical, marketing and other resources than we do. Some of our competitors also offer a wider range of services and financial products than we do and have greater name recognition and a larger client base. These competitors may be able to respond more quickly to new or changing opportunities, technologies and client requirements. They may also be able to undertake more extensive promotional activities, offer more attractive terms to clients, and adopt more aggressive pricing policies. We may not be able to compete effectively with current or future competitors and competitive pressures faced by us may harm our business.

50. Our performance is linked to the stability of policies and the political situation in India.

The role of the Indian central and state governments in the Indian economy has remained significant over the years. Since 1991, the Government has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. There can be no assurance that these liberalization policies will continue in the future. The rate of economic liberalisation could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business. The current Government is a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. Any political instability could delay the reform of the Indian economy, which could materially adversely impact our business.

51. Terrorist attacks or war or conflicts involving countries in which we operate or where our customers are located could adversely affect the financial markets and adversely affect our business.

Terrorist attacks and other acts of violence, war or conflicts, particularly those involving India, as well as the U.S. and the EU, may adversely affect Indian and worldwide financial markets. Such acts may negatively impact business sentiment, which could adversely affect our business and profitability. India has from time to time experienced, and continues to experience, social and civil unrest, terrorist attacks and hostilities with neighbouring countries. Also, some of India's neighbouring countries have experienced, or are currently experiencing internal unrest. Such social or civil unrest or hostilities could disrupt communications and adversely affect the economy of such countries. Such events could also create a perception that investments in companies such as ours involve a higher degree of risk than investments in companies in other countries. This, in turn, could have a material adverse effect on the market for securities of such companies, including our Equity Shares. The consequences of any armed conflicts are unpredictable, and we may not be able to foresee events that could have an adverse effect on our business.

52. Natural calamities could have a negative impact on the Indian and other economies and harm our business.

India, Bangladesh, Indonesia and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and a tsunami in recent years. Some of these countries have also experienced pandemics, including the outbreak of avian flu. The extent and severity of these natural disasters and pandemics determines their impact on these economies. Prolonged spells of abnormal weather and other natural calamities could have an adverse impact on the economies in which we have operations, which could adversely affect our business and the price of our Equity Shares.

53. We will need final listing and trading approvals from the BSE and the NSE before trading commences.

The Equity Shares are new issues of securities for which there is currently no trading market. Our Company will apply to the BSE and NSE for final listing and trading approvals after the allotment of the Equity Shares in the Issue. There can be no assurance that we will receive such approvals on time or at all. Also, no assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their initial offering price.

54. Fluctuations in operating results and other factors may result in decreases in our Equity Share price.

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Equity Shares. There may be significant volatility in the market price of our Equity Shares. If we are unable to operate profitably or as profitably as we have in the past, investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our Equity Shares.

In addition to our operating results, the operating results of other financial services companies, changes in financial estimates or recommendations by analysts, governmental investigations and litigation, speculation in the press or investment community, the possible effects of a war, terrorist and other hostilities, adverse weather conditions, changes in general conditions in the economy or the financial markets, or other developments affecting the apparel industry, could cause the market price of our Equity Shares to fluctuate substantially.

55. Currency exchange rate fluctuations may affect the value of the Equity Shares.

The exchange rate between the Indian Rupee and the U.S. Dollar has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the

U.S. Dollar and the Rupee may affect the value of your investment in our Equity Shares. Specifically, if there is a change in relative value of the Rupee to the U.S. Dollar, each of the following values will also be affected:

i. The U.S. Dollar equivalent of the Indian Rupee trading price of our Equity Shares in India;

ii. The U.S. Dollar equivalent of the proceeds that you would receive upon the sale in India of any of our Equity Shares; and

iii. The U.S. Dollar equivalent of cash dividends, if any, on our Equity Shares, which will be paid only in Indian Rupees.

You may be unable to convert Rupee proceeds into U.S. Dollars or any other currency or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Rupee if U.S. investors analyze our value based on the U.S. Dollar equivalent of our financial condition and results of operations.

56. You will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares you purchase in the Issue.

Under the SEBI Guidelines, our Company is permitted to Allot Equity Shares within 15 days of the closure of the Issue. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account, with Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the specified time periods.

57. There has been no public market for the Equity Shares prior to this Issue so the Issue Price may not be indicative of the value of the Equity Shares.

Prior to this Issue, there has been no public market for the Equity Shares in India or elsewhere. After this Issue, there will be no public market for the Equity Shares in any country other than India. The Issue Price will be determined by our Company in consultation with the BRLMs and could differ significantly from the price at which the Equity Shares will trade subsequent to completion of this Issue. We cannot assure you that even after the Equity Shares have been approved for listing on the Stock Exchanges, any active trading market for the Equity Shares will develop or be sustained after this Issue, or that the offering price will correspond to the price at which the Equity Shares will trade in the Indian public market subsequent to this Issue.

Note to Risk Factors

- This is a public issue of 11,364,152 Equity Shares for cash at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share aggregating to Rs. [●] million. The Issue would constitute 15% of the post Issue paid-up capital of our Company. Our Company is exploring the possibility of a Pre-IPO Placement. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement, will be reduced from the Issue, subject to a minimum Issue size of 10% of the post-Issue share capital.

- In terms of Rule 19 (2)(b) of the SCRR, this being an issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- Under-subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spillover from other categories at the sole discretion of our Company in consultation with the BRLMs. For more information, see the section titled “Issue Procedure - Basis of Allotment” beginning on page 444.

- The average cost of acquisition of equity shares (on ‘first in first out’ basis) by each of our Promoters, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh is Rs. 17.33. For details see the section titled “Capital Structure” beginning on page 24. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amounts paid by them to acquire the Equity Shares currently held by them.

- The net worth of our Company, on a consolidated basis, is Rs. 3,209.88 million as at March 31, 2007, respectively, as per restated consolidated financial statements of our Company under Indian GAAP in the section titled “Financial Statements” beginning on page 132.

- The net asset value/book value per Equity Share of Rs. 10 each was Rs. 49.85 as at March 31, 2007, as per restated consolidated financial statements of our Company included in this Draft Red Herring Prospectus. For further information, see the section titled “Capital Structure” beginning on page 24.

- Our Promoters, Directors and key managerial personnel are interested in our Company to the extent of remuneration and the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding, if any, in our Company. For further details, see the sections titled “Capital Structure”, “Our Promoters and Promoter Group” and “Our Management” beginning on pages 24, 105 and 92, respectively.

- Other ventures promoted by our Promoters are interested to the extent of their shareholding in our Company. For details, see the section titled “Capital Structure” beginning on page 24.

- Certain of our Promoter Group entities are engaged in similar businesses as ours, resulting in a conflict of interest with respect to our business strategies. For further details, see the sections titled “Risk Factors” and “Our Promoters and Promoter Group” beginning on pages xii and 105, respectively.

- Except as disclosed in the section titled “Capital Structure” beginning on page 24, we have not issued any Equity Shares for consideration other than cash.

- Our Company was originally incorporated as “Vajreshwari Cosmetics Private Limited” on January 30, 1984. The name of our Company was subsequently changed to “Religare Enterprises Private Limited” pursuant to a special resolution of our members dated January 10, 2006. The word “Private” was deleted from our name pursuant to change in the status of our Company to a public limited company by a special resolution of the members dated July 14, 2006. Our Memorandum has been amended on March 10, 1999 and April 19, 2006, to carry on activities reflected by the new name. For further details, see the section titled “History and Certain Corporate Matters” beginning on page 74.

- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only. For further details, see the section titled “Issue Procedure” beginning on page 426.

- For details pertaining to our related party transactions, refer to the notes on related party transactions in the section titled “Financial Statements” beginning on page 132.

- The Company has not made any loans and advances to any person(s)/ company in which the Directors are interested, except as disclosed in the section titled “Financial Statements” beginning on page 132, respectively.

- Investors are advised to also refer to the section titled “Basis for Issue Price” beginning on page 37.

- Investors may note that in case of over-subscription in the Issue, Allotment to Non Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see the section titled "Issue Procedure - Basis of Allotment" beginning on page 444.

- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Member for any complaints pertaining to the Issue. Investors are free to contact the BRLMs for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Overview

We are a financial services company in India, offering a wide range of financial products and services targeted at retail investors, high net worth individuals and corporate and institutional clients. We are promoted by the promoters of Ranbaxy Laboratories Limited. We operate from six regional offices and 25 sub-regional offices and have a presence in 330 cities and towns controlling 979 locations managed by us and our Business Associates all over India, as well as a representative office in London. While the majority of our offices provide the full complement of our services, we also have dedicated offices for our investment banking, institutional brokerage, portfolio management services and priority client services.

Religare Enterprises Limited is the holding company for our subsidiaries. Our principal subsidiaries include:

- **Religare Securities Limited ("RSL")**
  - Registered with SEBI as an approved stockbroker with membership of National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE").
    NSE: SEBI Registration. No: INB 230653732 and INF 230653732 TM Co: 06537 Clearing Member (F&O) No. M50235
    BSE: SEBI Registration. No: INB 010653732 and INF010653732; Clearing No: 3004
  - Registered with SEBI for portfolio management services ("PMS")
    PMS Registration No: INP 000000738 MAPIN No: 100001834
  - Registered with SEBI as a Depository Participant providing services of National Securities Depository Limited ("NSDL") and Central Depository Services Limited ("CDSL").
    NSDL: DP ID: IN 301774 | SEBI Regn. No: IN-DP-NSDL-150-2000 | CDSL DP ID: 30200 SEBI Regn. No: IN-DP-CDSL-202-2003
  - Registered with SEBI as Category I merchant banker.
    SEBI Merchant Banking Registration No: MB/INM000011062
  - Applied with SEBI to be sponsor of an asset management company ("AMC") in a joint venture with Aegon International N.V., a global provider of life insurance and pension services.
- **Religare Finvest Limited ("RFL")**
  - Registered with the Reserve Bank of India ("RBI") as a non-banking finance company ("NBFC") and presently engaged in providing personal credit (such as loans against shares ("LAS"), and personal loans), distribution of mutual funds, wealth management, IPO financing, and corporate finance services.
    RBI Registration No. : B-14-02107
- **Religare Commodities Limited ("RCL")**
  - Registered with the Forward Market Commission ("FMC") as a commodity broker.
    FMC Registration No. NCDEX: NCDEX/TCM/CORP/0264 | MCX: MCX/TCM/CORP/0517
    NMCE Registration No. CL0142
  - Member of National Commodities and Derivative Exchange Limited ("NCDEX"), Multi Commodity Exchange of India Limited ("MCX") and National Multi Commodity Exchange of India Limited ("NMCE").
    Registration No. MCX 10575 | NCDEX 00109

- **Religare Insurance Broking Limited ("RIBL")**
  - Registered with the Insurance Regulatory Development Authority ("IRDA") as a composite broker, which enables us to distribute products and services of life insurance companies, non-life insurance companies and re-insurance businesses.

We have divided our product and service offering under three broad client interface categories: "Retail Spectrum", "Wealth Spectrum" and "Institutional Spectrum".

Retail Spectrum	Wealth Spectrum	Institutional Spectrum
↓	↓	↓
Caters to a large number of retail clients by offering all products under one roof through our branch network and online mode	**To provide customized wealth advisory services to high net worth individuals**	**To forge and build strong relationships with corporate and institutional clients**
Equity and Commodity Trading Personal Financial Services - Distribution of mutual funds - Distribution of insurance - Distribution of savings products Personal Credit - Personal loan services - Loans against shares Online Investment	Wealth Advisory Services Portfolio Management Services International Equity Priority Client Equity Services Arts Initiative	Institutional Equity Broking Investment Banking - Merchant Banking - Transaction Advisory Services

Retail Spectrum covers equity brokerage services, commodity brokerage services, personal financial services (financial planning for the retail investor, including the distribution of mutual funds, savings products, life insurance and initial public offerings ("IPOs") and personal credit (personal loans services ("PLS") and loans against shares ("LAS")). Historically, the services offered in this spectrum have been the most substantial part of our business. Our Retail Spectrum services in India are being offered through a network of 979 business locations spread across 330 cities and towns and also through our online platform, www.religareonline.com, which is being developed as an integrated portal to offer financial and other services. Our business locations include intermediaries, or our "Business Associates", who deliver a standard quality of service offering on the basis of a pre-determined revenue sharing ratio for the business generated through them. Our Retail Spectrum focuses on clients who keep less than Rs. 2.5 million on a continuing basis, in the form of either equity trading account margin, mutual fund investment, portfolio management investments or insurance premiums paid up. We have also increased our local commodity locations (or "mandis") to 42 as of March 31, 2007 in order to expand our retail commodity brokerage services.

Wealth Spectrum covers products and services which are geared to service high net worth individuals and provide wealth advisory services (on an asset allocation model), PMS (discretionary equity investments), priority client equity services (non-discretionary equity trading services), art initiatives (an art fund which we intend shortly to launch as an investment diversification product) and international equity investment advisory services. We have entered into an exclusive arrangement with WallStreet Electronica, Inc., a New York broker-dealer, to give Indian clients access through us to U.S. markets. Our Wealth Spectrum focuses on clients who keep at least Rs. 2.5 million on a continuing basis or more in the form of equity trading account margins, mutual fund investments, portfolio management investment or insurance premiums paid up.

Institutional Spectrum covers products and services which cater under one service offering to corporate and institutional clients, including domestic mutual funds, FIIs, banks and corporate customers. The Institutional Spectrum provides services to the institutional investor community through institutional brokerage and investment banking services. We also link corporate clients with a transaction advisory group, which consists of account managers through whom institutional clients are able to access the full range of our services.

Competitive Strengths

Regional management for retail branch network

Our retail business locations are managed through six regional and 25 other sub-regional offices across India. The regional offices are based in Chennai for the South region, Kolkata for the East region, Delhi for the North region and Central India, Ahmedabad for Gujarat and west Rajasthan, Pune for Goa and Maharashtra (excluding Mumbai), and Mumbai region. We have maintained these regional offices to facilitate greater penetration nationally and to delegate decision-making and customer service to a more decentralised level. Each of our regional offices is headed by a regional head who has significant experience in the industry and has been able to work with respective management teams to quickly build a branch network capable of generating significant business for us in the future. The regional decentralisation of our business has helped us to operate with more local knowledge and management and rapidly expand our national network coverage.

Geographical distribution with deep penetration in India

We have a national presence through our 979 business locations in 330 cities and towns, covering six regions in India. The locations of our offices are driven by the demand for our financial products and services, especially in smaller cities and towns which we believe will provide attractive growth opportunities. The Northern region has approximately 288 business locations, including at Delhi, Haryana, Uttar Pradesh, Bihar, Punjab and Chandigarh. The Southern region has approximately 231 business locations covering the states of Tamil Nadu, Karnataka, Kerala and Andhra Pradesh. The Eastern region's 142 business locations cater to clients in Orissa, Kolkata, Chhattisgarh and Jharkhand. Our other 318 business locations are located in the three regions of Mumbai, Maharashtra and Gujarat. The following table illustrates the geographic distributions of our branches as of March 31, 2007:

North Region		**South Region**	
Location	**Branches**	**Location**	**Branch**
Chandigarh	13	Andhra Pradesh	65
Delhi & NCR	60	Chennai	66
Haryana	23	Chennai City	11
Madhya Pradesh	22	Coimbatore	22
North Rajasthan	25	Erode	4
Punjab	25	Karnataka	41
U.P. & Uttaranchal	120	Kerala	15
		Madurai	7
Total North	**288**	**Total South**	**231**
East Region		**Maharashtra Region**	
Bihar & Jharkhand	6	Goa	10
Kolkata	83	Nagpur	8
Orissa & Chhattisgarh and rest of east	53	Pune & rest of Maharashtra	98
Total East	**142**	**Total Maharashtra**	**116**
Gujarat Region		**Mumbai Region**	
Gujarat and West Rajasthan	116	Mumbai	86

Diversified product portfolio

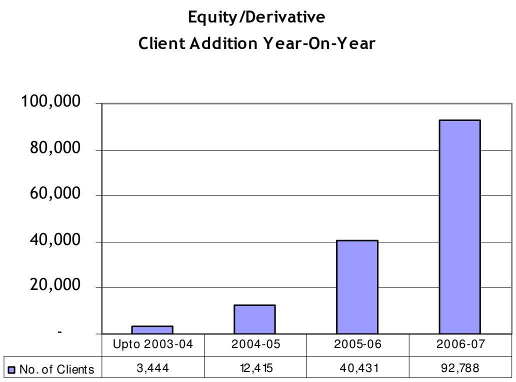
We offer a wide range of financial products and services to our investors. In the Retail Spectrum, we offer equity brokerage, commodities brokerage, personal financial services (including insurance brokerage and mutual fund distribution), internet trading, LAS and personal loans. In the Wealth Spectrum, we offer PMS, wealth advisory services and private client equity services (including international equity services). In the Institutional Spectrum, we offer institutional distribution services and investment banking and transaction advisory services. We believe that the diversity of our product and service offerings effectively differentiates us from our peers in the Indian market.

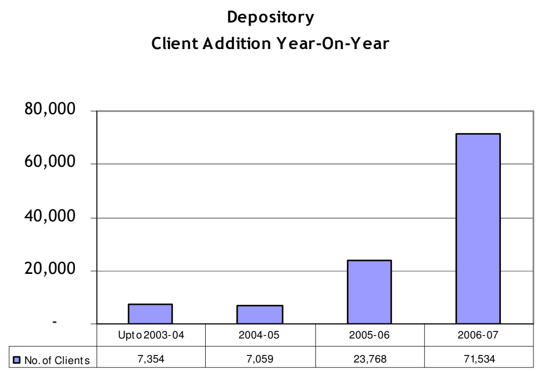
Distinctive expertise with focused servicing model

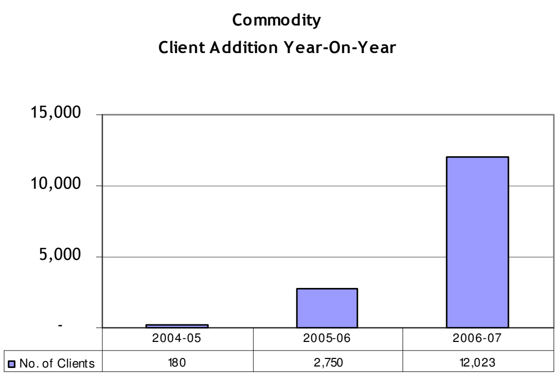
Our retail business model is based on providing value-added advisory services where we employ separate relationship managers for our equity, commodity, personal financial services ("PFS") and insurance businesses. This helps us to create capabilities and expertise for each product and we believe benefits customers in achieving their investment objectives by providing detailed and well-informed advice. Our equity and commodity clients simultaneously are assigned a Relationship Manager ("RM") and a dealer. The RM focuses on new client acquisition while the dealers continue to service existing clients.

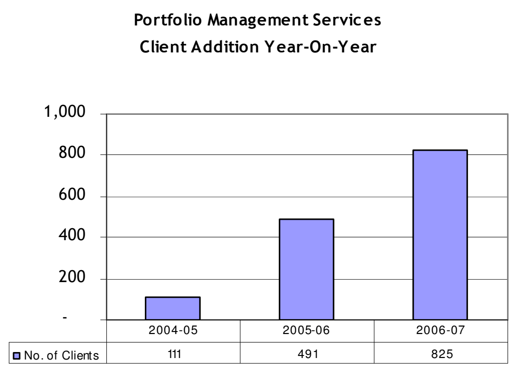
Growing client base built on well-recognised brand

The number of registered clients in our Retail Spectrum has been growing at a rapid pace, which we believe gives an indication of the substantial strength of our business activities:









The success of financial services businesses around the world is built upon client relationships. In management's view, the "Religare" brand, because of its association with the Ranbaxy Promoter Group, benefits from the trust of many investors in India and enhances market visibility, resulting in further client acquisitions.

Geared to address the competitive challenges of discount brokerage through online investment portal

Internet-based delivery allows us to offer financial products on a self-service model. It allows clients to transact and view reports online, thus eliminating customer contact at the branch level and reducing rental and personnel costs. The Internet-based offering passes on to our customers the benefit of reduced costs and is geared to compete with the discount brokerage model by offering alternative, easily scalable brokerage services that are complementary to our suite of existing products and services. A wide range of investment products is available online, allowing us to generate revenues from multiple products and services and better withstands cyclical and volatile equity and commodity markets. Furthermore, customers are able to plan their investments from locations of their own convenience and we are able to access potential customers in locations where we do not have a physical presence. Our online "RACE" teams are placed in more than 50 cities across the country with a team of more than 1,000 "Feet on Street" direct marketers, who are employed on contractual basis.

Strategy

Increase geographical presence

We intend to further expand the scale of our operations, explore new distribution channels and increase our reach and client base domestically and internationally. We are focused on increasing the number of our client relationships through our network of offices across India. Our emphasis is on expanding the scale of our operations as well as growing our network in the smaller Indian cities, which we believe present attractive opportunities to grow our client base and revenues.

We also intend to establish offices in key overseas markets, including the Middle East and Western Europe. As the global profile of the Indian financial markets improves, we expect to experience significant interest from overseas institutional and non-resident Indian investors in Indian financial services. Our initial emphasis will be on using our proposed international offices as supplementary distribution channels for our offerings in the Indian markets and on channeling Indian investments in the international financial markets. Our long-term international strategy includes our participation in overseas financial markets by setting up regulated financial services companies in such jurisdictions.

Expand our Internet-based delivery

We plan to significantly enhance our on-line trading capabilities and have established our on-line trading system to complement our other products and services offerings. We also have established a dedicated advisory desk for on-line services and a sales force of direct marketers that we expect in the next several months to increase to 2,500 covering 100 cities. We believe that we have the technological platform and systems in place to accommodate and service significant increases in on-line trading accounts and clients. We believe that an Internet-based, easily scalable product delivery model will enable us to respond effectively to the competitive challenges of discount equity brokerages and eventually move into delivering a wider range of products and services on-line.

Grow existing product lines and expand our products and services portfolio

We seek continually to introduce new products that provide clients access to a range of financial products and services to suit their varied needs. In addition to growing our traditional equity brokerage business, we intend to develop our recent initiatives such as commodities and insurance brokerage and personal credit services. We are establishing separate subsidiaries to handle different product lines which we expect will form significant parts of our business going forward. In particular, we intend that wealth management services will be located in Religare Wealth Management Services Limited; investment banking and transaction advisory services will be located in Religare Capital Markets Limited; and PLS and other consumer lending will be located in Religare Finance Limited. We believe this reorganization will enable us to better develop these businesses, possibly in conjunction with Indian and international partners. We have already applied to SEBI to sponsor an AMC in a joint venture with Aegon International N.V., a global provider of insurance and pension services.

Continue to develop client relationships

We plan to grow our business primarily by growing the number of client relationships, as we believe that increased client relationships will add stability to our business. We seek to build on existing relationships and also focus on bringing into our portfolio major, multi-national corporations, large profitable public sector corporations and middle market companies. We also believe that the rapid growth in the middle market company sector offers us a significant opportunity to provide a wide variety of financial services and products to this segment. We also seek to offer our clients diversified products and services to increase our revenues per client by selling different products to the same client.

Pursue strategic acquisitions and alliances.

We seek to pursue strategic acquisition opportunities to enhance our capabilities, address specific industry opportunities to enhance further our industry and technical expertise, grow our operations geographically and benefit from an expanded client base. The Indian brokerage industry is experiencing significant consolidation involving the growth of corporate brokerage houses and increasing marginalization of small and regional brokers. Stricter regulatory and higher capital requirements have hastened this process, which provides opportunities for well-capitalized, professionally-managed corporate brokers, such as us, to acquire smaller participants and brokers associated with regional exchanges. We intend to target selectively such brokers for acquisition to expand our retail business.

SUMMARY FINANCIAL INFORMATION

SUMMARY STATEMENT OF ASSETS AND LIABILITIES OF OUR COMPANY (ON STAND ALONE BASIS), AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	0.08	-	-	-	-
Less: Depreciation	(0.01)	-	-	-	-
Net Block	0.07	-	-	-	-
B. Investments	**2,898.11**	**725.15**	**10.00**	**21.77**	**5.97**
C. Deferred Tax Asset	0.05	-	-	-	-
D. Current Assets, Loans and Advances					
Sundry Debtors	1.93	-	0.50	-	-
Cash and Bank Balances	30.26	-	0.03	0.01	0.02
Other Current Assets	35.77	0.18	-	-	-
Loans and Advances	7.27	0.24	3.69	0.52	0.00
Total	**75.23**	**0.42**	**4.22**	**0.53**	**0.02**
Total Assets (A+B+C+D)	**2,973.46**	**725.57**	**14.22**	**22.30**	**5.99**
E. Liabilities and Provisions					
Unsecured Loans	35.00	188.50	-	0.14	1.74
Current Liabilities	30.96	0.57	11.08	17.66	0.07
Provisions	24.62	0.00	0.03	0.01	0.00
Total	**90.58**	**189.07**	**11.11**	**17.81**	**1.81**
F. Net Worth (A+B+C+D-E)	**2,882.88**	**536.50**	**3.11**	**4.49**	**4.18**
Net Worth Represented by					
G. Share Capital					
Equity Share Capital	643.97	500.00	4.25	4.25	4.25
H. Reserves and Surplus	2,238.91	36.50	0.75	0.75	0.75
Less: Miscellaneous Expenditure	-	-	-	(0.00)	(0.00)
(to the extent not written off or adjusted)					
Less: Debit Balance in Profit and Loss Account	-	-	(1.89)	(0.51)	(0.82)
Total	**2,238.91**	**36.50**	**(1.14)**	**0.24**	**(0.07)**

Net Worth (G+H)	**2,882.88**	**536.50**	**3.11**	**4.49**	**4.18**

Note:-

The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

SUMMARY STATEMENT OF PROFITS AND LOSSES
OF OUR COMPANY (ON STAND ALONE BASIS), AS RESTATED

(Rupees in million)

Particulars	For the year ended March 31, 2007	2006	2005	2004	2003
Income					
Income from Operations	25.91	-	-	-	-
Income from Investments	127.92	45.90	-	-	-
Profit on Sale of Investments (Net)	-	-	0.47	-	-
Share of Profit in Partnership Firm (Net)	-	-	-	0.51	-
Other Income	-	0.01	-	-	-
Total Income	**153.83**	**45.91**	**0.47**	**0.51**	**-**
Expenditure					
Personnel Expenses	4.12	0.13	-	-	-
Operating, Administrative and Other Expenses	6.90	0.59	0.17	0.02	0.01
Share of Loss from Partnership Firms (Net)	-	-	-	-	0.02
Loss on Sale of Investments	-	-	-	-	0.02
Interest on Inter Corporate Borrowings	16.08	0.48	1.05	0.18	0.17
Depreciation	0.01	-	-	-	-
Total Expenditure	**27.11**	**1.20**	**1.22**	**0.20**	**0.22**
Net Profit/ (Loss) before Tax and Prior Period Adjustments	**126.72**	**44.71**	**(0.75)**	**0.31**	**(0.22)**
Provision for Tax					
- Current Tax	8.71	(0.00)	-	-	-
- Taxes for earlier years	0.02	0.00	-	-	-
- Deferred Tax (Net)	(0.05)	-	-	-	-
- Fringe Benefit Tax	0.03	-	-	-	-
Total	**8.71**	**(0.00)**	**-**	**-**	**-**
Net Profit/ (Loss) before Prior Period Adjustments	**118.01**	**44.71**	**(0.75)**	**0.31**	**(0.22)**
Prior Period Adjustments	(6.00)	-	-	-	-
Net Profit/ (Loss) before Adjustments	**112.01**	**44.71**	**(0.75)**	**0.31**	**(0.22)**
Adjustments (Net) (Refer Annexure III)	7.69	(7.08)	(0.61)	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	0.02	-	(0.02)	-	-
Total of adjustments after Tax Impact	**7.71**	**(7.08)**	**(0.63)**	**-**	**-**
Net Profit/ (Loss) As Restated		**37.63**			**(0.22)**

	119.72		**(1.38)**	**0.31**	
Profit and Loss amount at the beginning of the year	35.74	(1.89)	(0.51)	(0.82)	(0.60)
Balance Available for Appropriation, As Restated	**155.46**	**35.74**	**(1.89)**	**(0.51)**	**(0.82)**
Appropriations					
Transfer to General Reserve	5.90	-	-	-	-
Interim Dividend on Equity Shares	67.38	-	-	-	-
Tax on Distributed Profit	9.45	-	-	-	-
Total	**82.73**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**72.73**	**35.74**	**(1.89)**	**(0.51)**	**(0.82)**

Note:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III. For further details, see the section titled “Financial Statements” beginning on page 132.

(2) There is no difference between the audited restated accumulated profit and loss balance as on April 1, 2002

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITES OF OUR COMPANY, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006
A. Fixed Assets		
Gross Block	861.66	38.38
Less: Depreciation	(169.47)	(3.97)
Net Block	692.19	34.41
Capital Work-in-Progress	67.65	0.62
Total	**759.84**	**35.03**
B. Investments	**856.37**	**261.80**
C. Current Assets, Loans and Advances		
Interest Accrued	35.87	0.08
Sundry Debtors	2,689.78	4.43
Cash and Bank Balances	2,428.22	239.71
Loans and Advances	5,861.96	4,025.42
Total	**11,015.83**	**4,269.64**
Total Assets (A+B+C)	**12,632.04**	**4,566.47**
D. Liabilities and Provisions		
Secured Loans	2,890.04	924.72
Unsecured Loans	3,935.05	2,905.59
Current Liabilities	2,518.91	74.17
Provisions	49.83	1.43
Total	**9,393.83**	**3,905.91**
E. Deferred Tax Liability	**28.33**	**4.16**
F. Minority Interest	**-**	**21.58**
G. Net Worth (A+B+C-D-E-F)	**3,209.88**	**634.82**
Net Worth Represented by		
H. Share Capital		
Equity Share Capital	643.97	500.00
I. Reserves and Surplus	2,565.91	134.82
Net Worth (H + I)	**3,209.88**	**634.82**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Consolidated Restated Financials Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III furnished in section titled 'Financial Statements' beginning from page number 132.

(2) The consolidated restated summary statement of assets and liabilities of the Company are not furnished for the financial years ended March 31, 2005, 2004 and 2003 as the Company has acquired the subsidiary companies for the first time during the financial year 2005-06.

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES OF OUR COMPANY, AS RESTATED

(Rupees in million)

Particulars	Year Ended March 31, 2007	Year Ended March 31, 2006
Income		
Income from Operations	2,835.72	261.28
Interest Income	150.46	0.16
Other Income	215.00	49.83
Total Income	**3,201.18**	**311.27**
Expenditure		
Operating Expenses	537.88	-
Personnel Expenses	637.57	13.55
Administrative and Other Expenses	706.53	15.32
Interest and Finance Charges	709.20	192.28
Depreciation, Amortisation of Goodwill	128.04	1.98
Total Expenditure	**2,719.22**	**223.13**
Profit before Tax and Prior Period Adjustments	**481.96**	**88.14**
Provision for Taxation		
- Current Tax	166.02	15.95
- Taxes for earlier year	0.23	-
- Deferred Tax (Net)	7.63	4.13
- Fringe Benefit Tax	12.06	0.07
- Dividend Distribution Tax	15.11	2.27
Total	**201.05**	**22.42**
Profit before Prior Period Adjustments	**280.91**	**65.72**
Prior Period Adjustments (Net of Tax)	(6.00)	
Profit after Tax before Minority Interest	**274.91**	**65.72**
Share of Minority Interest for the year	(26.18)	(12.84)
Add : Share of Profit from Associates	-	59.58
Total	**(26.18)**	**46.74**
Profit after Minority Interest before adjustments	**248.73**	**112.46**
Adjustments Refer Annexure (III)	5.73	(5.13)
Current Tax Impact of Adjustments	0.80	(0.78)
Deferred Tax Impact of Adjustments	(0.04)	0.04
Total of adjustments after Tax Impact	**6.49**	**(5.87)**
Profit as Restated	**255.22**	**106.59**
Profit and (Loss) Amount at the beginning of the year	104.72	(1.87)
Balance Available for Appropriation, As Restated	**359.94**	**104.72**
Appropriations		
Interim Dividend on Equity Shares paid	45.93	-
Interim Dividend on Equity Shares payable	21.45	-
Tax on Distributed Profits	9.45	-

Transfer to General Reserve	5.90	-
Total	**82.73**	**-**
Balance Carried Forward Restated	**277.21**	**104.72**

Note:

(1) The above statement should be read with the Notes on Adjustments to Consolidated Restated Financials Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III furnished in section titled 'Financial Statements' beginning from page number 132.

(2) The consolidated restated summary statement of profit and loss of the Company are not furnished for the financial years ended March 31, 2005, 2004 and 2003 as the Company has acquired the subsidiary companies for the first time during the financial year 2005-06.

(3) The reconciliation between the audited and restated accumulated profit and loss balance as at April 01, 2005 is given in Note 1 (f) of Annexure III.

THE ISSUE

Equity Shares offered by our Company	11,364,152 Equity Shares*
Of which	
A) Qualified Institutional Buyers (QIB) portion	At least [•] Equity Shares ***(Allocation on a proportionate basis)***
Of which	
Available for allocation to Mutual Funds only	[•] Equity Shares ***(Allocation on a proportionate basis)***
Balance for all QIBs including Mutual Funds	[•] Equity Shares ***(Allocation on a proportionate basis)***
B) Non-Institutional Portion	Up to [•] Equity Shares ***(Allocation on a proportionate basis)***
C) Retail Portion	Up to [•] Equity Shares ***(Allocation on a proportionate basis)***
Equity Shares outstanding prior to the Issue	64,396,864 Equity Shares
Equity Shares outstanding after the Issue	75,761,016 Equity Shares
Use of Issue Proceeds	See "Objects of the Issue" beginning on page 33.

**Our Company is exploring the possibility of a Pre-IPO Placement. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement, will be reduced from the Issue, subject to a minimum Issue size of 10% of the post-Issue share capital.*

GENERAL INFORMATION

Our Company was originally incorporated as "Vajreshwari Cosmetics Private Limited" on January 30, 1984. The name of our Company was changed to "Religare Enterprises Private Limited" pursuant to a special resolution of the members dated January 10, 2006. The fresh certificate of incorporation consequent to the change of name was granted to our Company on January 31, 2006, by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Jalandhar. The status of our Company was changed to a public limited company by a special resolution of the members dated July 14, 2006. The fresh certificate of incorporation consequent to the change of name was granted to our Company on August 11, 2006, by the Registrar of Companies, NCT at New Delhi.

Registered and Corporate Office of our Company

Religare Enterprises Limited
19, Nehru Place,
New Delhi – 110 019, India
Registration Number: 5719 of 1984
Company identification number: U74899DL1984PLC146935
Telephone: +91 11 3081 5100 / 6655 2200
Facsimile: +91 11 3081 5288
Email: investorservices@religare.in
Website: www.religare.in

For details regarding change in our Registered Office see the section titled "History and Certain Corporate Matters" beginning on page 74.

Address of Registrar of Companies

The Registrar of Companies, NCT at New Delhi
4^{th} Floor, IFCI Tower
Nehru Place
New Delhi – 110 019, India

Board of Directors of the Issuer

Name, Designation, Occupation	Age	Address
Mr. Malvinder Mohan Singh Chairman Non Executive Director Non Independent Director *Business Executive*	34 years	Vistas 26, Maulsari Avenue West End, Green Farms, Rajokri, New Delhi – 110 038, India
Mr. Sunil Godhwani CEO and Managing Director Non Independent Director *Business Executive*	46 years	A-2, Inayat Farm, Fatehpur Beri, P.O. Mehrauli, New Delhi – 110 030, India
Mr. Shivinder Mohan Singh Non Executive Director Non Independent Director *Business Executive*	31 years	1, South End Lane, New Delhi – 110 011, India
Mr. Harpal Singh Non Executive Director Non Independent Director *Business Executive*	57 years	B-10, Anand Niketan, New Delhi – 110 021, India
Mr. Padam Bahl Independent Director *Chartered accountant and income tax advisor*	55 years	D-70, Ranjit Avenue, Amritsar – 143 001, India

Name, Designation, Occupation	Age	Address
Mr. Deepak Ramchand Sabnani Independent Director *Business Executive*	52 years	No.5, Braga Circuit, Kadoorie Avenue, Kowloon, Hong Kong
Mr. J. W. Balani Independent Director *Business Executive*	58 years	Compas De La Victoria 3, 29012, Malaga, Spain
Mr. R.K. Shetty Alternate Director to Mr. J. W. Balani *Business Executive*	59 years	D- 2, 166, Charterd Cottege, Lang Ford Road, Bangalore – 560 025, India
Captain G.P.S. Bhalla Alternate Director to Mr. Deepak Ramchand Sabnani *Business Executive*	75 years	241, Sector 15A, Noida – 201 301, India

For further details of our Directors, see the section titled "Our Management" beginning on page 92.

Company Secretary and Compliance Officer

Mr. Ravi Batra
19, Nehru Place,
New Delhi – 110 019, India
Telephone: +91 11 3081 5452
Facsimile: +91 11 3081 5288
Email: investorservices@religare.in

Investors can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

Book Running Lead Managers

Enam Financial Consultants Private Limited
SEBI Reg. No. INM000006856
801/ 802, Dalamal Towers,
Nariman Point,
Mumbai - 400 021, India
Telephone: +91 22 6638 1800
Facsimile: +91 22 2284 6824
Email: religare.ipo@enam.com
Website: www.enam.com
Contact Person: Ms. Aishwarya Mehra

Citigroup Global Markets India Private Limited
SEBI Reg. No. INM000010718
12th Floor, Bakhtawar,
229 Nariman Point,
Mumbai - 400 021, India
Telephone: +91 22 6631 9999
Facsimile: +91 22 6631 9803
Email: religare.ipo@citi.com
Website: www.citibank.co.in
Contact Person: Mr. Amulya Goyal

Further, for all the issue related queries and for redressal of investors' complaints, investors may also write to complaints@enam.com and religare.ipo@citi.com.

Syndicate Member

Enam Securities Private Limited
Khatau Building, 2nd Floor,
44B Bank Street,
Off Shaheed Bhagat Singh Road,
Fort, Mumbai - 400 023, India
Telephone: +91 22 2267 7901
Facsimile: +91 22 2266 5613
Email: religare.ipo@enam.com
Website: www.enam.com
Contact person: Mr. M. Natarajan

Legal Advisors

Domestic Legal Advisor to the Company

Luthra & Luthra Law Offices
103, Ashoka Estate,
Barakhamba Road,
New Delhi – 110 001, India
Telephone: +91 11 4121 5100
Facsimile: +91 11 2372 3909

International Legal Advisors to the BRLMs

Jones Day
29th Floor, Edinburgh Tower, The Landmark
15 Queen's Road Central,
Hong Kong
Telephone: +852 2526 6895
Facsimile: +852 2868 5871

Domestic Legal Advisors to the BRLMs

Amarchand & Mangaldas & Suresh A. Shroff and Co.
Amarchand Towers,
216, Okhla Industrial Estate, Phase – III,
New Delhi – 110 020, India
Telephone: +91 11 2692 0500
Facsimile: +91 11 2692 4900

Registrar to the Issue

Karvy Computershare Private Limited
SEBI Reg. No. INR 000000221
Plot No. 17 to 24,
Vithalrao Nagar, Madhapur,
Hyderabad – 500 081, India
Telephone: +91 40 23420815-820
Facsimile: +91 40 2342 0814
Email: einward.ris@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna

Bankers to the Issue and Escrow Collection Banks

[●]

Refund Banker

[●]

Bankers to the Company

HDFC Bank Limited
B – 7 / 3,
Asaf Ali Road,
New Delhi – 110 002, India
Telephone: +91 11 2326 9138
Facsimile: +91 11 2324 3874
Email: ashish.sood@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr.Ashish Sood

Citibank N.A
Jeevan Vihar Building,
Connaught Place,
New Delhi – 110 001, India
Telephone: +91 11 4135 3339
Facsimile: +91 11 2336 0455
Email: p.k.khera@citi.com
Website: www.citibank.co.in
Contact Person: Mr.P. K. Khera

DBS Bank Limited
Upper Ground Floor,
Birla Tower, 25 Barakhamba Road,
New Delhi – 110 001, India
Telephone: +91 11 3041 8815

Facsimile: +91 11 3041 8899
Email: amit.j@dbs.com
Website: www.dbsbank.com
Contact Person: Mr. Amit Jain

Auditors to our Company and our Subsidiaries

M/s. Price Waterhouse
Chartered Accountants
252, Veer Savarkar Marg,
Shivaji Park, Dadar,
Mumbai – 400 028, India
Telephone: +91 22 6669 1000
Facsimile: +91 22 66547800
Email: religare.ipo@in.pwc.com
Contact Person: Mr. Partha Ghosh

IPO Grading

This Issue has been graded by [●] as [●] indicating [●], pursuant to Clauses 2.5A, 5.6B and 6.17.3A of the SEBI Guidelines. The rationale furnished by the grading agency for its grading, will be updated at the time of filing of the Red Herring Prospectus with the RoC/ Designated Stock Exchange.

Monitoring Agency

There is no requirement for a monitoring agency for the Issue in terms of Clause 8.17 of the SEBI Guidelines.

Inter se allocation of Responsibilities between the Book Running Lead Managers

The responsibilities and co-ordination for various activities in this Issue are as under:

Activities	Responsibility	Co-ordinator
Capital structuring with relative components and formalities	Enam, Citi	Enam
Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	Enam, Citi	Enam
Drafting and approval of all statutory advertisements	Enam, Citi	Enam
Drafting and approval of all publicity material other than statutory advertisements including corporate advertisements, brochures, etc.	Enam, Citi	Citi
Appointment of other Intermediaries: Printers, Registrar, Advertising Agency and Banker to the Issue	Enam, Citi	Printers: Enam Registrar, Advertising Agency, Banker to the Issue: Citi
Domestic institutions/banks/mutual funds marketing strategy: ▪ Finalize the list and division of investors for one on one meetings, institutional allocation	Enam, Citi	Enam
International institutional marketing strategy and Roadshow presentation: ▪ Finalize the list and division of investors for one on one meetings, institutional allocation ▪ Roadshow Presentation	Enam, Citi	Enam
Retail/Non-institutional marketing strategy which will cover, inter alia, ▪ Finalize media, marketing and public relation strategy, ▪ Finalize centers for holding conferences for brokers, etc. ▪ Finalize collection centers, ▪ Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material	Enam, Citi	Citi
Managing the Book, coordination with Stock Exchanges	Enam, Citi	Citi

Activities	Responsibility	Co-ordinator
Pricing and allocation to QIB Bidders	Enam, Citi	Enam
Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc. The post issue activities of the Issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrars to the Issue, Banker to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issuer.	Enam, Citi	Citi

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Project Appraisal

None of the objects of the Issue have been appraised.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. the Company;
2. the BRLMs, in this Issue being Enam and Citi;
3. the Syndicate Member who is an intermediary registered with SEBI or registered as broker with Stock Exchange(s) and eligible to act as Underwriters, in this Issue being Enam Securities Private Limited. The Syndicate Member is appointed by the BRLMs;
4. the Registrar to the Issue, in this Issue being Karvy Computershare Private Limited; and
5. the Escrow Collection Banks.

In terms of Rule 19 (2)(b) of the SCRR this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further detail on the terms of the Issue see the section titled "Terms of the Issue" beginning on page 420.

Our Company will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The process of book building under the SEBI Guidelines is subject to change. Investors are advised to make their own judgment about investment through this process prior to submitting a Bid or Application in the Issue.

Illustration of 'Book Building' and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can Bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five Bids from Bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the Bidding centres during the Bidding period. The illustrative book as shown below shows the demand for the shares of the issuer company at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22 per share. All Bids at or above this issue price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid (see the section titled "Issue Procedure - Who Can Bid" beginning on page 426);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid-cum-Application Form (see the section titled "Issue Procedure -'Permanent Account Number' or 'PAN' or 'GIR' Number" beginning on page 440);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form; and
5. Bids can only be submitted to the BRLMs and the Syndicate Member.

Withdrawal of the Issue

Our Company in consultation with the BRLMs reserves the right not to proceed with the Issue at any time including after the Bid/Issue Opening Date, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	**[●], 2007**
BID/ISSUE CLOSES ON	**[●], 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the Bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and [●] p.m.** (Indian Standard Time) and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, no later than **[●]** p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on Working Days.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares of our Company, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated **[●]**.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In million)
Enam Financial Consultants Private Limited 801/ 802, Dalamal Towers, Nariman Point, Mumbai – 400 021, India	[●]	[●]
Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar, 229 Nariman Point, Mumbai – 400 021, India	[●]	[●]
Enam Securities Private Limited Khatau Building, 2nd Floor, 44B Bank Street, Off Shaheed Bhagat Singh Road, Fort, Mumbai – 400 023, India	[●]	[●]

The above-mentioned description is indicative and will be finalized after the determination of the Issue Price and actual allocation of the Equity Shares.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on **[●]**, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of our Company as of the date of this Draft Red Herring Prospectus is set forth below:

In Rs. million (except share data).

	Aggregate Value at nominal value	Aggregate Value at Issue Price
A) **AUTHORISED SHARE CAPITAL[(a)]**		
85,000,000 Equity Shares	850.00	
B) **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
64,396,864 fully paid up Equity Shares	643.97	
C) **PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS[(b)]**		
11,364,152 Equity Shares*	113.64	[•]
Of which:		
QIB Portion of at least [•] Equity Shares of which	[•]	[•]
Reservation for Mutual Funds is [•] Equity Shares		
Other QIBs is [•]		
Non Institutional Portion of up to [•] Equity Shares	[•]	[•]
Retail Portion of up to [•] Equity Shares	[•]	[•]
D) **EQUITY CAPITAL AFTER THE ISSUE**		
75,761,016 Equity Shares	757.61	
E) **SHARE PREMIUM ACCOUNT**		
Before the Issue	2,159.53	
After the Issue	[•]	

a) The initial authorized capital of Rs. 100,000 comprising 10,000 Equity Shares was increased to Rs. 2,000,000 and the same was classified into 50,000 Equity Shares and 150,000 10% non-cumulative (non-voting) redeemable preference shares of Rs. 10 each pursuant to a resolution of shareholders of our Company dated February 26, 1997.
The authorized share capital of our Company of Rs. 2,000,000 was re-classified into 50,000 Equity Shares and 125,000 10% non-cumulative (non-voting) redeemable preference shares of Rs. 10 each and 2,500 14% non- cumulative (voting) redeemable preference shares of Rs. 100 each pursuant to a resolution of shareholders of our Company dated June 3, 1997.
The authorized share capital of our Company of Rs. 2,000,000 was increased to Rs. 5,000,000 and the same was further re-classified into 425,000 Equity Shares and 75,000 10% non- cumulative (non-voting) redeemable preference shares of Rs. 10 each pursuant to a resolution of shareholders of our Company dated March 10, 1999.
The authorized share capital of our Company was further increased from Rs. 5,000,000 to Rs. 150,000,000 divided and further reclassified into 15,000,000 Equity Shares pursuant to resolutions of shareholders of our Company dated January 6, 2005.
The authorized share capital of our Company was further increased from Rs. 150,000,000 to Rs. 500,000,000 divided into 50,000,000 Equity Shares pursuant to a resolution of shareholders of our Company dated August 17, 2005.
The authorised share capital was increased from Rs. 500,000,000 to Rs. 850,000,000 divided into 85,000,000 Equity Shares pursuant to a resolution of shareholders of our Company dated December 2, 2006.

b) The Issue has been authorized by a resolution of our Board dated April 20, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on May 21, 2007.

* Our Company is exploring the possibility of a Pre-IPO Placement. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement, will be reduced from the Issue, subject to a minimum Issue size of 10% of the post-Issue share capital.

Notes to the Capital Structure

1. **Share Capital History**

(a) Equity Share Capital History of our Company

Date of allotment of the Equity Shares	No. of Equity Shares	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative number of Equity Shares	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
January 25, 1984	20	10	Cash	Initial allotment(1)	20	200	Nil
February 27, 1997	9,000	10	Cash	Further issue(2)	9,020	90,200	Nil
March 10, 1999	10,980	10	Conversion of preference shares	Conversion of preference shares issued to the late Mr. Parvinder Singh(3)	20,000	200,000	Nil
July 16, 1999	405,000	10	Cash	Further issue(4)	425,000	4,250,000	Nil
September 10, 2005	49,575,000	10	Cash	Further issue(5)	50,000,000	500,000,000	Nil
December 30, 2006	14,381,250	160	Cash	Preferential allotment(6)	64,381,250	643,812,500	2,157,187,500
January 18, 2007	15,614	160	Cash	Preferential allotment(7)	64,396,864	643,968,640	2,159,529,600

(1) The Equity Shares were transferred to the late Dr. Parvinder Singh and Mr. Shivinder Mohan Singh (held jointly) by Board meeting dated May 15, 1999, who subsequently transferred the Equity Shares at a price of Rs. 10 per Equity Share to Vitoba Cosmetics Private Limited by Board meeting dated June 30, 2001. Vitoba Cosmetics Private Limited subsequently transferred the Equity Shares at a price of Rs. 10 per Equity Share to Mr. Shivinder Mohan Singh by Board meeting dated January 15, 2005.

(2) Allotment of 9,000 Equity Shares to Tripoli Investments & Trading Company, Ranbaxy Animal Health Care Private Limited and Oscar Medical Enterprises Private Limited (presently known as Shivi Holdings Private Limited) at Rs. 10 per share. The Equity Shares held by Tripoli Investments & Trading Company were transferred to the late Dr. Parvinder Singh and Mr. Shivinder Mohan Singh (held jointly) by Board meeting dated May 15, 1999. The Equity Shares held by Ranbaxy Animal Health Care Private Limited were transferred to the late Dr. Parvinder Singh and Mr. Shivinder Mohan Singh (held jointly) and Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh (held jointly) by Board meeting dated May 15, 1999. The Equity Shares were subsequently transferred by Mr. Shivinder Mohan Singh and Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh (held jointly) to Vitoba Cosmetics Private Limited by Board meeting dated June 30, 2001. Vitoba Cosmetics Private Limited subsequently transferred the Equity Shares at a price of Rs. 10 per Equity Share to Mr. Shivinder Mohan Singh by Board meeting dated January 15, 2005.

(3) Conversion of 1,098 preference shares of Rs. 100 each held by the late Dr. Parvinder Singh into 10,980 Equity Shares, at a price of Rs. 10 per Equity Share. For further details, see the section titled "Preference Share Capital" in "Capital Structure" beginning on page 24. The Equity Shares were subsequently transmitted to Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh on July 26, 1999. The Equity Shares were subsequently transferred to Vitoba Cosmetics Private Limited by Board meeting dated June 30, 2001. Vitoba Cosmetics Private Limited subsequently transferred the Equity Shares at a price of Rs. 10 per Equity Share to Mr. Shivinder Mohan Singh by Board meeting dated January 15, 2005.

(4) Allotment of 405,000 Equity Shares to Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh (held jointly) at Rs. 10 per share, out of which 194,000 were transferred at a price of Rs. 10 per Equity Share to Vitoba Cosmetics Private Limited and 212,500 Equity Shares were transferred at a price of Rs. 10 per Equity Share to Oscar Pharmaceuticals Private Limited by Board meeting dated June 30, 2001. Oscar Pharmaceuticals Private Limited subsequently transferred 212,500 Equity Shares at a price of Rs. 10 per Equity Share to Mr. Malvinder Mohan Singh and Vitoba Cosmetics Private Limited subsequently transferred 194,000 Equity Shares at a price of Rs. 10 per Equity Share to Mr. Shivinder Mohan Singh by Board meeting dated January 15, 2005.

(5) Allotment of 49,575,000 Equity Shares to Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh at Rs. 10 per Equity Share. Mr. Malvinder Mohan Singh transferred 6,250,000 Equity Shares to Mr. Gurpreet Singh Dhillon on June 2, 2006 and 500,000 Equity Shares were transferred to Mr. Sunil Godhwani and 100 Equity Shares to Ms. Japna Malvinder Singh at a price of Rs. 10 per Equity Share on July 13, 2006. Further, on June 2, 2006, Mr. Shivinder Mohan Singh has transferred 6,250,000 Equity Shares to Master Gurkirat Singh Dhillon (under guardianship of Ms. Shabnam Dhillon) and 500,000 Equity Shares were transferred to Mr. Sunil Godhwani and 100 Equity Shares to Ms. Aditi Shivinder Singh at a price of Rs. 10 per Equity Share on July 13, 2006.

(6) Allotment of 14,381,250 Equity Shares to Mr. Malvinder Mohan Singh, Malav Holdings Private Limited, Mr. Shivinder Mohan Singh, Shivi Holdings Private Limited, Rexcin Pharmaceuticals Private Limited, Best Laboratories Private Limited, Vectra Pharmaceuticals Private Limited and Hottinger & Cie at the price of Rs. 160 per Equity Share.
(7) Allotment of 15,614 Equity Shares to Hottinger & Cie at the price of Rs. 160 per Equity Share, on account of adjustment towards foreign exchange fluctuations.

(b) Preference Share Capital History of our Company

Date of Allotment	Number of Preference Shares	Issue Price per Preference Share (in Rs.)	Reasons for Allotment	Consideration (cash or other than cash.)	Date of Conversion/ Redemption
February 27, 1997	75,000	10	Fresh issue (1)	Cash	October 16, 2001
June 16, 1997	1,098	100	Fresh issue (2)	Cash	March 10, 1999

(1) Allotment of 10% non-cumulative (non-voting) redeemable preference shares of Rs. 10 each to Abhay Investments Private Limited, Jupiter Investments Private Limited, Wesrex Investments Private Limited and Shehanshah Investments Private Limited at Rs. 10 per share. The preference shares were transferred to Ranbaxy Holding Company (earlier known as Shimal Investment and Trading Company) pursuant to a scheme of merger approved by the High Court of Delhi by their orders dated May 6, 1999. The preference shares were redeemed by Board meeting dated October 16, 2001.

(2) Allotment of 14% non-cumulative (voting) redeemable preference shares of Rs. 100 each to the late Dr. Parvinder Singh at Rs. 100 per share. The preference shares were converted into Equity Shares through resolution of our Board dated February 8, 1999 and the same was confirmed by resolution of our shareholders dated March 10, 1999.

Other than as mentioned in the table above, our Company has not made any issue of shares during the preceding one year. Further, none of the Equity Shares have been issued for consideration other than cash.

2. **Build up, Contribution and Lock-in of Promoters and Promoter Group**

All Equity Shares, which are being locked in are eligible for computation of promoters' contribution as per Clause 4.6 of the SEBI Guidelines and are being locked in under Clause 4.11 of the SEBI Guidelines.

a) Details of build up of Promoters' share capital in our Company and Promoters' lock in:

15,152,204 Equity Shares, constituting 20% of our post Issue Equity Share capital, held by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh shall be considered for the purpose of Promoters' contribution and shall be locked in for three years from the date of Allotment.

Set forth below are the details of the build up of the Promoters' shareholding, Promoters contribution and lock in:

Name of the Promoter	Date of Acquisition/Transfer/ Transmission	Consideration*	No. of Equity Shares	Issue/ Acquisition Price (Rs. per Equity Share)**	% of Post-Issue paid-up Capital	Period of Lock-in (years)
Mr. Malvinder Mohan Singh	July 26, 1999	Transmission from late Dr. Parvinder Singh.	5,490	--	0.01	One
	June 30, 2001	Sold to Vitoba Cosmetics Private Limited for cash.	(5,490)	10	(0.01)	N.A.
	January 15, 2005	Acquired from Oscar Pharmaceuticals Private Limited.	212,500	10	0.28	One
	September 10, 2005	Cash	18,148,898	10	23.96	One
			6,638,602	10	8.76	Three
	June 2, 2006	Sold to Mr. Gurpreet Singh Dhillon for cash.	(6,250,000)	10	(8.25)	N.A.

Name of the Promoter	Date of Acquisition/Transfer/ Transmission	Consideration*	No. of Equity Shares	Issue/ Acquisition Price (Rs. per Equity Share)**	% of Post-Issue paid-up Capital	Period of Lock-in (years)
	July 13, 2006	Sold to Mr. Sunil Godhwani for cash.	(500,000)	10	(0.66)	N.A.
		Sold to Ms. Japna Malvinder Singh for cash.	(100)	10	(0.00)	N.A.
	December 30, 2006	Cash	937,500	160	1.24	Three
	Sub-Total		**11,611,298**	**--**	**15.33**	**One**
			7,576,102	**--**	**10.00**	**Three**
Mr. Shivinder Mohan Singh	May 15, 1999	Acquired from Mr. V. Subba Rao, Mr. V.M. Bhutani, Tripoli Investments & Trading Company and Ranbaxy Animal Health Care Private Limited.	4,520	10	0.01	One
	July 26, 1999	Transmission from late Dr. Parvinder Singh.	5,490	10	0.01	One
	June 30, 2001	Sold to Vitoba Cosmetics Private Limited for cash.	(10,010)	10	(0.01)	N.A.
	January 15, 2005	Acquired from Vitoba Cosmetics Private Limited	212,500	10	0.28	One
	September 10, 2005	Cash	18,148,898	10	23.96	One
			6,638,602	10	8.76	Three
	June 2, 2006	Sold to Master Gurkirat Singh Dhillon (under guardianship of Ms. Shabnam Dhillon) for cash.	(6,250,000)	10	(8.25)	N.A.
	July 13, 2006	Sold to Mr. Sunil Godhwani for cash.	(500,000)	10	(0.66)	N.A.
		Sold to Ms. Aditi Shivinder Singh for cash.	(100)	10	(0.00)	N.A.
	December 30, 2006	Cash	937,500	160	1.24	Three
	Sub-Total		**11,611,298**	**--**	**15.33**	**One**
			7,576,102	**--**	**10.00**	**Three**
Total			**38,374,800**		**50.66**	

* *The equity shares were fully paid up at the time of allotment. Hence, the date of them being made fully paid up is the same as the date of allotment.*

** *The cost of acquisition includes the stamp duty paid.*

All Equity Shares, which are being included for computation of Promoters' contribution and three-year lock-in are locked in and are not ineligible for such purposes under Clause 4.6 of the SEBI Guidelines. The Promoters' contribution will be brought in to the extent of not less than the specified minimum lot as specified in accordance with the SEBI Guidelines and from persons defined as Promoters.

b) Details of build up of shareholding of Promoter Group locked in for one year:

Name of the Promoter	Date of Acquisition/Transfer	Consideration*	No. of Equity Shares	Issue/ Acquisition Price (Rs. per Equity Share)**	% of Post-Issue paid-up Capital	Period of Lock-in (years)
Malav Holdings Private Limited	December 30, 2006	Cash	1,406,250	160	1.86	One
	Sub-Total		**1,406,250**		**1.86**	**One**
Shivi Holdings Private Limited	February 27, 1997	Cash	3,000	10	0.00	N.A.
	June 30, 2001	Sold to Vitoba Cosmetics Private Limited for cash.	(3,000)	10	(0.00)	N.A.
	December 30, 2006	Cash	1,406,250	160	1.86	One
	Sub-Total		**1,406,250**		**1.86**	**One**
Ms. Japna Malvinder Singh	July 13, 2006	Acquired from Mr. Malvinder Mohan Singh	100	10	0.00	One
	Sub-Total		**100**		**0.00**	**One**
Ms. Aditi Shivinder Singh	July 13, 2006	Acquired from Mr. Shivinder Mohan Singh	100	10	0.00	One
	Sub-Total		**100**		**0.00**	**One**
Total			**2,812,700**		**3.71**	**One**

* *The equity shares were fully paid up at the time of allotment. Hence, the date of them being made fully paid up is the same as the date of allotment.*

** *The cost of acquisition includes the stamp duty paid.*

c) Details of share capital locked in for one year:

In terms of clause 4.14.1 of the SEBI Guidelines, in addition to 20% of post-Issue shareholding of our Company, including options granted and outstanding, if any, held by the Promoters and locked in for three years, as specified above, other than Equity Shares allotted under our ESOS and held by employees, the entire pre-Issue equity share capital of our Company constituting 49,244,660 Equity Shares will be locked in for a period of one year from the date of Allotment in this Issue.

d) Other requirements in respect of lock-in:

In terms of Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

Further, in terms of clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and among the Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Takeover Code, as applicable.

Further, in terms of Clause 4.15 of the SEBI Guidelines, the locked in Equity Shares held by the Promoters, as specified above, can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of such loans. Further, such loan should have been granted for the purpose of financing one or more of the objects of the Issue.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. **Our shareholding pattern**

The table below presents the shareholding pattern of our Company before the proposed Issue and as adjusted for the Issue:

	Pre-Issue		**Post-Issue**	
	No. of Equity Shares	**%**	**No. of Equity Shares**	**%**
Promoters				
Mr. Malvinder Mohan Singh	19,187,400	29.80	19,187,400	25.33
Mr. Shivinder Mohan Singh	19,187,400	29.80	19,187,400	25.33
Sub Total (A)	*38,374,800*	*59.59*	*38,374,800*	*50.65*
Promoter Group				
Malav Holdings Private Limited	1,406,250	2.18	1,406,250	1.86
Shivi Holdings Private Limited	1,406,250	2.18	1,406,250	1.86
Ms. Japna Malvinder Singh	100	0.00	100	0.00
Ms. Aditi Shivinder Singh	100	0.00	100	0.00
Sub Total (B)	*2,812,700*	*4.37*	*2,812,700*	*3.71*
Directors and employees				
Mr. Sunil Godhwani	1,000,000	1.55	1,000,000	1.32*
Sub Total (C)	*1,000,000*	*1.55*	*1,000,000*	*1.32**
Others				
Mr. Gurpreet Singh Dhillon	6,250,000	9.71	6,250,000	8.25*
Master Gurkirat Singh Dhillon (under the guardianship of Ms. Shabnam Dhillon)	6,250,000	9.71	6,250,000	8.25*
Hottinger & Cie	5,021,864	7.80	5,021,864	6.63*
Rexcin Pharmaceuticals Private Limited	1,562,500	2.43	1,562,500	2.06*
Best Laboratories Private Limited	1,562,500	2.43	1,562,500	2.06*
Vectra Pharamaceuticals Private Limited	1,562,500	2.43	1,562,500	2.06*
Sub Total (D)	*22,209,364*	*34.49*	*22,209,364*	*29.32**
Issue to Public (E)	-	-	11,364,152	15.00
Total (A+B+C+D+E)	***64,396,864***	***100.00***	***75,761,016***	***100.00***

**Assuming that such shareholders shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that such shareholders may subscribe for and be Allotted in the Issue.*

The following directors of our Company hold Equity Shares:

S. No.	**Name**	**Number of Equity Shares Held**	**Pre Issue %**	**Post Issue %**
1.	Mr. Malvinder Mohan Singh	19,187,400	29.80	25.33
2.	Mr. Shivinder Mohan Singh	19,187,400	29.80	25.33
3.	Mr. Sunil Godhwani	1,000,000	1.55	1.32*
	TOTAL	39,374,800	61.15	51.96

**Assuming that the Director does not subscribe for Equity Shares in the Issue.*

4. **Top ten shareholders**

The list of the top ten shareholders of our Company and the number of Equity Shares held by them is provided below:

(a) Our top ten shareholders and the number of Equity Shares held by them as on the date of filing this Draft Red Herring Prospectus are as follows:

S. No.	**Shareholder**	**No. of Equity Shares Held**	**Pre Issue %**
1	Mr. Malvinder Mohan Singh	19,187,400	29.80
2	Mr. Shivinder Mohan Singh	19,187,400	29.80
3	Mr. Gurpreet Singh Dhillon	6,250,000	9.71

S. No.	Shareholder	No. of Equity Shares Held	Pre Issue %
4	Master Gurkirat Singh Dhillon (under the guardianship of Ms. Shabnam Dhillon)	6,250,000	9.71
5	Hottinger & Cie	5,021,864	7.80
6	Rexcin Pharmaceuticals Private Limited	1,562,500	2.43
7	Best Laboratories Private Limited	1,562,500	2.43
8	Vectra Pharamaceuticals Private Limited	1,562,500	2.43
9	Malav Holdings Private Limited	1,406,250	2.18
10	Shivi Holdings Private Limited	1,406,250	2.18

(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to filing of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Pre Issue %
1	Mr. Malvinder Mohan Singh	19,187,400	29.80
2	Mr. Shivinder Mohan Singh	19,187,400	29.80
3	Mr. Gurpreet Singh Dhillon	6,250,000	9.71
4	Master Gurkirat Singh Dhillon (under the guardianship of Ms. Shabnam Dhillon)	6,250,000	9.71
5	Hottinger & Cie	5,021,864	7.80
6	Rexcin Pharmaceuticals Private Limited	1,562,500	2.43
7	Best Laboratories Private Limited	1,562,500	2.43
8	Vectra Pharamaceuticals Private Limited	1,562,500	2.43
9	Malav Holdings Private Limited	1,406,250	2.18
10	Shivi Holdings Private Limited	1,406,250	2.18

(c) Our top ten shareholders and the number of Equity Shares held by them as of two years prior to filing this Draft Red Herring Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares Held	%
1	Malvinder Mohan Singh	212,500	50.00
2	Shivinder Mohan Singh	212,500	50.00

5. **Employee stock option scheme**

The details of our ESOS are as provided below:

a) ESOS 2006

ESOS scheme	Outstanding Options	Remarks
ESOS 2006	1,992,030	The special resolution passed by our Company at its EGM dated November 6, 2006, approved the grant of options under the ESOS 2006. The same was given effect on November 15, 2006 pursuant to a resolution of our Board dated November 15, 2006. Pursuant to a resolution dated March 31, 2007, 7,970 options have been cancelled.

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options granted</td><td>2,000,000</td></tr>
<tr><td>Exercise price of options</td><td><table><tr><th>Fiscal</th><th>No. of options granted</th><th>Exercise Price</th></tr><tr><td>Fiscal 2007</td><td>2,000,000</td><td>Rs. 140</td></tr></table></td></tr>
<tr><td>Total options vested (includes options exercised)</td><td>Nil</td></tr>
<tr><td>Options exercised</td><td>Nil</td></tr>
<tr><td>Total number of Equity Shares arising as a result of full exercise of options already granted</td><td>1,992,030</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td>7,970</td></tr>
<tr><td>Variations in terms of options</td><td>Nil</td></tr>
<tr><td>Money realised by exercise of options</td><td>N.A.</td></tr>
<tr><td>Options outstanding (in force)</td><td>1,992,030</td></tr>
<tr><td>Person wise details of options granted to</td><td></td></tr>
<tr><td>i) Directors and key managerial employees</td><td><table><tr><th>Name of employee</th><th>No. of options granted**</th></tr><tr><td>Mr. Sunil Godhwani</td><td>120,750</td></tr></table></td></tr>
</table>

Particulars	Details
	Mr. Shachindra Nath 80,000 Mr. Anil Saxena 76,000 Ms. Sangeeta Purushottam 68,000 Mr. Sunil Kumar Garg 67,000 Mr. Ashu Madan 66,000 Mr. Atul Gupta 65,000 Mr. Rahul Kher 64,000 Mr. Amitabh Chakraborty 60,000 Mr. Kunj Bansal 55,000 Mr. Nitin Jain 48,000 Mr. Amit Sarup 31,000 Mr. Kamlesh Gandhi 30,000 Mr. Bikram Singh Yadava 30,000 Mr. Jayant Manglik 30,000 Mr. Gurpreet S. Sidana 30,000 Mr. Chandan Kumar Sinha 25,000
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
iii) Identified employees* who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Fully diluted EPS# on a pre-Issue basis for Fiscal 2007 pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard	Nil
Vesting schedule	33% on expiry of 12 months from November 15, 2006 33% on expiry of 24 months from November 15, 2006 34% on expiry of 36 months from November 15, 2006
Lock-in	Nil
Impact on profits and EPS# of the last three years	Nil

**Employees represent our permanent employees as on November 15, 2006*
*** None of the options have been exercised.*
 # EPS has been calculated using restated net profit for the year ended March 31, 2007 divided by the total number of options outstanding under ESOS 2006.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the stock options, shall be disclosed in the director's report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the director's report. The Company undertakes to conform to the accounting policies as specified in the Clause 13.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

6. Our directors and the key management personnel who have been granted options pursuant to ESOS 2006 have confirmed to our Company that they do not intend to sell any shares arising from such options for three months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell Equity Shares within the three month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) and 15.3 (c) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.

7. Our Company, our Promoters, our Directors, our Promoter Group and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

8. At least 60% of the Issue, that is, [•] Equity Shares shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Up to 10% of the Issue, i.e. [•] Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue, that is [•] Equity Shares shall be available for allocation on a proportionate basis to Retail

Individual Bidders, subject to valid Bids being received at or above the Issue Price.

9. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs.

10. Except as disclosed in this section, the Directors, the Promoters, or the Promoter Group have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

11. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

12. Except the Pre-IPO Placement and the allotment of Equity Shares pursuant to exercise of options granted under ESOS 2006, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.

13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

14. As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares are 13, excluding holders of options outstanding and employees of our Company to whom Equity Shares would be allotted from time to time upon exercise of their options.

15. Our Company has not raised any bridge loans against the Net Proceeds.

16. Our Company has not issued any Equity Shares out of revaluation reserves.

17. Other than the stock options granted under our ESOS as detailed in note 5 above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.

18. The Equity Shares held by the Promoters are not subject to any pledge.

19. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

20. Our Promoters and members of our Promoter Group will not participate in this Issue.

21. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that our Company may grant stock options to the employees and Directors as per the prevailing ESOS and Allot further Equity Shares to our employees pursuant to exercise of options granted earlier under our ESOS.

22. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

OBJECTS OF THE ISSUE

The objects of this Issue are to (a) expand our domestic operations and network of branches; (b) fund our retail finance business; (c) expand our financing activity; and (d) enhance our visibility and achieve the benefits of listing the Equity Shares of our Company on the Stock Exchanges. We believe that listing will enhance our brand name and create a public market for the Equity Shares of our Company in India.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by our Company through this Issue.

Requirement of Funds

We intend to utilize Net Proceeds for financing the above mentioned objects. The details of utilization of Net Proceeds are as per the table set forth below:

(Rs. in million)

Particulars	Total Estimated Cost	Expenditure incurred as of May 31, 2007**	Proposed utilization of Net Proceeds
1. Expanding our domestic operations and network of branches	255.00	0.00	255.00
2. Funding our retail finance business	500.00	20.50	479.50
3. Expansion of our financing activity*	[•]	0.00	[•]
Total	[•]	20.50	[•]

* *Will be incorporated upon finalization of Issue Price.*

** *as confirmed by a certificate dated June 15, 2007 from Dharam Raj & Co., Chartered Accountants.*

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

Details of the Objects

We intend to expand our domestic operations and network of branches, our retail finance business and our financing activity. For details of such initiatives, see the section titled "Our Business" beginning on page 52. Accordingly, we intend to utilize an aggregate of Rs. [•] million to fund such subsidiaries by way of investment in such companies.

I. Expanding our Domestic Operations and Network of Branches

At present, we have a network of 979 Business Locations managed by us and our Business Associates across 330 cities in India. Consistent with our strategy to expand our domestic operations and network of branches, we propose to establish an aggregate of another 100 branches out of the Net Proceeds. We intend to set up these branches in various parts of India through investment in the share capital of our subsidiaries, Religare Securities Limited ("**RSL**") and Religare Insurance Broking Limited ("**RIBL**"). For this purpose, we intend to deploy Rs. 255.00 million out of the Net Proceeds. Although the Company is not assured of dividends pursuant to such investment, the Company believes that such investment in the said subsidiaries is in line with its strategy of expanding its geographical presence.

The estimated cost for establishment of the branches primarily comprises advance rent and deposit for lease/license arrangements, expenditures on furniture and fixtures, installation of computers, connectivity (including VSAT for branches established for RSL).

Since the equipment is standard in nature, the estimated costs remain largely the same for similar sized branches for each business, irrespective of the location of the branch. However, the rents and deposits for lease/license arrangements and expenses towards furnishing may vary based on location, size and several other factors. The estimated costs of establishment for the branches of RIBL, is comparatively lower due to factors such as smaller size of offices and lower requirement for necessary infrastructure.

Out of the Net Proceeds, we intend to establish 35 and 15 branches for RSL and RIBL, respectively, in each of Fiscal 2008 and Fiscal 2009. Based on the above factors and our experience in establishing branches in the previous financial year, we expect to incur, on an average, Rs. 3.00 million and Rs. 1.50 million in establishing one branch for RSL and RIBL, respectively. The details of the estimated cost of establishing one branch of RSL and RIBL, are as provided below.

(Rs. in million)

Particulars	**Estimated cost of establishing one branch**	
	RSL	**RIBL**
Deposits/Advance Rentals	0.30	0.15
Furniture and fixtures	1.50	0.75
IT and other office equipments	1.00	0.50
Incidental and miscellaneous cost	0.20	0.10
Total estimated costs	**3.00**	**1.50**

Further, based on our experience, the time taken to establish a branch may range from 60 to 90 days from the date of identification of the location of the prospective branch. Since the time required in establishing a branch is relatively short, currently we have not made any arrangements for establishment of any of these branches. Further, no second-hand equipment and instruments have been purchased or are proposed to be purchased from the Net Proceeds.

For details regarding the business of RSL and RIBL and related approvals, see the sections titled "Our Business", "History and Certain Corporate Matters" and "Government and Other Approvals" beginning on pages 52, 74 and 402, respectively.

II. Funding our retail finance business

We currently undertake retail financing activities through our Subsidiary, Religare Finvest Limited ("**RFL**"). In August 2006, we started our personal loan business, which forms part of our retail finance activity and as of March 31, 2007, the total amount disbursed was Rs. 316.50 million. We intend to increase our focus on retail finance business by transferring this activity into our newly incorporated Subsidiary, Religare Finance Limited ("**RFIL**").

RFIL has applied to the RBI for registration as an NBFC not accepting public deposits, through an application dated May 9, 2007, which is currently pending. Under the provisions of the RBI Act, an NBFC is required to have a net owned fund of Rs. 20.00 million. Currently, we intend to make a total investment of Rs. 500.00 million in the equity shares of RFIL. As on May 31, 2007, our Company has deployed Rs. 20.50 million towards initial subscription of 2,050,000 equity shares of Rs. 10 each of RFIL, which has been met through internal accruals and debt. The remaining amount of Rs. 479.50 million is proposed to be funded from the Net Proceeds. Subject to receipt of requisite approvals by RFIL, we expect to utilize the said amount during Fiscal 2008. Although our Company is not assured of dividends pursuant to such investment, our Company believes that such investment in RFIL is in line with its strategy of undertaking new business initiatives.

For details regarding our retail finance business, RFIL and the approvals for undertaking retail financing activities, see the sections titled "Our Business", "History and Certain Corporate Matters" and "Government and Other Approvals" beginning on pages 52, 74 and 402, respectively.

III. Funding our lending business

Our lending business includes providing loan facilities to our customers secured against their equity shares. Our financing business is complimentary to our broking businesses and helps us improve customer retentions. Such facilities are provided through our wholly owned subsidiary, RFL. We intend to deploy Rs. [•] million for investment in the share capital of RFL out of the Net Proceeds in Fiscal 2008, for expansion of our financing business. Although our Company is not assured of dividends pursuant to such investment in RFL, our Company believes that such investment in RFL is in line with its strategy of undertaking new business initiatives.

For further details regarding RFL and the approvals obtained by it, see the sections titled "Our Business" and

"History and Certain Corporate Matters" and "Government and Other Approvals" beginning on pages 52, 74 and 402, respectively.

Deployment of funds

The details of the expenditure incurred towards the above-mentioned objectives and the proposed schedule of deployment of funds are as per the table provided below:

(Rs. in million)

Objectives	Total Estimated Cost	Expenditure incurred as of May 31, 2007*	Estimated schedule of deployment of funds	
			Fiscal 2008	Fiscal 2009
Expanding our domestic operations and network of branches	255.00	0.00	127.50	127.50
Funding our retail finance business initiative	500.00	20.50	479.50	--
Expansion of our financing activity	[•]	0.00	[•]	[•]
Total	[•]	20.50	[•]	[•]

* *as confirmed by a certificate dated June 15, 2007 from Dharam Raj & Co., Chartered Accountants*

Means of Finance

The total fund requirement for the above-stated objectives as estimated by our Company is Rs. [•] million, including Rs. 20.50 million, which has been already deployed by us as of May 31, 2007. The details of the means of finance are provided below:

Particulars	Amount
Internal accruals	20.00
Debt	0.50
Net Proceeds	[•]
Total	[•]

In case of shortfall, if any, the same shall be met through internal accruals and/or debt. Our funding requirements and the deployment of the Net Proceeds are based on the estimates of the management of our Company and have not been appraised by any bank or financial institution or other independent third party.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expenses* (Rs. in million)	% of Issue size	% of Issue expenses
Lead management fee and underwriting commissions	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (Registrar's fee, legal fee, etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* *Will be incorporated after finalisation of the Issue Price*

Working Capital Requirement

The Net Proceeds will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Interim use of funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts. Such investments would be in accordance with investment policies approved by our Board from time to time. The Company confirms that pending utilization of the Issue proceeds, it shall not use the funds for any investments in the equity markets.

Monitoring Utilization of Funds

Our Board will monitor the utilization of the Issue proceeds. Our Company will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for Fiscal 2008 and Fiscal 2009, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular, Clause 49 of the Listing Agreement.

No part of the proceeds from the Issue will be paid by our Company as consideration to our Promoters, our Directors, the members of our Promoter Group and key managerial employees.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the financial services sector:

- Regional management for retail branch network
- Geographical distribution with deep penetration in India
- Diversified product portfolio
- Distinctive expertise with focused servicing model
- Growing client base built on trusted brand
- Geared to address the competitive challenges of discount brokerage through online investment portal

For further details, see the sections titled "Our Business - Competitive Strengths" and "Risk Factors" on pages 54 and xii, respectively.

Quantitative Factors

Information presented in this section is derived from our restated audited consolidated financial statements.

1. Diluted Earnings per Share (EPS):

Year ended	EPS (Rs.)	Weight
March 31, 2006	3.63	1
March 31, 2007	4.69	2
Weighted Average	4.34	

Note:
- Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.
- The face value of each Equity Share is Rs. 10/-.

2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. [●] per share of Rs. 10 each

a. P/E ratio in relation to the Floor Price : [•] times
b. P/E ratio in relation to the Cap Price : [•] times
c. P/E based on EPS for the year ended March 31, 2007 : [•] times
d. P/E based on Weighted average EPS : [•] times
e. Industry P/E*
   i. Highest : 172.1
   ii. Lowest : 0.7
   iii. Industry Composite : 25.4

* P/E based on trailing twelve months earnings for the entire Finance & Investments sector
Source: Capital Market, Volume XXII/07 June 4-17, 2007 (Industry- Finance & Investments)

3. Return on Net worth (RoNW)

Year ended	RoNW (%)	Weight
March 31, 2006	16.79	1
March 31, 2007	7.95	2
Weighted Average	10.90	

Note: Net worth as appearing in the restated consolidated summary statement of assets and liabilities in the respective year has been considered for computation of Return on Net worth.

4. ***Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS for the year ended March 31, 2007 is [●]***

5. ***Net Asset Value***

NAV as at March 31, 2007	: Rs. 49.85 per Equity Share
NAV after the Issue	: Rs. [●] per Equity Share*
Issue Price	: Rs. [●] per Equity Share

* Assuming Net worth as per Restated Consolidated Financial Statements as at March 31, 2007.

NAV per Share = Net worth, as restated, at the end of the year (excluding Preference share capital) / Number of equity share outstanding at the end of the year

The Issue price of Rs. [●] per Equity Share has been determined on the basis of the demand from investors through the Book Building Process and is justified based on the above accounting ratios.

6. ***Comparison with other listed companies***

	EPS (Rs.) (TTM)*	P/E as on May 28, 2007*	RoNW for Fiscal 2007 (%)	NAV for Fiscal 2007 (Rs.)
IL & FS Investsmart	5.50	39.20	18.50	99.00
India Infoline	10.40	55.80	23.90	56.90
Indiabulls Financial	6.90	77.50	11.10	56.30

** TTM – Trailing Twelve Months ended March 31, 2007.*
Source: Capital Market, Volume XXII/07 June 4-17, 2007 (Industry - Finance & Investments).

The peer group listed companies, as stated above are engaged in the financial services business.

The Issue Price of Rs. [•] has been determined by us, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios. For further details, see the section titled “Risk Factors” beginning on page xii of this Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the section titled “Financial Statements” beginning on page 132.

STATEMENT OF GENERAL TAX BENEFITS

The Board of Directors,
Religare Enterprises Limited
19, Nehru Place,
New Delhi 110 019

We hereby report that the enclosed statement, prepared by Religare Enterprises Limited (hereinafter referred to as the "Issuer"), states the possible tax benefits available to the Issuer and its members under the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Issuer or its members fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Issuer or its members to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Issuer may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Issuer's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Issuer will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

i) the Issuer or its members will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits, where applicable have been / would be met

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Issuer and on the basis of the understanding of the business activities and operations of the Issuer and the interpretation of the current tax laws in force in India.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of

Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: June 19, 2007

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE ISSUER COMPANY AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

TAX BENEFITS TO THE ISSUER AND ITS SHAREHOLDERS

The tax benefits listed below are the possible benefits available under the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Issuer or its members fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Issuer or its members to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Issuer may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Issuer will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders each investor is advised to consider in his / her own case the tax implications of an investment in the shares. Further each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

I. Tax Benefits available to the Issuer - under the Income Tax Act, 1961 (the Act)

1. Depreciation Benefits

Under section 32 of the Act, the Issuer is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets used by the Issuer for the purposes of its business and subject to other conditions listed in the Act.

Unabsorbed depreciation, if any, for an assessment year can be carried forward & set off against income from any other source in the subsequent assessment years as per section 32 subject to the provisions of section 72(2) and section 73(3) of the Act.

2. Minimum Alternate Tax (MAT) and Credit for the same

The Issuer would be required to pay tax on its book profits under the provisions of section 115JB in case where tax on its "total income" (the term defined under section 2(45) of the Act) is less than 10% of its "book profits" (the term defined under section 115JB of the Act). Such tax is referred to as Minimum Alternate Tax (MAT).

The difference between the MAT paid for any assessment year commencing on or after April 1, 2006 and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit". The MAT credit shall be utilised to be set off against taxes payable on the total income in the subsequent assessment years. However, it can be carried forward only upto 7 assessment years succeeding the assessment year in which such MAT was paid.

3. Exemption from Dividends and Income from units of specified Mutual Funds

Section 10(34) of the Act provides an exemption in respect of any income by way of dividends referred to in section 115O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax. Similarly the income received from units of a Mutual Funds specified under section 10(23D) or in respect of units from the Administrator of the specified undertaking (other than income arising from transfer of such units) is exempt from tax. Such income distributed by the Mutual Fund or the Administrator of the specified undertaking would also be subject to applicable dividend distribution tax, except when the distribution is made by an "equity oriented fund". It may be pertinent to note that section 14A of the Act restricts claim for deduction of expenses incurred in relation to exempt income.

4. Capital Gains

(a) Under section 112 of the Act, long term capital gains are subject to tax at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains are to be computed by deducting from the sale consideration (i) expenditure incurred in connection with such transfer; and (ii) except in case of certain bonds and debentures the indexed cost of acquisition of the capital asset.

However, in respect of long term capital gains arising from transfer of listed securities, units or zero coupon bonds, the maximum tax payable on long term capital gains is restricted to 10% of the capital gains calculated without indexation of the cost of acquisition.

Further, in terms of section 10(38) of the Act, any long term capital gain arising to the Issuer on or after October 1, 2004, from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax (STT), is exempt from tax in the hands of the Issuer. However, long term capital gains earned by the Issuer shall be taken into account in computing the book profits for the purposes of computation of MAT.

(b) In terms of section 111A of the Act any short term capital gains arising to the Issuer on or after October 1, 2004, from the transfer of a short term capital asset being an equity share in a company or unit of an equity oriented fund, where such transaction is chargeable to STT, would be subject to tax only at a rate of 10 percent (plus applicable surcharge and education cess). Further deduction under Chapter VI-A would not be allowed from such short term capital gains subject to tax under section 111A of the Act.

(c) As per the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising to the Issuer [other than those exempt under section 10(38)] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

II. Tax Benefits available to the Members of the Company under the Act

2.1 Resident Members

a) Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1,500 per minor child, whose income is so included.

b) The characterization of gains / losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the member and various other factors.

c) Section 10(34) of the Act provides an exemption in respect of any income by way of dividends referred to in section 115O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax. However, it may be pertinent to note that section 14A of the Act restricts claim for deduction of expenses incurred in relation to exempt income

d) Under section 111A of the Act, capital gains arising from transfer of short term capital assets, inter alia being an equity share in a company, which is subject to STT will be taxable @10% (plus applicable surcharge and educational cess). In other cases, the short term capital gains would be chargeable as part of the total income and the tax rates would depend on the income slab. Further no deduction under Chapter VI-A would be allowed in computing such short term capital gains subject to tax under section 111A of the Act.

e) Under section 112 of the Act, long term capital gains are subject to tax at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains are to be computed by deducting from the sale consideration (i) expenditure incurred in connection with such transfer; and (ii) except in case of certain bonds and debentures the indexed cost of acquisition of the capital asset. In computing the long term capital gains chargeable to tax, no deduction under Chapter VI-A would be allowed under section 112 of the Act.

However, in respect of long term capital gains arising from transfer of listed securities, units or zero coupon bonds, the maximum tax payable on long term capital gains is restricted to 10% of the capital gains calculated without indexation of the cost of acquisition.

Further, in terms of section 10(38) of the Act, any long term capital gain arising to the Issuer on or after October 1, 2004, from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax (STT), is exempt from tax in the hands of the Issuer. However, in case of companies, long term capital gains earned by the Issuer shall be taken into account in computing the book profits for the purposes of computation of MAT.

f) In terms of section 88E of the Act, the STT paid by the member in respect of the transactions entered into in the course of the business would be eligible for rebate from the amount of income tax on the income chargeable under the head "Profits and Gains under Business or Profession" arising from taxable securities transactions.

g) As per the provisions of section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

h) As per the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising to the members [other than those exempt under section 10(38)] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

i) Under section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt under section 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilised, for purchase of residential house property within a period of one year before or two year from the date of transfer, or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

2.2 Non Resident other than Foreign Institutional Investors

a) Under section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1,500 per minor child, whose income is so included.

b) The characterization of gains / losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the member and various other factors.

c) Section 10(34) of the Act provides an exemption in respect of any income by way of dividends referred to in section 115O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax. However, it may be pertinent to note that section 14A of the Act restricts claim for deduction of expenses incurred in relation to exempt income.

d) Under section 111A of the Act, capital gains arising from transfer of short term capital assets, inter alia being an equity share in a company, which is subject to STT will be taxable @10% (plus applicable surcharge and educational cess). In other cases, the short term capital gains would be chargeable as part of the total income and the tax rates would depend on the income slab. Further no deduction under Chapter VI-A would be allowed in computing such short term capital gains subject to tax under section 111A of the Act.

e) Under section 112 of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). Such long term capital gains are to be computed by deducting from the sale consideration (i) expenditure incurred in connection with such transfer; and (ii) the cost of acquisition of the capital asset from the sale consideration. However, there exists a special provision for non residents providing for adjustments to the cost of acquisition, in respect of exchange rate fluctuations, in computing the capital gains. Further, in computing the long term capital gains chargeable to tax, no deduction under Chapter VI-A would be allowed under section 112 of the Act

Further, in terms of section 10(38) of the Act, any long term capital gain arising on or after October 1, 2004, from the transfer of a long term capital asset inter alia being an equity share in a company, where such transaction is chargeable to STT, is exempt from tax in the hands of the member. However, in the case of companies, long term capital gains so earned shall be taken into account in computing the book profits for the purposes of computation of MAT.

f) In terms of section 88E of the Act, the STT paid by the member in respect of the transactions entered into in the course of the business would be eligible for rebate from the amount of income tax on the income chargeable under the head "Profits and Gains under Business or Profession" arising from taxable securities transactions.

g) As per the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising to the members [other than those exempt under section 10(38)] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

h) Under section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt under section 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilised, for purchase of residential house property within a period of one year before or two year from the date of transfer, or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

i) As per section 90 of the Act, the provisions of the Act or the provisions of the applicable Double Tax Avoidance Agreement, whichever is more beneficial to the taxpayer / assessee, would apply.

2.3 Special optional provisions available to Non Resident Indians under the Act

- A Non Resident Indian (NRI), i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XII-A of the Act, i.e. *"Special Provisions relating to certain incomes of Non-Residents"*.

- Under section 115E of the Act, where the NRI has subscribed the shares of the company in convertible foreign exchange, long term capital gains arising to the non resident on transfer of such shares [in cases not covered under section 10(38) of the Act] be chargeable to tax at concessional flat rate of 10% (plus applicable surcharge and educational cess). In computing the capital gains for non residents, arising from transfer of shares or debentures of an Indian company, no indexation benefit is allowed. However, in such cases all the non residents have been provided with a protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.

- Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to the NRI from the transfer of such shares shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or otherwise converted into money within three years from the date of their acquisition.

- Under provisions of section 115G of the Act, it shall not be necessary for the NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

- Under section 115-I of the Act, the NRI may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act, in which case the above stated provisions from point (c) to (h) in Para 2.2 would be applicable.

2.4 Foreign Institutional Investors (FIIs)

a) Section 10(34) of the Act provides an exemption in respect of any income by way of dividends referred to in section 115-O (whether interim or final). Dividends referred to in section 115-O would cover dividends declared, distributed or paid by the domestic companies in respect of which the distributing company is liable to pay dividend distribution tax.

b) The characterization of gains / losses arising from sale of shares as capital gains or business income would generally depend on the nature of holding in the hands of the member and various other factors.

c) Under section 111A of the Act, capital gains arising from transfer of short term capital assets, inter alia being an equity share in a company, which is subject to STT will be taxable @10% (plus applicable surcharge and educational cess). In other cases, the short term capital gains would be chargeable to tax @30% (plus applicable surcharge and education cess).

d) Under section 10(38) of the Act, any long term capital gain arising on or after October 1, 2004, from the transfer of a long term capital asset inter alia being an equity share in a company, where such transaction is chargeable to STT, is exempt from tax in the hands of the member. However, in the case of companies, long term capital gains so earned may be taken into account in computing the book profits for the purposes of computation of MAT.

e) Section 115AD provides special provisions for taxability of various types of income of FIIs. Under section 115AD long term capital gains arising from transfer of shares in a company [other than those mentioned in point (d) above], are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48 of the Act. In other words, the benefit of indexation or the adjustment in respect of foreign exchange fluctuation, as mentioned under the two proviso would not be allowed while computing the capital gains.

f) As per the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains arising to the investors / members [other than those exempt under section 10(38)] shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

g) As per section 90 of the Act, the provisions of the Act or the provisions of the applicable Double Tax Avoidance Agreement, whichever is more beneficial to the taxpayer / assessee, would apply.

III. Tax Benefits under the Wealth Tax Act, 1957

Shares in a company held by a member will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, 1957. Hence, wealth tax is not leviable on shares held in a company.

SECTION IV: ABOUT THE COMPANY

INDUSTRY

The information presented in this section has been obtained from publicly available documents from various sources including stock exchange and industry websites and from publications and government and company estimates. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Draft Red Herring Prospectus is reliable and that website data is as current as practicable, these have not been independently verified. Similarly, internal Company estimates, which we believe to be reliable, have not been verified by any independent agencies.

Overview of the Indian Economy

India is one of the fastest growing economies in the world with a rapidly expanding financial services sector. After adjustments for purchasing power parity, India's economy is the fourth largest in the world in terms of Gross Domestic Product ("GDP"). An efficient securities market provides the necessary channel for flow of resources from the providers of capital to the users of capital for economic development. The overall growth of the economy and economic activity are also important factors, which determine availability of resources. The following table illustrates India's GDP growth between 2004 and 2007.

	2004	**2005**	**2006**	**2007**
GDP (US$ Billion)	667.342	780.784	886.867	984.210
Annual Percent Change (%)	7.8	9.2	9.2	8.4

Source: World Economic Outlook

Indian Financial 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 recent years and the entry of sophisticated domestic and international financial services participants. Sectors such as banking, asset management and brokerage have been liberalised to allow private sector involvement, which has contributed to the development and modernisation of the financial services sector. This is particularly evident in the non-banking financial services sector, such as brokerage, residential mortgage and insurance services, where new products and expanding delivery channels have helped these sectors to achieve high growth rates recently. Financial services accounted for approximately 14% of total GDP in fiscal 2007.

The combined average daily turnover of the BSE and the NSE for different market segments has increased from approximately Rs. 4.8 billion in March 1996 to approximately Rs. 312.1 billion in March 2006. Over this period, there has also been a substantial growth in the market for other financial products such as insurance, and mutual funds.

Regulatory Developments

The following are certain regulatory developments in the Indian financial sector since India's economic reforms.

Securities and Exchange Board of India (SEBI) Act, 1992

As part of the reforms process, the Capital Issues (Control) Act, 1947 was repealed in 1992 and replaced by the SEBI Act, 1992, paving the way for market-determined allocation of resources. Under the SEBI Act, 1992, issuers complying with eligibility criteria are allowed the freedom to issue securities at market-determined rates. SEBI exercises control over the market through the issuance of guidelines and rules for various capital market activities and of regulations for intermediaries and stock exchanges.

The SEBI Act established SEBI with the primary objective of protecting the interests of investors in securities. SEBI requires critical data regarding all relevant market participants to be disclosed on specified forms. The Investor Education and Protection Fund was established for the promotion of awareness among investors and protection of investor interests. The Department of Economic Affairs, Department of Company Affairs, SEBI and the stock exchanges have set up an investor grievance division for redressing investor grievances. The exchanges also maintain investor protection funds to satisfy certain investor claims.

Screen Based Trading

Trading on stock exchanges in India used to take place through an open outcry system without use of information technology for immediate matching or recording of trades. In order to provide efficiency, liquidity and transparency, in 1996 the NSE and the BSE introduced a nationwide, on-line and fully-automated screen based trading system. Introduction of these trading systems has been one of the key developments in the Indian capital market.

Trading Cycle

In the early 1990s, trades were accumulated over a trading cycle and at the end of the cycle, trades were netted out and followed by payment of cash and delivery of securities in order to settle the balance. This trading cycle varied from 14 days for specified securities to 30 days for others and settlement took another fortnight. In order to reduce large open positions, the trading cycle was reduced to a week. The stock exchanges, however, continued to have different weekly trading cycles, which enabled shifting of positions from one exchange to another. Rolling settlement on a T+5 basis was introduced in 1996 and as a result, for specified scrips, the trading cycle was reduced to one day. It was made mandatory for all stock exchanges to follow a uniform weekly trading cycle in respect of scrips not under rolling settlement. All scrips were moved to the rolling settlement in December 2001. The settlement period has been reduced progressively from T+5 to T+3 days to the current T+2 day settlement cycle.

Derivatives Trading

To assist market participants in managing risks better than through hedging and arbitrage, the Securities Contracts (Regulation) Act, 1956 ("SCRA") was amended in 1995 to lift the ban on options in securities. The SCRA was amended further in December 1999 to expand the definition of securities to include derivatives so that the whole regulatory framework governing trading of securities could apply to trading of derivatives as well. In the meantime exchanges developed infrastructure and the information systems required to implement trading discipline in derivative instruments. Derivative trading commenced in June 2000 on the NSE and the BSE. The market presently offers index futures and index options on three indices and stock options and stock futures on individual stocks (presently 187 stocks on the NSE as of June 2007) and futures in interest rate products like notional 91-day T-bills and notional 10-year bonds.

Demutualisation (Segregation of ownership from management)

Historically, brokers owned, controlled and managed stock exchanges in India. The Government proposed in March 2001 to corporatise the stock exchanges and thereby segregate ownership, management and trading membership. A few stock exchanges have already initiated the demutualisation process. The Government has offered a variety of tax incentives to facilitate corporatisation and demutualisation of stock exchanges. The NSE has adopted a demutualised governance structure where ownership, management and trading are separated to help reduce conflicts of interest. The BSE also recently has completed demutualisation.

Depositories Act

The settlement system on Indian stock exchanges gave rise to settlement risk due to the lapse of time before trades were settled. The historical process of physically moving securities among different parties took time with the risk of delay along the chain. A significant proportion of transactions ended up as bad deliveries due to non-compliance with paperwork. This added to costs, restricted liquidity and made investor grievance redressal time consuming and at times intractable. To obviate these problems, the Depositories Act, 1996 was passed. As of mid-June, 2007, more than 6,670 companies were connected to NSDL and 5,660 to CDSL. All actively traded scrips are now held, traded and settled in uncertificated form. Uncertificated settlement (known in India as "Dematerialised Settlement") accounts for over 99% of turnover settled by delivery. This has substantially eliminated bad deliveries and associated settlement problems. To prevent physical certificates from coming into circulation, it has been made mandatory for all new public offerings to be traded in uncertificated form. The admission to a depository for holding securities in uncertificated form has been made a prerequisite for making a public offering, rights issue or an offer for sale.

Indian Capital Markets

There were 1,228 companies listed on the National Stock Exchange and 4,821 companies listed on the Bombay Stock Exchange as of March 31, 2007. In recent years, the capital markets have undergone substantial reforms in regulation and supervision. Reforms, particularly the establishment of SEBI, market-determined prices and allocation of resources, screen-based nation-wide trading, T+2 settlement, scripless settlement and electronic transfer of securities, rolling settlement and derivatives trading have greatly improved both the regulatory framework and efficiency of trading and settlement. There presently are 22 recognised stock exchanges in India, as well as the over-the-counter Exchange of India ("OTCEI") for small and new companies and the NSE, which was set up as a model exchange to provide nationwide services to investors. In 2003, the NCDEX and the MCX were set up for trading of futures in various commodities.

Primary Equity Market

The primary segment of the capital markets in India has been witnessing a surge in activity driven by the strong fundamentals of the Indian economy, improved corporate results, a buoyant secondary market, structural reforms by the Government and an investor-friendly framework. In recent years, public offerings have in general received strong responses from FIIs, institutional and retail investors. The following table illustrates the primary equity market issuances in India from Fiscal 2002 to Fiscal 2006.

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Domestic Offerings (Rs. billion):					
IPO and Follow-on offerings......................	49.80	14.07	27.15	96.36	169.37
Rights offerings..	7.12	4.71	10.07	34.44	42.17
Sub Total..	**56.92**	**18.78**	**37.22**	**130.80**	**211.54**
International Offerings (US$ million):					
ADRs/GDRs...	477	600	459	613	2,552

Source: RBI

In Fiscal 2007, there were a total of 124 public issues, including IPO and follow-on offerings and rights issues, that raised Rs.290.80 billion.

Secondary Equity Market

The Indian equity markets have been witnessing strong growth since 2003 with the benchmark BSE Sensex crossing the 14,500 mark in February 2007 from 6,600 in January 2005 and 5,200 in September 2004.

Growth of volume traded in Secondary Market (NSE)

		Year ended March 31					
	Unit	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Capital Market							
Number of companies listed		793	818	909	970	1,069	1,228
Traded quantity	million	27,840	36,406	71,330	79,768	84,448	85,545
Turnover	Rs. Billion	5,131	6,179	10,995	11,400	15,695	19,452
Average Daily Turnover.............	Rs. Billion	20	24	43	45	62	78
Wholesale Debt Market							
Number of trades.........................	Thousand	144	167	189	124	61	19
Net traded value	Rs. Billion	9,471	10,687	13,160	8,872	4,755	2,191
Average daily value.....................	Rs. Billion	32	35	44	30	17	9
Derivatives							
Number of contracts....................	Thousand	4,196	16,768	56,886	77,016	157,619	216,883
Turnover......................................	Rs. Billion	1,019	4,398	21,306	25,469	48,243	73,564
Average daily value.....................	Rs. Billion	4	17	83	101	192	295

Source: NSE Website

The average daily turnover at the NSE and for different market segments has increased from approximately Rs. 68 billion in 2001 to approximately Rs. 382 billion in March 2007. Over this period, there also has been a substantial growth in the market for other financial products, such as insurance and mutual funds.

Equity Brokerage

The evolution of the Indian capital markets has stimulated rapid consolidation due to increased trading volumes, increased regulation, customer sophistication, better technology and increased back-office requirements. As a result, significant changes have been introduced to strengthen risk management systems. Changes in the regulatory framework and settlement mechanics have resulted in the smaller operating participants losing their market share, leading to a consolidation in the industry.

The market share of the top five brokers on the NSE has increased from 12% in Fiscal 2004 to approximately 15% in March 2007. The market share of the top ten brokers on the NSE has grown from approximately 17% in Fiscal 2004 to 24% in March 2007, and the share of the top 25 brokers on the NSE has grown from 30% in Fiscal 2004 to 43% in March 2007. These figures indicate a long-term consolidation process in a highly fragmented securities brokerage industry, with numerous smaller participants exiting the market and larger brokers gaining market share. Market consolidation is even more pronounced in the on-line trading category where the top five brokers control almost the entire market. The rapid growth in on-line trading volumes can be attributed to growing sophistication of retail investors, availability of reliable internet connectivity and sophistication of Internet-based trading products. The following table illustrates the trading volume on the NSE and the percentage traded by the top brokers from 2003.

Year Ended 31 March	**% Volume by Top Brokers**				
	5	**10**	**25**	**50**	**100**
2003…………………	10	16	29	42	59
2004…………………	12	17	30	44	61
2005…………………	14	20	35	49	65
2006…………………	15	23	38	53	68
2007…………………	15	24	43	57	71

Source: NSE Website

Internet Trading

At the end of March 2006, 142 members on the Capital Market segment and 127 on the Futures and Options Segment were permitted to allow investors web-based access to the NSE's trading system. The members of the Exchange in turn had registered 1,443,291 clients for web-based access as of March 31, 2006. In the NSE Capital Market segment in Fiscal 2006, approximately Rs. 183 billion, constituting 11.68% of total trading volume, were routed and executed through the Internet. The following table gives the growth of Internet trading.

Year Ended 31 March	**Enabled Members**	**Registered Clients**	**Trading Volume (Rs. million)**	**% of total trading volume**
2003..	80	346,420	15,360	2.48
2004..	70	463,560	37,945	3.45
2005..	78	849,696	81,033	7.11
2006..	142	1,443,291	183,428	11.68

Source: NSE Website

Mutual Funds

As of March 31, 2007, there were 756 mutual funds in India with total assets under management of Rs. 2,544 billion. From 1963 to 1987, Unit Trust of India was the only mutual fund operating in the country. It was set up in 1963 at the initiative of the government and the RBI. From 1987, several other public sector mutual funds entered this sector. These mutual funds were established by public sector banks, the Life Insurance Corporation of India and the General Insurance Corporation of India. The mutual funds industry was opened up to the private sector in 1993. The industry is regulated by the SEBI (Mutual Fund) Regulation, 1996.

The mutual fund industry has also experienced considerable activity over last few years with total assets under management growing from Rs. 1,396 billion as of March 31, 2004 to Rs. 3,263 billion as of March 31, 2007. In recent years, the industry has witnessed consolidation in favour of private sector mutual funds whose assets under management have grown from Rs. 1,049 billion as of March 31, 2004 to Rs. 2,567 billion as of March 31, 2007. Most of the funds that dominate the sector are open-ended funds.

The mutual fund sector can broadly be divided based on the nature of the schemes launched by the mutual funds. The fixed income asset class, which comprises income, liquid, gilt and money market schemes, comprises a major share of total funds under management. The other two asset classes are equity and balanced schemes, which have experienced significant growth recently on account of the robust stock market. The following table illustrates the assets under management by mutual funds.

	Year ended March 31,					
Indian Mutual Funds	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
	(Rs.) million					
Income....................................	557,880	475,640	625,240	476,050	602,780	1,193,220
Growth	138,520	98,870	236,130	367,570	928,670	1,133,860
Balanced..................................	169,540	31,410	40,800	48,670	74,930	91,100
Liquid/Money Market	80,690	137,340	417,040	540,680	615,000	720,060
Gilt & Others………………..	59,310	51,380	76,950	63,030	97,240	125,640
Total	**1,005,940**	**794,640**	**1,396,160**	**1,496,000**	**2,318,620**	**3,263,880**

Source : AMFI Monthly

Insurance Sector

The insurance market was opened to the private sector in 2001. Since then, various foreign and Indian private sector participants have targeted market potential by providing a range of customized products. Major foreign insurance companies such as New York Life, Aviva, Tokio Marine, Allianz, Standard Life, Lombard General, AIG, AMP and Sun Life, among others, have announced joint ventures in both life and non-life insurance areas. As a result of the increased competition, state sector companies have become more aggressive in their product offerings, marketing strategies and distribution channels. According to the Insurance Regulatory Development Authority, the life insurance market has grown by 120% in the period from April 1, 2006 to February 28, 2007. The general insurance market has grown by 23.7% during the same period.

Investment Banking

With the Indian economy maturing, Indian companies are also evaluating different means to raise capital in the equity and debt capital markets. The volume of activity in equity capital markets as well as the transaction advisory market have increased significantly. With the increase in activity levels and entry of foreign investment banks in India, competition is intensifying. However, there is a large number of small and mid-sized companies, which is increasing the market size of investment banking activities.

Transaction Advisory

There has been a significant increase in the merger and acquisition activities by Indian companies in recent years. This continuing increase is evident in the inbound, outbound and domestic segments.

Equity Capital Markets

With the growth in various sectors of the Indian economy, Indian companies have been increasingly raising funds in both domestic and international equity capital market. The following chart indicates the total volume of transaction advisory and equity activity in India for last three years:

	Year ended December 31,			
Indian Investment Banking	**2004**	**2005**	**2006**	**2007YTD**
	(US$ Billion)			
Mergers & Acquisitions				

Total Volume	9.7	36.6	38.8	45.1
Equity & Equity-linked				
Total Volume	8.9	14.1	18.3	7.0
Issues..	42	144	209	102

Source : Bloomberg (as of June 15, 2007)

Industry Outlook

Existing low penetration levels, increasing affordability of credit and rising income levels have led to a growing demand for retail financial products. India has a substantial retail investor base throughout the country that has a large pool of untapped surplus funds. The market confidence of small investors has increased with growing levels of education and financial awareness, and the strengthening of regulatory systems. The financial services industry is undergoing consolidation. In the future, it is expected that market share will be captured by financial services providers who can offer a complete range of financial products and services.

OUR BUSINESS

Overview

We are a financial services company in India, offering a wide range of financial products and services targeted at retail investors, high net worth individuals and corporate and institutional clients. We are promoted by the promoters of Ranbaxy Laboratories Limited. We operate from six regional offices and 25 sub-regional offices and have a presence in 330 cities and towns controlling 979 locations managed by us and our Business Associates all over India, as well as a representative office in London. While the majority of our offices provide the full complement of our services, we also have dedicated offices for our investment banking, institutional brokerage, portfolio management services and priority client services.

Religare Enterprises Limited is the holding company for our subsidiaries. Our principal subsidiaries include:

- **Religare Securities Limited ("RSL")**
    - Registered with SEBI as an approved stockbroker with membership of National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE").
      NSE: SEBI Registration. No: INB 230653732 and INF 230653732 TM Co: 06537 Clearing Member (F&O) No. M50235
      BSE: SEBI Registration. No: INB 010653732 and INF010653732; Clearing No: 3004
    - Registered with SEBI for portfolio management services ("PMS")
      PMS Registration No: INP 000000738 MAPIN No: 100001834
    - Registered with SEBI as a Depository Participant providing services of National Securities Depository Limited ("NSDL") and Central Depository Services Limited ("CDSL").
      NSDL: DP ID: IN 301774 | SEBI Regn. No: IN-DP-NSDL-150-2000 | CDSL DP ID: 30200 SEBI Regn. No: IN-DP-CDSL-202-2003
    - Registered with SEBI as Category I merchant banker.
      SEBI Merchant Banking Registration No: MB/INM000011062
    - Applied with SEBI to be sponsor of an asset management company ("AMC") in a joint venture with Aegon International N.V., a global provider of life insurance and pension services.
- **Religare Finvest Limited ("RFL")**
    - Registered with the Reserve Bank of India ("RBI") as a non-banking finance company ("NBFC") and presently engaged in providing personal credit (such as loans against shares ("LAS"), and personal loans), distribution of mutual funds, wealth management, IPO financing, and corporate finance services.
      RBI Registration No. : B-14-02107
- **Religare Commodities Limited ("RCL")**
    - Registered with the Forward Market Commission ("FMC") as a commodity broker.
      FMC Registration No. NCDEX: NCDEX/TCM/CORP/0264 | MCX: MCX/TCM/CORP/0517 NMCE Registration No. CL0142
    - Member of National Commodities and Derivative Exchange Limited ("NCDEX"), Multi Commodity Exchange of India Limited ("MCX") and National Multi Commodity Exchange of India Limited ("NMCE").
      Registration No. MCX 10575 | NCDEX 00109

- **Religare Insurance Broking Limited ("RIBL")**
  - Registered with the Insurance Regulatory Development Authority ("IRDA") as a composite broker, which enables us to distribute products and services of life insurance companies, non-life insurance companies and re-insurance businesses.

We have divided our product and service offering under three broad client interface categories: "Retail Spectrum", "Wealth Spectrum" and "Institutional Spectrum".

Retail Spectrum	Wealth Spectrum	Institutional Spectrum
↓	↓	↓
Caters to a large number of retail clients by offering all products under one roof through our branch network and online mode	**To provide customized wealth advisory services to high net worth individuals**	**To forge and build strong relationships with corporate and institutional clients**

- Equity and Commodity Trading
- Personal Financial Services
  - Distribution of mutual funds
  - Distribution of insurance
  - Distribution of savings products
- Personal Credit
  - Personal loan services
  - Loans against shares
- Online Investment
	- Wealth Advisory Services
	- Portfolio Management Services
	- International Equity
	- Priority Client Equity Services
	- Arts Initiative
		- Institutional Equity Broking
		- Investment Banking
		  - Merchant Banking
		  - Transaction Advisory Services

<u>Retail Spectrum</u> covers equity brokerage services, commodity brokerage services, personal financial services (financial planning for the retail investor, including the distribution of mutual funds, savings products, life insurance and initial public offerings ("IPOs") and personal credit (personal loans services ("PLS") and loans against shares ("LAS")). Historically, the services offered in this spectrum have been the most substantial part of our business. Our Retail Spectrum services in India are being offered through a network of 979 business locations spread across 330 cities and towns and also through our online platform, www.religareonline.com, which is being developed as an integrated portal to offer financial and other services. Our business locations include intermediaries, or our "Business Associates", who deliver a standard quality of service offering on the basis of a pre-determined revenue sharing ratio for the business generated through them. Our Retail Spectrum focuses on clients who keep less than Rs. 2.5 million on a continuing basis, in the form of either equity trading account margin, mutual fund investment, portfolio management investments or insurance premiums paid up. We have also increased our local commodity locations (or "mandis") to 42 as of March 31, 2007 in order to expand our retail commodity brokerage services.

<u>Wealth Spectrum</u> covers products and services which are geared to service high net worth individuals and provide wealth advisory services (on an asset allocation model), PMS (discretionary equity investments), priority client equity services (non-discretionary equity trading services), art initiatives (an art fund which we intend shortly to launch as an investment diversification product) and international equity investment advisory services. We have entered into an exclusive arrangement with WallStreet Electronica, Inc., a New York broker-dealer, to give Indian clients access through us to U.S. markets. Our Wealth Spectrum focuses on clients who keep at least Rs. 2.5 million on a continuing basis or more in the form of equity trading account margins, mutual fund investments, portfolio management investment or insurance premiums paid up.

<u>Institutional Spectrum</u> covers products and services which cater under one service offering to corporate and institutional clients, including domestic mutual funds, FIIs, banks and corporate customers. The Institutional Spectrum provides services to the institutional investor community through institutional brokerage and investment banking services. We also link corporate clients with a transaction advisory group, which consists of account managers through whom institutional clients are able to access the full range of our services.

Competitive Strengths

Regional management for retail branch network

Our retail business locations are managed through six regional and 25 other sub-regional offices across India. The regional offices are based in Chennai for the South region, Kolkata for the East region, Delhi for the North region and Central India, Ahmedabad for Gujarat and west Rajasthan, Pune for Goa and Maharashtra (excluding Mumbai), and Mumbai region. We have maintained these regional offices to facilitate greater penetration nationally and to delegate decision-making and customer service to a more decentralised level. Each of our regional offices is headed by a regional head who has significant experience in the industry and has been able to work with respective management teams to quickly build a branch network capable of generating significant business for us in the future. The regional decentralisation of our business has helped us to operate with more local knowledge and management and rapidly expand our national network coverage.

Geographical distribution with deep penetration in India

We have a national presence through our 979 business locations in 330 cities and towns, covering six regions in India. The locations of our offices are driven by the demand for our financial products and services, especially in smaller cities and towns which we believe will provide attractive growth opportunities. The Northern region has approximately 288 business locations, including at Delhi, Haryana, Uttar Pradesh, Bihar, Punjab and Chandigarh. The Southern region has approximately 231 business locations covering the states of Tamil Nadu, Karnataka, Kerala and Andhra Pradesh. The Eastern region's 142 business locations cater to clients in Orissa, Kolkata, Chhattisgarh and Jharkhand. Our other 318 business locations are located in the three regions of Mumbai, Maharashtra and Gujarat. The following table illustrates the geographic distributions of our branches as of March 31, 2007:

North Region		**South Region**	
Location	**Branches**	**Location**	**Branch**
Chandigarh	13	Andhra Pradesh	65
Delhi & NCR	60	Chennai	66
Haryana	23	Chennai City	11
Madhya Pradesh	22	Coimbatore	22
North Rajasthan	25	Erode	4
Punjab	25	Karnataka	41
U.P. & Uttaranchal	120	Kerala	15
		Madurai	7
Total North	**288**	**Total South**	**231**
East Region		**Maharashtra Region**	
Bihar & Jharkhand	6	Goa	10
Kolkata	83	Nagpur	8
Orissa & Chhattisgarh and rest of east	53	Pune & rest of Maharashtra	98
Total East	**142**	**Total Maharashtra**	**116**
Gujarat Region		**Mumbai Region**	
Gujarat and West Rajasthan	116	Mumbai	86

Diversified product portfolio

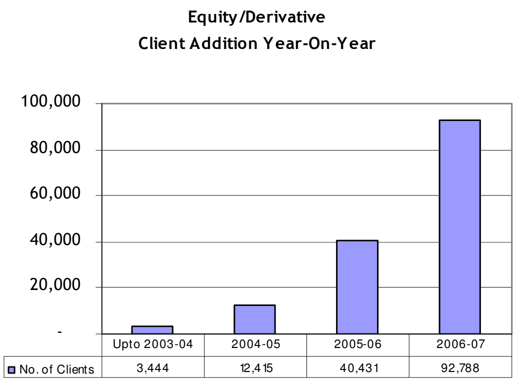
We offer a wide range of financial products and services to our investors. In the Retail Spectrum, we offer equity brokerage, commodities brokerage, personal financial services (including insurance brokerage and mutual fund distribution), internet trading, LAS and personal loans. In the Wealth Spectrum, we offer PMS, wealth advisory services and private client equity services (including international equity services). In the Institutional Spectrum, we offer institutional distribution services and investment banking and transaction advisory services. We believe that the diversity of our product and service offerings effectively differentiates us from our peers in the Indian market.

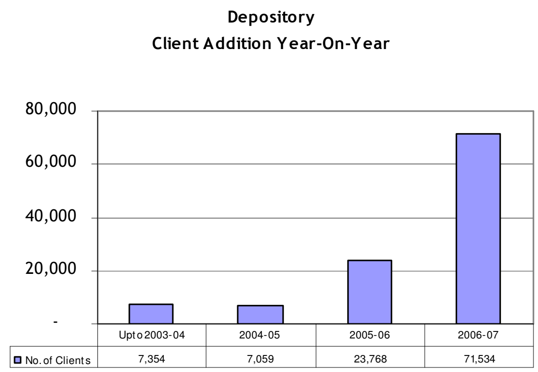
Distinctive expertise with focused servicing model

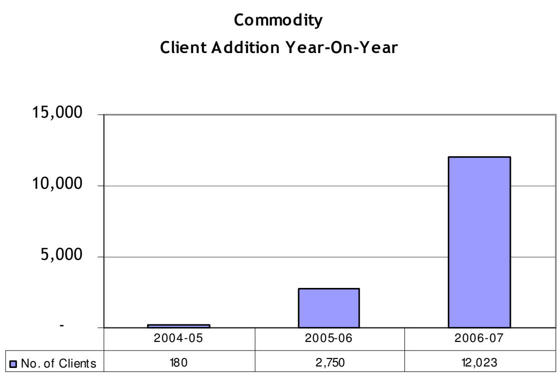
Our retail business model is based on providing value-added advisory services where we employ separate relationship managers for our equity, commodity, personal financial services ("PFS") and insurance businesses. This helps us to create capabilities and expertise for each product and we believe benefits customers in achieving their investment objectives by providing detailed and well-informed advice. Our equity and commodity clients simultaneously are assigned a Relationship Manager ("RM") and a dealer. The RM focuses on new client acquisition while the dealers continue to service existing clients.

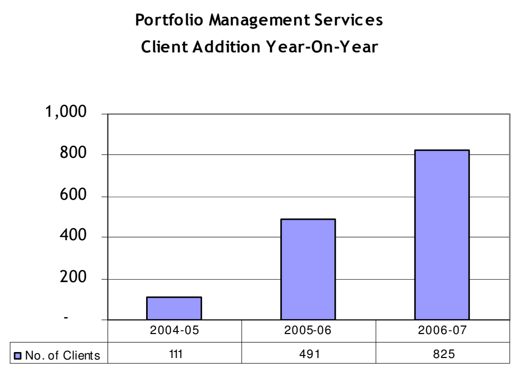
Growing client base built on well-recognised brand

The number of registered clients in our Retail Spectrum has been growing at a rapid pace, which we believe gives an indication of the substantial strength of our business activities:









The success of financial services businesses around the world is built upon client relationships. In management's view, the "Religare" brand, because of its association with the Ranbaxy Promoter Group, benefits from the trust of many investors in India and enhances market visibility, resulting in further client acquisitions.

Geared to address the competitive challenges of discount brokerage through online investment portal

Internet-based delivery allows us to offer financial products on a self-service model. It allows clients to transact and view reports online, thus eliminating customer contact at the branch level and reducing rental and personnel costs. The Internet-based offering passes on to our customers the benefit of reduced costs and is geared to compete with the discount brokerage model by offering alternative, easily scalable brokerage services that are complementary to our suite of existing products and services. A wide range of investment products is available online, allowing us to generate revenues from multiple products and services and better withstands cyclical and volatile equity and commodity markets. Furthermore, customers are able to plan their investments from locations of their own convenience and we are able to access potential customers in locations where we do not have a physical presence. Our online "RACE" teams are placed in more than 50 cities across the country with a team of more than 1,000 "Feet on Street" direct marketers, who are employed on contractual basis.

Strategy

Increase geographical presence

We intend to further expand the scale of our operations, explore new distribution channels and increase our reach and client base domestically and internationally. We are focused on increasing the number of our client relationships through our network of offices across India. Our emphasis is on expanding the scale of our operations as well as growing our network in the smaller Indian cities, which we believe present attractive opportunities to grow our client base and revenues.

We also intend to establish offices in key overseas markets, including the Middle East and Western Europe. As the global profile of the Indian financial markets improves, we expect to experience significant interest from overseas institutional and non-resident Indian investors in Indian financial services. Our initial emphasis will be on using our proposed international offices as supplementary distribution channels for our offerings in the Indian markets and on channeling Indian investments in the international financial markets. Our long-term international strategy includes our participation in overseas financial markets by setting up regulated financial services companies in such jurisdictions.

Expand our Internet-based delivery

We plan to significantly enhance our on-line trading capabilities and have established our on-line trading system to complement our other products and services offerings. We also have established a dedicated advisory desk for on-line services and a sales force of direct marketers that we expect in the next several months to increase to 2,500 covering 100 cities. We believe that we have the technological platform and systems in place to accommodate and service significant increases in on-line trading accounts and clients. We believe that an Internet-based, easily scalable product delivery model will enable us to respond effectively to the competitive challenges of discount equity brokerages and eventually move into delivering a wider range of products and services on-line.

Grow existing product lines and expand our products and services portfolio

We seek continuously to introduce new products that provide clients access to a range of financial products and services to suit their varied needs. In addition to growing our traditional equity brokerage business, we intend to develop our recent initiatives such as commodities and insurance brokerage and personal credit services. We are establishing separate subsidiaries to handle different product lines which we expect will form significant parts of our business going forward. In particular, we intend that wealth management services will be located in Religare Wealth Management Services Limited; investment banking and transaction advisory services will be located in Religare Capital Markets Limited; and PLS and other consumer lending will be located in Religare Finance Limited. We believe this reorganization will enable us to better develop these businesses, possibly in conjunction with Indian and international partners. We have already applied to SEBI to sponsor an AMC in a joint venture with Aegon International N.V., a global provider of insurance and pension services.

Continue to develop client relationships

We plan to grow our business primarily by growing the number of client relationships, as we believe that increased client relationships will add stability to our business. We seek to build on existing relationships and also focus on bringing into our portfolio major, multi-national corporations, large profitable public sector corporations and middle market companies. We also believe that the rapid growth in the middle market company sector offers us a significant opportunity to provide a wide variety of financial services and products to this segment. We also seek to offer our clients diversified products and services to increase our revenues per client by selling different products to the same client.

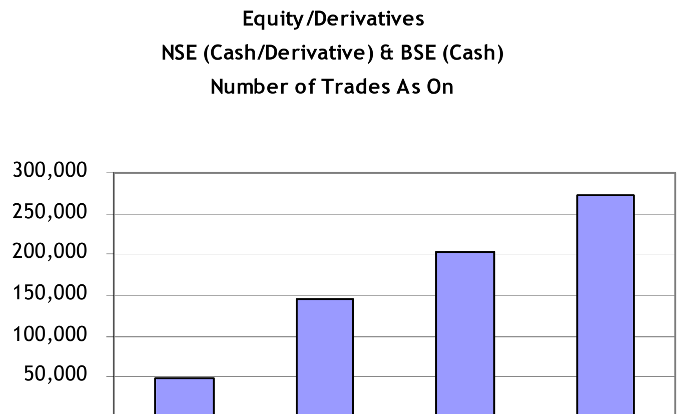
Pursue strategic acquisitions and alliances.

We seek to pursue strategic acquisition opportunities to enhance our capabilities, address specific industry opportunities to enhance further our industry and technical expertise, grow our operations geographically and benefit from an expanded client base. The Indian brokerage industry is experiencing significant consolidation involving the growth of corporate brokerage houses and increasing marginalization of small and regional brokers. Stricter regulatory and higher capital requirements have hastened this process, which provides opportunities for well-capitalized, professionally-managed corporate brokers, such as us, to acquire smaller participants and brokers associated with regional exchanges. We intend to target selectively such brokers for acquisition to expand our retail business.

Retail Spectrum

Equity Broking

The equity brokerage business in India is segregated into discount brokerage and full service brokerage and we have positioned ourselves in both market segments. Our full service advisory brokerage business is conducted under the "RALLY" brand, where we offer a physical and online interface with the client. Our equity broking services had more than 149,000 clients (including institutional and priority clients) as of March 31, 2007, acquired over the last three years. Based on the total value of trades published by the NSE and the BSE, our combined estimated market share of both NSE cash and futures segment trading and BSE cash segment trading was approximately 2.70%, for Fiscal 2007. Our strength of broking operations also is reflected by the growing number of trades on both the NSE cash and derivatives segment and the BSE cash segment, which grew from 49,517 trades on March 31, 2005 to 203,550 trades on March 30, 2007. The total number of trades has further grown to 272,759 as of May 31, 2007.



	March 31, 2005	March 31, 2006	March 30, 2007	May 31, 2007
No. of Trades	49,517	145,765	203,550	272,759

For our equity trading services, our model combines a dedicated relationship and dealing team behind each client to ensure that our services continuously grow not only in terms of revenue but also in terms of numbers of clients. While the dealing teams continuously keep equity trading clients updated with market information and are responsible for execution of trades, the relationship team continues to acquire and enroll new clients for our services. As of March 31, 2007, we had 757 dedicated relationship managers and 1,370 dealers who provided services to our equity trading clients.

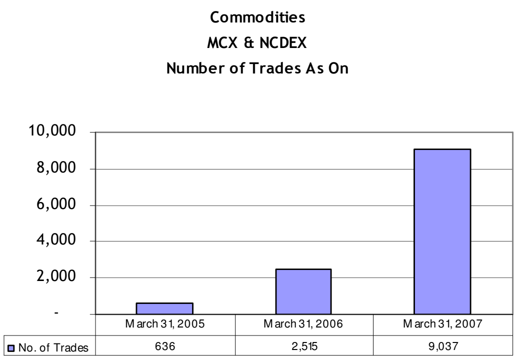
Our gross brokerage revenue from retail equity broking for Fiscal 2007 was Rs. 1,170.13 million, which increased from Rs. 806.66 million in the previous Fiscal. In Fiscal 2007, we opened 520 new business locations for equity trading and other financial services offered to retail investors.

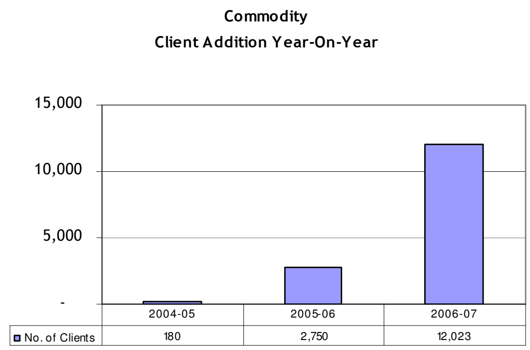
Depository Services

Depository services form part of our integrated offering to our equity trading clients, who are able to use our depository services to settle their trades through us. Our total depository accounts have increased to 109,715 in Fiscal 2007 from 14,413 in Fiscal 2005, with a total asset base of Rs. 219,402 million of aggregate share value as on March 31, 2007.

Commodity Broking

Commodity trading in India is comparatively new and gives investors opportunities to hedge risk of capital market fluctuations. It also is emerging as an additional class of investment for investors. We are targeting our equity trading customers for investment in globally-traded commodities, such as bullion and oil and gas, and currently offer this service from 465 locations, including 42 commodity “mandi” locations across the country. RCL had a base of approximately 182 clients as on March 31, 2005 which has grown to approximately 14,955 as on March 31, 2007. In all the locations where commodity services have been provided, we employ experienced commodities dealers, who support trading for existing commodity broking clients, in addition to the equity relationship manager. In certain locations where required, we also have dedicated commodity relationship managers. As of March 31, 2007, we had 193 dedicated commodity dealers and 108 commodity relationship managers.





Personal Financial Services

Financial planning services are offered to individuals to put together a financial plan for managing financial resources. This may include a debt and asset analysis, as well as college, retirement, estate and tax planning, with periodic checks with the client to monitor how well the plan is being followed over time. Much of the planning revolves around developing an income and expense budget, with advice about the types of financial investments suitable for the particular client. In India, such services currently are not well developed and there is a large focus on the distribution of financial products, such as mutual funds, insurance polices and other savings products. With a view to leveraging the strength of our branch network during the course of Fiscal 2007, we started distribution of mutual funds and, in Fiscal 2008, we have converted this segment to “Personal Financial Services”, or “PFS”, which will provide financial planning services where a single team can advise clients across various product and service offerings.

As of March 31, 2007, we had approximately 27,770 PFS folios for our retail customers, with total funds invested through us of Rs. 1,467.53 million in equity-related funds and Rs. 65,029.05 million in debt-related funds. Our PFS team now offers the full spectrum of financial planning to customers, which includes insurance, IPOs and other investment products. We had about 200 dedicated PFS advisors as of March 31, 2007, and this service is expected to be rolled out to all our locations over the next few years.

Insurance

The distribution of life and non-life insurance products in India has historically been conducted by single agents who are able to sell only one insurance company’s policies. We have entered the insurance broking business so that we can deliver access to all major insurance companies’ products to our customers. We intend to provide insurance distribution services through our large network of branches as well as through our dedicated insurance branches. We received our insurance broking license in November 2006.

We currently hold a majority stake in Religare Insurance Holding Company Limited (“RIHCL”), a company which has been formed to enter into a joint venture with Aegon International N.V., to offer life insurance and pension products in India. We have infused equity into RIHCL for onward deployment in the joint venture and, following receipt of regulatory approvals for RIHCL to participate in the joint venture, we ultimately intend to reduce our holding in RIHCL to a minority stake.

Personal Credit

Through our LAS and PLS offerings, we have entered into consumer lending business activities. Our PLS service offering is marketed as "Personal Credit" services and developed by leveraging our branch network to generate opportunities from existing equity customers. Our PLS business consists of unsecured consumer loans to our retail customers. During the Fiscal 2007 we disbursed personal loans amounting Rs. 316.50 million . Our PLS business has been rolled out in ten locations and has credit and sales managers across these locations. Our LAS business consists of loans secured by shares held by our retail customers and helps them leverage their equity market positions to take increased exposure.

Online Investment Portal

We launched an Internet delivery portal for all of our financial services and products in May 2007, following the commencement of our online trading services in August 2006. Our online investment portal has been developed to provide a complete investment suite of equity, commodity, IPO, mutual funds and insurance products. Our online investment portal is complementary to the equity trading services offered by our branches, as it is structured to offer services to growing number of Internet users. As on March 31, 2007, we had more than 11,600 accounts. Our Internet trading volume accounted for approximately 4.76% of the market share of Internet trading volume on the NSE for the month of March 2007.

We have recently entered into an agreement with Indusind Bank Limited to offer our online trading services to the bank's customers.

Wealth Spectrum

Wealth Advisory Services

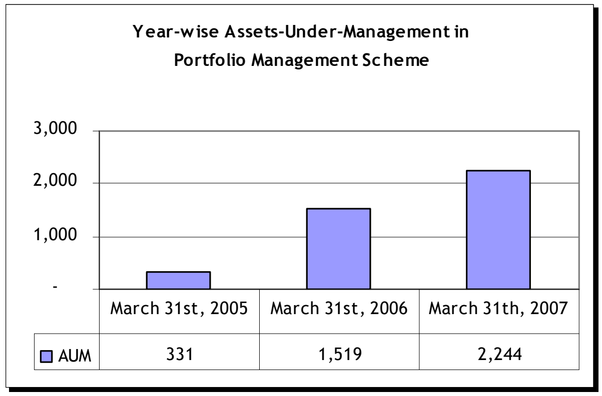
We offer wealth advisory services to high net worth individuals in various classes of investment products. Our wealth advisory services business has been able to build credible client relationships and assets under management in their advisory portfolio since we started in mid-2007. As on March 31, 2007, we managed more than 185 client relationships, which have a minimum client portfolio size of Rs. 2.5 million, which is our benchmark size for a client in this spectrum. We also are currently working with another 615 client relationships that have the potential to meet our benchmark size to access our wealth advisory services in the future. As of March 31, 2007, we advised on approximately Rs. 1,200 million worth of total assets. Until March 31, 2007, wealth advisory services were conducted in a division of Religare Finvest Limited and we are in the process of transferring the entire business to a newly incorporated subsidiary, Religare Wealth Management Services Limited.

We have entered into an exclusive arrangement with WallStreet Electronica, Inc., a U.S. broker-dealer, to give our Indian clients access to U.S. markets. RSL acts as the exclusive introducing foreign broker and our clients are provided trading and investment advising services by WallStreet*e.

Portfolio Management Services

We are registered with SEBI to provide PMS. We offer fully discretionary portfolio management services to provide individualized services for clients for a variety of asset classes to fit the investor's specific investment parameters. We currently have five PMS products: "Caterpillar", "Panther", "Tortoise", "Elephant" and "Leo". These products are designed for the varying preferences, objectives, risk tolerance and investment horizons of our customers. Our PMS operate on a multi-fund manager approach where the fund manager team is headed by a chief investment officer and each scheme is supported by a fund manager and one research analyst with its own operations, risk and customer support team.

As of March 31, 2007, Religare had 1,427 PMS clients and our assets under management aggregated approximately Rs. 2,243.68 million. The following table shows the growth of our PMS assets under management over the last three Fiscals:



Existing products under our PMS are:

- **Panther**

  Panther is targeted at investors who are willing to take high risks for high returns. It is an aggressive scheme that is positioned across sectors and market caps and has a high portfolio turnover. Investment strategy includes investments across sectors with a view to take advantage of various market conditions and identify stocks which have high volatility buy potential. This product also aggressively uses derivatives for hedging and maximising returns from the portfolio.

- **Tortoise**

  Tortoise aims to achieve gradual growth in portfolio value over a period of time by way of careful and judicious investment in fundamentally strong and attractively valued shares. It is a moderate scheme that promises medium risks and medium returns along with medium portfolio turnover. Its investment strategy includes investment across sectors to take advantage of lower valuation of companies with high growth potential and a consistent track record over a longer period of time.

- **Elephant**

  Elephant aims to generate steady returns over a longer investment horizon by investing in securities selected from the BSE 100 and NSE 100 indices. This plan is suitable for the low risk and low return investor with a strategy to invest in blue chip companies, as these companies have steady performance and reduced liquidity risk in the market. The plan identifies and selects stocks with long-term growth prospects trading at modest relative valuations.

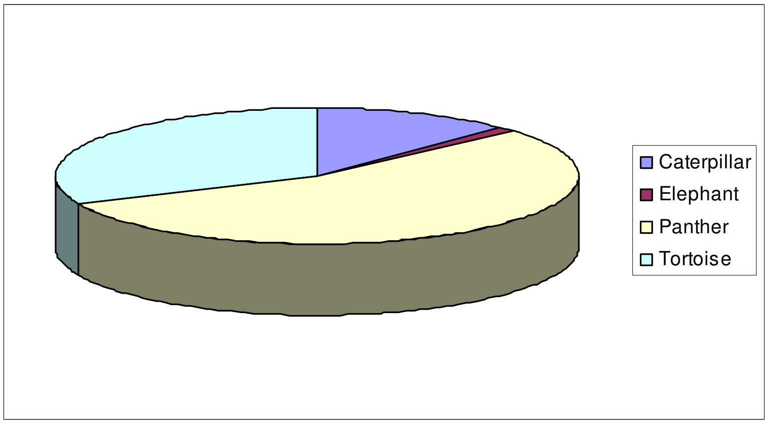
- **Caterpillar**

  Caterpillar aims to achieve capital appreciation over a long period of time by investing in a diversified portfolio. The scheme offers high risks and high returns but with a low portfolio turnover. Its investment strategy includes investment in shares which are poised to receive a re-rating due to a change in business, potential attractiveness for a particular sector in the future or business diversification leading to a better operating performance. The scheme identifies and selects stocks in the early stages of an upturn and in sectors currently ignored by the market.

- **Leo**

  Leo is aimed at retail customers and structured to provide medium to long-term capital appreciation by investing in stocks across the market capitalization range. This scheme is a mix of moderate and aggressive investment strategies. Its aim is to have a balanced portfolio comprising selected investments from both Tortoise and Panther. Exposure to derivatives is taken within permissible regulatory limits.

The following table shows client concentration across each of the PMS products we offer:



Priority Client Equity Services

Our priority client equity services are targeted at high net worth individuals who actively invest and trade in equity markets and want to be serviced on a priority basis with customized research and advisory support. Our priority client equity services engage the services of experienced equity professionals for client acquisition and relationship, brokerage and research. As on March 31, 2007, we had 6 research analysts servicing these clients.

Institutional Spectrum

Institutional Brokerage Business

We reorganized our institutional brokerage business in 2006 to increase our roster of clients and research base. Our revenues from institutional brokerage services for Fiscal 2007 and Fiscal 2006 were Rs. 20.17 million and Rs. 14.39 million, respectively. Our institutional brokerage operations are driven by approximately 13 research analysts (covering 60 companies in ten sectors as of March 31, 2007) and cater mainly to mutual funds, financial institutions, banks and FIIs. As on March 31, 2007, we had 59 institutional brokerage clients, including six FIIs and 17 mutual funds.

Investment Banking

We were granted a merchant banking license by SEBI on December 12, 2006. Our investment banking professionals maintain relationships with businesses, private equity firms, other financial institutions and high net worth individuals and provide them with corporate finance and investment banking advice.

We have divided our investment banking business into merchant banking and transaction advisory services. Our investment banking services are being expanded to include underwriting public equity offerings, mergers and acquisitions advisory services, corporate restructuring services, placement of private debt and equity offerings and rendering general investment banking and transaction advisory services. For Fiscal 2007, investment banking contributed Rs. 199.12 million in revenues and had a team of 26 persons.

Research

Our products and services offering are based on our wide-ranging research capabilities. We provide high quality research, conducted by a team of 32 Fundamental Analysts, 6 Technical Analysts, 3 Derivative Analysts and 5 Analysts for Mutual Funds and IPOs covering more than 140 companies across various sectors under our institutional and priority client equity research. Each of our Spectrums employs designated research analysts, with 6 research analysts in our priority client equity services, 13 research analysts in our institutional brokerage business, 10 research analysts covering equity retail, 12 research analysts covering commodities and five research analysts in our mutual funds business.

Risk Management

Our risk management limits the exposure and margins of each client whether they are serviced directly by us or through a Business Associate. We have deployed resources in terms of technology, people and processes to manage our risk management function. We believe that we have effective procedures for evaluating and managing the market, credit and other risks to which we are exposed, as well as protecting our reputation in the market. To meet the need for a robust and efficient risk management system, we have created a risk management cell which is regionally operational and centrally controlled and administered by the head office team. In order to mitigate business risk, risk management policies are decided by a risk management committee comprising of senior officials of Religare. These policies are monitored, reviewed and revised periodically.

Risk Management Process – Risk management starts with identifying the area of risk. The major risks perceived are operational risk, credit risk, market risk and regulatory risk. We analyse factors and reasons causing risk on a periodic basis, plan for control of identified risks, decide on and implement appropriate risk management tools and monitor policies and procedures with view to continuous improvement.

Risk Monitoring and Mitigation -- We use products from leading software companies such as Financial Technologies (India) Limited and Asian Cerc Information Technology Ltd along with multiple in-house software programmes to monitor, among other things, client level margins and MTM losses. These software packages enable us to provide broking services through our remote branches, including online trading for various categories of clients.

Risk Managers – Religare has experienced personnel to manage risk and regulatory compliance and ensure implementation of risk management policy. The risk management team is independent of marketing and business development teams. All the regional risk team members work under the direction and control of the central risk management team at our head office. Team reviews set monitoring parameters, suggest changes on the basis of regulatory and stock exchange requirements and share best practices.

Risk Management Levels -- Risk management in Religare is carried out at the client-level, the scrip-level and the company-level:

- *Client-Level Risk Management:* This is carried out by using online surveillance and monitoring tools developed by professional software companies in the industry and with the help of Religare's internal team. All the client's open positions across exchanges and market segments are monitored through trading software for margin and MTM losses. Client risk is validated regardless of whether the client is a direct client of Religare or has been introduced by a Business Associate. Procedures are developed to service multiple clients' requirements while ensuring control of overall risk. Trading parameters are set on a dynamic basis and are robust enough to incorporate changes required due to market conditions and clients' trading potential.

- *Scrip-Level Risk management:* Religare uses internal 'scrip-based margining', which is based on various parameters including impact cost, liquidity, volatility and share price fundamentals. Religare maintains scrip level, group level and segment level margins and limits. The scrip list with new margin rates is revised using established parameters on a periodic basis. Religare strictly follows exchange-defined derivative margining systems for its forward and options trading.

- *Company-Level Risk management:* Technology is optimised internally to implement established risk policies, create and maintain support to end users and implement robust data and network backup plans so that Religare can reduce company-wide risk in its business.

Receipt and Payment Control -- A centralized system of releasing funds and securities is in place. A client request for release of payment or securities is acted on only after ensuring adequate availability of funds or securities (including future obligations) in the client's account. Cheques are issued in the name of client and no third party payment is issued under any circumstances. Securities are released into the demat account of the client registered in our records.

Receivables Management -- In order to facilitate funds movement, Religare has adopted a centralized funds management system. Overdues are recovered in accordance with the recovery policy of the Company.

Technology and Network Support Systems

Our ongoing investment in technology is a key element in expanding our product and service offerings, enhancing our delivery systems, providing fast and consistent client service, reducing processing costs, and facilitating our ability to handle significant increases in client activity without a corresponding rise in risk and staff. Our technology team is divided into three broad areas:

- Network and application management
- Application development
- Support call centre

Our network and system has been developed on the principal of a zero failure rate at our central facility in New Delhi and all remote sites. Our data centres are audited quarterly for security on a quarterly basis and we have applied for a BS 7799 (ISO 27001) certification.

We have emphasized technology as a key business enabler and have implemented a fully redundant virtual private network with the capability to provide well-controlled, centralized and scaleable business operations. The key features of our technology platform are:

- We have central data centers located at our corporate office in New Delhi.
- We work with Financial Technology (India) Limited and Asian CERC as our technology partners for establishing our network and IBM India and HP for providing servers and desktops. All points of sale are connected to the central hub via this network with multiple connections to the securities exchanges. Bharti Televentures and Hughes Electronics Corporation are the service providers for the VSAT network with dedicated telecommunications backup.
- We have a hybrid network of leased line circuits connecting all our branches, which facilitates the operations of our back office and other business applications. This also enables us to continue with our business in the event of a breakdown in our satellite communications link.
- We have complete connectivity to the Internet using multiple service providers, allowing all employees robust connectivity. For business information, we subscribe to services from leading international information syndicates, such as Reuters and Bloomberg.
- We use third party software packages for our trading, customer and back office systems.

Competition

We encounter intense competition in all aspects of our business and compete directly with many other brokerage companies for clients. Many of our competitors have significantly greater financial, technical, marketing and other resources than those available to us. National retail firms such as Merrill Lynch and Citigroup Global Markets Inc. are highly prominent in the industry. We also face competition from small traditional brokers and from pan-India brokers such as Kotak Securities Limited, S. S. Kantilal Ishwarlal Securities Private Limited and Indiabulls Securities Limited. In addition, a number of firms offer discount brokerage services to retail customers and generally effect transactions at substantially lower commission rates on an "execution only" basis, without offering other services such as investment recommendations and research. Moreover, there is substantial commission discounting by full-service broker-dealers competing for institutional and retail brokerage business. A growing number of brokerage companies offer online trading which has further intensified the competition for brokerage customers. Other financial institutions, notably commercial banks and savings and loan associations, offer customers some of the same services and products presently provided by brokerage companies.

Intellectual Property

We believe that our "Religare" brand, because of its association with the Ranbaxy Promoter Group, benefits from the trust of many investors in India and enhances our market visibility. We use the "Religare" trademark and service mark and its associated logos and invest our resources in building our brand. Ranbaxy Holding Company, or "RHC", has applied for the registration of the "Religare" trademark and service mark under the Trademarks Act of 1999, all of which are currently pending registration. Our Company has the licence to use the "Religare" trademark in India only pursuant to a licence agreement dated January 4, 2006.

We have 10 trademark applications pending for registration under the provisions of the Trade Marks Act, 1999 before the Trade Marks Registry, New Delhi. These include applications for the trademarks "LEO", "ELEPHANT", "HAWK EYE", "PANTHER", "TORTOISE", "CATERPILLAR", composite marks "R-ACE (PRO)", "R-ACE", "R-ALLY", "R-ACE (LITE)", which are crucial to our business. We currently do not have any registered trademarks.

For more details, see the sections titled "Government and other Approvals" and "Risk Factors" beginning on pages 402 and xii, respectively.

Insurance

In compliance with requirements of the Indian stock exchanges, we maintain stock brokers' indemnity policies that provide coverage against incomplete transactions and computer crimes. In addition, we maintain voluntary insurance coverage against risks including loss of money, loss of electronic equipment, burglary, general fire, damage and flood. We also maintain a floating medical insurance policy for our employees, as well as a directors' and officers' liability insurance policy, which, however, does not provide coverage against certain risks including prior acts, prior and pending litigation, insolvency and money laundering.

Properties

We operate our businesses, including our representative office in London (since 2006), out of leased and rental properties. Our registered and corporate office is also located on leased property.

Employees

We employed approximately 4,500 full time employees as on March 31, 2007. Our employees are broadly categorized into seven departments: sales, operations, technology, risk management, research, administration and support. Our employees are not unionized or covered by collective bargaining agreements. We consider our relationship with our employees to be good. Our Business Associates are third party entities and their staff members do not form part of our payroll.

REGULATIONS AND POLICIES IN INDIA

We offer varied financial services, including retail and institutional equity broking and research, commodities broking and research, depository services, lending services, mutual fund distribution services, risk analysis and distribution of life and non-life insurance products. Further, we intend to offer financial services such as wealth management services, portfolio management services, venture capital business and merchant banking. The legal framework governing the above financial services and products is discussed below. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

I. NBFC Regulation

The Reserve Bank of India Act

The RBI is entrusted with responsibility of regulating and supervising activities of NBFCs by virtue of power vested in Chapter III B of the Reserve Bank of India Act of 1934 ("**RBI Act**"). The RBI Act defines an NBFC under Section 45-I (f) as:

"

(i) *a financial institution which is a company;*

(ii) *a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;*

(iii) *such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."*

A "financial institution" and a "non- banking institution" have been defined under sections 45-I(c) and 45-I(e) of the RBI Act, respectively.

The RBI has clarified through a press release (Ref. No. 1998-99/1269) dated April 8, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC (a) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**"). In case an NBFC does not accept deposits from the public ("**NBFC-ND**"), it shall obtain a CoR without authorisation to accept public deposits. The NBFC must also have a net owned fund of Rs. 20 million.

The RBI has the power to exempt certain NBFCs from the requirement of obtaining the CoR. In past, the RBI has granted exemption to certain NBFCs, upon satisfaction of *inter alia,* the following conditions:

(a) the said NBFC is having not less than 90% of its total assets in investments in shares for purpose of holding stake in the investee companies;
(b) the said NBFC is not trading in these shares except for block sale (to dilute or divest holding);
(c) the said NBFC is not carrying on any other financial activities; and
(d) the said NBFC is not holding public deposits.

Under Section 45 – IC of the RBI Act, every NBFC must create a reserve fund and transfer thereto a sum not less than 20 per cent of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC irrespective of whether it is an NBFC-ND. Further, no appropriation can be made from the fund for any purpose without prior written approval of the RBI.

Public Deposit Regulations

As per the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 (Notification No.DFC.118/DG(SPT)-98) dated January 31, 1998 (as amended from time to time and last amended on July 01, 2006) ("**Public Deposit Regulations**"), an NBFC-ND is entitled to certain exemptions from the norms and conditions stipulated on NBFCs taking deposits. In order to benefit from these exemptions, the board of directors of the NBFC-ND must pass a resolution for non-acceptance of public deposits and such NBFC-ND should not have accepted any public deposits during the relevant period/ year.

Certain financial companies, including *inter alia* insurance companies, companies doing business as a stock broker or sub-broker, merchant banking companies, housing finance companies, venture capital fund companies, are exempt from the requirement of obtaining a CoR or complying with the Public Deposit Regulations.

Prudential Norms

As per the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 (Notification No. DFC. 119 /DG(SPT)-98) dated January 31, 1998 (as amended from time to time and last amended on February 22, 2007) ("**Prudential Norms**"), the RBI has issued detailed directions on prudential norms, which *inter alia*, prescribe guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, constitution of audit committee, disclosures in the balance sheet, requirement of capital adequacy, restrictions on investments in land and building and unquoted shares. The Prudential Norms are not applicable to NBFCs-ND holding investments in the securities of its group/holding/ subsidiary companies where the book value of such holding is not less than 90 per cent of its total assets and where such NBFC-ND is not trading in such securities and is not a systemically important NBFC-ND.

Systemically Important NBFCs-ND

All NBFCs – ND with an asset size of Rs. 1000 million or more as per the last audited balance sheet will be considered as a systemically important NBFC – ND ("**NBFC-ND-SI**"). All NBFCs–ND–SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio ("**CRAR**") of 10%. NBFCs–ND–SI are not allowed to:

a) lend to
    i) any single borrower exceeding 15% of its owned fund; and
    ii) any single group of borrowers exceeding 25% of its owned fund;
b) invest in
    i) the shares of another company exceeding 15% of its owned fund; and
    ii) the shares of a single group of companies exceeding 25% of its owned fund;
c) lend and invest (loans/investments taken together) exceeding
    i) 25% of its owned fund to a single party; and
    ii) 40% of its owned fund to a single group of parties.

KYC Guidelines

The RBI has extended the Know Your Customer ("**KYC**") guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including *inter alia* customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines and the exercise of due diligence by persons authorized by the NBFC, including its brokers and agents.

Corporate Governance Guidelines

Pursuant to a RBI Circular dated May 8, 2007, all NBFC-ND-SIs are required to adhere to certain corporate governance norms including constitution of an audit committee, a nomination committee, a risk management committee and certain other norms in connection with disclosure and transparency and connected lending.

Norms for excessive interest rates

In addition, the RBI has recently introduced (RBI/2006-07/414 dated May 24, 2007) whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges.

II. Dealing in Securities

Securities regulation in India takes place under the provisions of the SCRA, SEBI Act, the Depositories Act, 1996 and the rules and regulations promulgated thereunder.

SCRA

The SCRA seeks to prevent undesirable transactions in securities by regulating the business of dealing in securities and other related matters. The SCRA provides for grant of recognition for stock exchanges by the Central Government. Every recognized stock exchange is required to have in place a set of rules relating to its constitution and bye-laws for the regulation and control of contracts.

The bye-laws normally provide *inter alia* for:

(i) the opening and closing of markets and the regulation of the hours of trade;
(ii) the fixing, altering or postponing of days for settlements;
(iii) the determination and declaration of market rates, including the opening, closing highest and lowest rates for securities;
(iv) the terms, conditions and incidents of contracts, including the prescription of margin requirements, if any, and conditions relating thereto, and the forms of contracts in writing;
(v) the regulation of the entering into, making, performance, recession and termination of contracts, including contracts between members or between a member and his constituent.

SEBI Act

Pursuant to Section 12 of the SEBI Act, and the rules, regulations and guidelines issued by SEBI, a stockbroker, sub-broker and depository participant or any other intermediary associated with the securities market, may buy, sell or deal in securities only after obtaining a valid certificate of registration from SEBI in accordance with the applicable regulations.

Stock Broker Rules

The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Rules, 1992, as amended from time to time ("**Stock Broker Rules**") provides that no person shall carry on activity as a stock broker unless he holds a certificate granted by SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended from time to time ("**Stock Broker Regulations**").

Stock Broker Regulations

Further, the Stock Broker Regulations provides the eligibility criteria and conditions required to be satisfied in order to obtain the certificate of registration. They further provide the procedure for obtaining the certificate of registration to carry on business as a stock broker and/or a sub-broker who is required to be affiliated to a stock broker registered under the aforesaid regulations. On registration, the stockbroker and sub-broker are required to adhere to a code of conduct prescribed under the Stock Broker Regulations. In addition, a stock broker and/or a sub-broker is required to abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which it is a member. Further, in case of any change in its status or constitution, the stock broker and/or the sub-broker are required to obtain the prior permission of SEBI in order to continue to buy, sell or deal in securities in any stock exchange.

Apart from the registration of stockbrokers and sub-brokers, the Stock Broker Regulations provide for registration of trading and clearing members. A trading member is a member of the derivatives exchange or derivatives segment of a stock exchange and who settles the trade in the clearing corporation or clearing house through a clearing member. A clearing member is a member of a clearing corporation or clearing house of the derivative exchange or derivatives segment of an exchange, which clears and settles transactions in securities.

The minimum net worth for clearing members is Rs. 30 million (Rs. 10 million for acting as a self-clearing member) and are required to deposit a sum of at least Rs. 5 million with the clearing corporation or clearing house of the derivatives exchange or derivatives segment of an exchange, as applicable. The code of conduct specified for stock brokers is applicable *mutatis mutandis* to the trading and clearing members.

Internet Trading

Internet based trading was approved by SEBI through its Circular No. SMDRP/POLICY/CIR-06/2000 dated January 31, 2000. The circular provides that SEBI registered stock brokers interested in providing internet based trading services must obtain formal permission of the concerned stock exchange. The stock exchange, before giving permission must ensure the fulfilment of certain minimum conditions such as a minimum net worth of Rs.5 million, the system used by the broker has provision for security, reliability and confidentiality of data through use of encryption technology and has adequate backup systems and data storage capacity. The broker's web site providing the internet based trading facility should contain information meant for investor protection. Certain mandatory security features are also prescribed in the circular for all internet based trading systems.

III. Depository Regulation

The Depositories Act

The Depositories Act, 1996 (as amended from time to time) provides for regulation of depositories in securities and other related matters. Every person subscribing to securities offered by an issuer has the option either to receive the security certificates or hold securities with a depository. All securities held by a depository are required to be dematerialised and in a fungible form. A depository after obtaining a certificate of commencement of business from SEBI can enter into an agreement with one or more participants as its agent. Any person, through a participant, may enter into an agreement with any depository for availing its services.

Depository Regulations

The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time ("**Depository Regulations**") provide *inter alia* the eligibility criteria and the procedure for obtaining the certificate of registration to carry on business as a depository participant. They also provide the various rights and obligations of the depository participants. On registration, the depository participant is required to adhere to a code of conduct prescribed under the Depository Regulations.

The depository is deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. The depository does not have any voting rights or any other rights in respect of securities held by it. The beneficial owner of the securities is entitled to all the rights and benefits and is subjected to all the liabilities in respect of his securities held by a depository.

IV. Merchant Banking

Merchant Banker Rules

The Securities and Exchange Board of India (Merchant Bankers) Rules, 1992, as amended from time to time ("**Merchant Banker Rules**") provides that no person shall carry on activity as a Merchant Banker unless he holds a certificate granted by SEBI under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended from time to time ("**Merchant Banker Regulations**").

Merchant Banker Regulations

Further, the Merchant Banker Regulations provides the eligibility criteria, procedure for obtaining the certificate of registration to carry on business as a Merchant Banker. Based on the satisfaction of the specified capital adequacy requirements, SEBI grants registration under categories ranging from Category I to Category IV. According to the category identified, the Merchant Bankers are permitted to carry out certain activities as are prescribed in the Merchant Banker Regulations. Further, the Merchant Bankers are required to adhere to a code of conduct prescribed under the Merchant Banker Regulations.

V. Mutual Funds

Mutual Funds Regulations

The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 govern the law pertaining to the business of mutual funds in India. The SEBI, with a view to improving professional standards, has made it mandatory for all mutual funds to appoint agents/distributors who have obtained certification from the AMFI. In case of firms/companies, the requirement of certification is made applicable to the persons engaged in sales and marketing.

The AMFI has issued guidelines in consonance with the various circulars issued by SEBI in this regard. The primary objective of these guidelines is to ensure that mutual funds do not use unethical means to sell, market or induce any Investor to buy units of their scheme(s) and mobilize funds on the strength of professional fund management and practice as well as sound risk management policies. These guidelines are mandatory. Mutual funds are required to ensure compliance with these guidelines both by intermediaries distributing their products and through them, sub-brokers acting on behalf of such intermediaries.

Mutual Fund distribution by NBFCs

NBFCs can market and distribute mutual fund products as agents of mutual funds, with prior approval of the RBI as provided for under RBI Circular (DNBS (PD) CC No. 84/03.10.27/2006-07), dated December 4, 2006, for an initial period of two years and a review thereafter. NBFCs must however, comply with certain minimum requirements, such as a minimum net owned fund of Rs.1000 million and net profit as per last two years audited balance sheet.

Further, the NBFC should comply with the SEBI guidelines/regulations, including their code of conduct, for distribution of mutual fund products. In this regard, the NBFCs should not adopt any restrictive practice forcing its customers to opt for a particular mutual fund product sponsored by it and the customers should be allowed to exercise their own choice. In addition, the participation by a company's customer in mutual fund products should be purely on a voluntary basis and this information should be stated in all publicity material distributed by the company in a prominent way.

There are other aspects of mutual fund distribution which must be complied with, such as adherence to KYC guidelines and the provisions of the Prevention of Money Laundering Act, 2000. Moreover, the company must comply with Public Deposit Regulations and the Prudential Norms and any other instructions/ provisions of the RBI Act, to the extent applicable.

VI. Insurance Broking

Insurance Act

The Insurance Act, 1938 ("**Insurance Act**") embodies the law relating to the business of insurance in India. Under the provisions of the Insurance Act, no person shall pay or contract to pay any remuneration or reward whether by way of commission or otherwise, for soliciting or procuring insurance business in India to any person except an insurance agent, licensed under the provisions of the Insurance Act. The IRDA, established under the Insurance Regulatory and Development Authority Act, 1991 ("**IRDA Act**"), is authorized to issue to any person making an application in the manner determined by the regulations, a license to act as an insurance agent for the purpose of soliciting or procuring insurance business. The IRDA was constituted, *inter alia,* with the objective of protecting the interests of holders of insurance policies, regulating, promoting and ensuring the orderly growth of the insurance industry.

Insurance Broker Regulations

The Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002, as amended from time to time ("**Insurance Broker Regulations**") provide *inter alia* for licensing and capital requirements for persons who are insurance brokers. These regulations require that a company interested in entering the business of dealing in insurance or reinsurance to apply to the IRDA for a license and also prescribe a 'Code of Conduct for Insurance Brokers' to follow.

VII. Commodities Regulation under FCRA

Commodities trading, is governed by the Forward Contracts (Regulation) Act, 1952 ("**FCRA**") and the Forward Contracts (Regulation) Rules, 1954 ("**FCRR**"). The FCRA provides, *inter alia*, for the establishment of the Forward Markets Commission ("**FMC**"). Associations interested in dealing with forward contracts, such as commodity exchanges like the MCX and NCDEX must make applications in the prescribed format as provided under the FCRR.

A trading-cum-clearing member or an institutional clearing member of such an exchange is a person who has the right to clear transactions in contracts that are executed in the trading system of the exchange. A trading-cum-clearing member is therefore subject to the rules and bye-laws framed by the exchanges in order to govern the trade in commodities. In case of difference between the provisions of any rules, the regulations or bye-laws of the exchange and the provisions of FCRA or FCRR, the provisions of the FCRA or FCRR shall prevail, except where the FCRA or FCRR allows the application or enforcement of the rules, articles, bye-laws or regulations of the exchange.

VIII. Portfolio Management Services

Portfolio Manager Rules

Portfolio management, being one of our activities, is regulated by the Securities and Exchange Board of India (Portfolio Managers) Rules, 1993 ("**Portfolio Manager Rules**") as well as the Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993 ("**Portfolio Manager Regulations**"). The Portfolio Manager Rules provide that no person shall carry on activity as a Portfolio Manager unless he holds a certificate granted by SEBI under the Portfolio Manger Regulations. A Portfolio Manager has been defined as a person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary Portfolio Manager or otherwise) the management or administration of a portfolio of securities or the funds of the client.

Portfolio Manager Regulations

The Portfolio Manger Regulations lay down *inter alia* the eligibility criteria, conditions for grant of certificate to a Portfolio Manager and their general responsibilities. Further, the Portfolio Manager Regulations prescribe a code of conduct which shall be followed by every Portfolio Manager. A Portfolio Manager must fulfill the prescribed capital adequacy requirement of net worth of not less than Rs. 5 million.

IX. Insider Trading

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time ("**Insider Trading Regulations**") govern the law with respect to insider trading in India. The Insider Trading Regulations *inter alia* prohibit all insiders from dealing in securities of a listed company when the insider is in possession of unpublished price sensitive information ("**UPSI**"). It further prohibits an insider from communicating, counseling or procuring, directly or indirectly, any UPSI to any person who while in possession of such UPSI is likely to deal in such securities.

Information is said to be price sensitive if it is likely to materially affect the price of the securities of the company to which it relates. Under the Insider Trading Regulations, the concept of an "insider" is related to those of a connected person and a deemed connected person. A person is said to be connected to a company when he or she is a director, employee or officer in the company or stands in a professional or business relationship with the company and when he or she may reasonably be expected to have access to UPSI and includes inter alia market intermediaries, Merchant Bankers, share transfer agents, registrars to an issue, debenture trustees, brokers, Portfolio Managers, investment advisors.

The Insider Trading Regulations further provide that all listed companies and organisations associated with the securities market including *inter alia* intermediaries as defined under the SEBI Act, asset management companies, trustees of mutual funds etc. should frame a code of internal procedures and conduct based on the Model Code of Conduct specified under the Insider Trading Regulations.

X. Foreign Investment in NBFCs

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy issued in November 2006 ("**FDI Policy**") by the DIPP.

FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities.

However, if the foreign investor has any previous joint venture/tie-up or a technology transfer/trademark agreement in the "same field" in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route. Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, the following relevant caps are presently applicable for FDI in NBFCs:

(a) FDI/NRI investments is allowed under the automatic route in the following NBFC activities:

- i) Merchant banking;
- ii) Underwriting;
- iii) Portfolio Management Services;
- iv) Investment Advisory Services;
- v) Financial Consultancy;
- vi) Stock Broking;
- vii) Asset Management;
- viii) Venture Capital;
- ix) Custodial Services;
- x) Factoring;
- xi) Credit Reference Agencies;
- xii) Credit rating Agencies;
- xiii) Leasing & Finance;
- xiv) Housing Finance;
- xv) Forex Broking;
- xvi) Credit card business;
- xvii) Money changing Business;
- xviii) Micro Credit; and
- xix) Rural Credit.

(b) Minimum Capitalisation Norms for fund based NBFCs:

- i) For FDI up to 51% - US$ 0.5 million to be brought upfront
- ii) For FDI above 51% and up to 75% - US $ 5 million to be brought upfront
- iii) For FDI above 75% and up to 100% - US $ 50 million out of which US $ 7.5 million to be brought upfront and the balance in 24 months

(c) Minimum capitalisation norm of US $ 0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment

(d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US$ 50 million as at (b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)

(e) Joint Venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(i) and (b)(ii) above.

(f) FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the RBI in this regard. RBI would issue appropriate guidelines in this regard.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

FII Regulations

FIIs including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional Portfolio Managers, are allowed to make portfolio investments in all securities of listed and unlisted companies in India. Investments by registered FIIs or non-resident Indians made through a stock exchange are known as portfolio investments. Foreign investors wishing to invest and trade in Indian securities in India under the portfolio investment route are required to register with the SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 (''**FII Regulations'**'). Foreign investors are not necessarily required to register with the SEBI under the FII Regulations, as FIIs may invest in securities of Indian companies pursuant to the FDI route discussed above.

FIIs that are registered with SEBI are required to comply with the provisions of the FII Regulations. A registered FII may buy, subject to certain ownership restrictions, and sell freely securities issued by any Indian company (excluding companies in certain sectors). The total holding of each FII/SEBI approved sub-account shall not exceed 10 per cent of the total paid-up capital of an Indian company and the total holdings of all FII/sub-accounts of FIIs aggregated shall not exceed 24 per cent of the paid-up capital. The threshold of 24 per cent can be increased to the sectoral cap or statutory limit applicable to the Indian company concerned by resolution of such company's board of directors followed by the passing of a special resolution by such company.

XI. Laws Regulating Transfer of Property

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("**T.P. Act**"). The T.P. Act establishes the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 ("**Registration Act**") has been enacted with the object of providing public notice of execution of documents affecting a transfer of interest in property. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. Section 18 of the Registration Act provides for non-compulsory registration of documents as enumerated in the provision.

The Indian Stamp Act, 1899

The Indian Stamp Act, 1899 ("**Stamp Act**") provides for the imposition of stamp duty at specified rates on instruments listed in Schedule I of the Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are inadmissible in a court of law and have no evidentiary value. Public officials have the power to impound such documents and if the executor wants to rectify them, he may have to pay a penalty of up to10 times the original stamp value.

The Easements Act, 1882

The law relating to easements is governed by the Easements Act, 1882 ("**Easements Act**"). The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the "dominant owner", or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

XII. Laws relating to Employment

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Various labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

XIII. Laws relating to Intellectual Property

The Trademarks Act, 1999 and the Copyright Act, 1957 *inter alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as "Vajreshwari Cosmetics Private Limited" on January 30, 1984. For details on our Promoters, see the sections titled "Our Promoters and Promoter Group" and "Our Management" beginning on pages 105 and 92, respectively. The name of our Company was subsequently changed to "Religare Enterprises Private Limited" pursuant to a special resolution of our shareholders dated January 10, 2006. The fresh certificate of incorporation consequent to the change of name was granted to our Company on January 31, 2006, by the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh at Jalandhar.

The status of our Company was changed to a public limited company by a special resolution of the members dated July 14, 2006. The fresh certificate of incorporation consequent to the change of name was granted to our Company on August 11, 2006, by the Registrar of Companies, NCT at New Delhi.

At the time of incorporation, the main object of our Company was to purchase, sell, import, export, manufacture, pack, replace or otherwise deal in all types of tooth paste, tooth brush, face powder, face cream and other cosmetics.

Changes in our Registered Office

At the time of incorporation, the registered office of our Company was situated at House No. 1509, Phase – I, S.A.S. Nagar, Mohali, Punjab, India. Subsequently, our Registered Office has been shifted twice, the significant details of which are provided below:

From	To	Date of resolution of Board/ Shareholders	Date of approval of concerned authority
House No. 1509, Phase - I, S.A.S. Nagar, Mohali, Punjab	House No. 92, Giani Zail Singh Nagar, Ropar, Punjab, India#	April 30, 1996	April 30, 1996
House No. 92, Giani Zail Singh Nagar, Ropar, Punjab	19, Nehru Place, New Delhi – 110 019, India*	September 26, 2005	March 14, 2006

with effect from April 30, 1996
* pursuant to order of the Company Law Board dated February 13, 2006, and with effect from February 21, 2006

Recent Acquisitions

The companies mentioned below have been recently acquired by our Company and have become our subsidiaries.

(a) Religare Securities Limited;
(b) Religare Finvest Limited;
(c) Religare Commodities Limited;
(d) Religare Insurance Broking Limited; and
(e) Religare Venture Capital Private Limited.

For details regarding our Subsidiaries, see the section titled "History and Certain Corporate Matters – Our Subsidiaries" beginning on page 76.

Key Events and Milestones

Following are the key events and milestones achieved by our Company and our Subsidiaries:

Year	Events
1994	• RSL received membership of the NSE as 'stock broker'.*
2000	• RSL received membership of the Futures and Options segment of the NSE.* • RSL received registration as 'Depository Participant' with NSDL.*

Year	Events
2001	• RFL received registration as 'non-banking financial institution not accepting public deposits' with RBI.*
2002	• RSL received registration as 'Portfolio Manager' from SEBI.*
2003	• RSL received registration as 'Depository Participant' with CDSL.
2004	• RSL received membership of the BSE as 'stock broker'.* • RCL received membership of MCX as 'trading-cum-clearing member'.* • RCL received membership of NCDEX as 'trading-cum-clearing member'.*
2005	• RFL received enrollment as 'AMFI registered mutual fund advisor'.
2006	• Establishment of representative office in London. • RCL received membership of NMCE. • RIBL received licence from IRDA to act as 'composite broker'. • Joint venture agreement with Aegon International N.V. for carrying on the business of mutual fund asset management. • RSL received registration as 'Merchant Banker' in Category – I from SEBI.
2007	• RSL received membership of derivative segment of the BSE as 'trading-cum-clearing member'.

**The milestones were achieved by certain of our Subsidiaries at a time when they were not acquired by our Company.*

Our Main Objects

Our main objects as presently contained in our Memorandum as follows:

- To carry on the business of an investment company and to buy, undertake, lease, invest in, acquire, hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities of any kind issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, debenture stock, bonds, obligations sovereign, rulers, commissioners, public body or authority, supreme, municipal, local or otherwise, firm or person whether in India or elsewhere.

- To promote establish and undertake financial ventures of all kinds, not included in the aforesaid, and to carry out the said activities either on its own or in alliance with any other person/body/bodies corporate incorporated in India or overseas either under the strategic alliance or joint venture or any other arrangement.

- To promote, establish, acquire, participate in and finance, in India and abroad, the companies, association, joint ventures, partnerships, etc. for infrastructure development and for development, execution, restructuring, modernization, improvement, alteration, management of any undertaking, work, project or enterprise in the field of infrastructure development, power generation, healthcare etc. whether of a private or public character or any joint venture with any government or other authority in India or elsewhere under the system of complete ownership, built operate own and transfer (BOOT), built operate lease and transfer (BOLT) or any other system and to acquire and dispose of shares/securities in such companies, association, joint ventures, partnerships, etc.

- To promote, undertake, carry on, either on its own or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits/losses with any person/ body/ bodies corporate incorporated in India or abroad either under a strategic alliance or joint venture or any other arrangement, the business of life insurance and annuity in relation to any or all kinds of insurance/ assurance, whether of a kind now known or hereafter devised, included life and annuity assurance, general insurance/ assurance and any kind of insurance or assurance or any contact of indemnity against loss of human life, dependant on human life or any assets and generally to carry on and transact any and every kind of insurance, which may legally be carried on or transacted, including that which is not comprised in any of the above descriptions of business.

- To render financial advisory services, investment advisory services and management consultancy services.

Changes in the Memorandum

Since incorporation, the following changes have been made to the Memorandum:

Date of Shareholders' Approval	Amendment
February 26, 1997	The initial authorized capital of Rs. 100,000 comprising 10,000 Equity Shares was increased to Rs. 2,000,000 and the same was classified into 50,000 Equity Shares and 150,000 10% non-cumulative (non-voting) redeemable preference shares of Rs. 10 each.
June 3, 1997	The authorized share capital of our Company of Rs. 2,000,000 was further re-classified into 50,000 Equity Shares and 125,000 10% non- cumulative (non-voting) redeemable preference shares of Rs. 10 each and 2,500 14% non- cumulative (voting) redeemable preference shares of Rs. 100 each.
March 10, 1999	(a) The authorized share capital of our Company of Rs. 2,000,000 was increased to Rs. 5,000,000 and the same was re-classified into 425,000 Equity Shares and 75,000 10% non- cumulative (non-voting) redeemable preference shares of Rs. 10 each. (b) Addition of following sub-clause 5 to the then existing clause III(A): "To carry on the business of an Investment Company and to buy, underwrite, lease, invest in, acquire, hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities of any kind issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures, debenture stocks, obligations sovereign, rulers, commissioners, public body or authority, supreme, municipal, local or otherwise, firm or person, whether in India or elsewhere."
January 6, 2005	The authorized share capital of our Company was further increased from Rs. 5,000,000 to Rs. 150,000,000 divided and reclassified into 15,000,000 Equity Shares.
August 17, 2005	The authorized share capital of our Company was further increased from Rs. 150,000,000 to Rs. 500,000,000 divided into 50,000,000 Equity Shares.
September 26, 2005	Change in registered office of our Company from the state of Punjab to the National Capital Territory of Delhi
January 10, 2006	Change in name of our Company from 'Vajreshwari Cosmetics Private Limited' to 'Religare Enterprises Private Limited'.
April 19, 2006	Substitution of the present sub-clauses 1 to 4 for the then existing clause III(A) comprising sub-clauses 1 to 5..
July 14, 2006	Pursuant to change in status of our Company into a public company, the word "Private" was deleted wherever it occurred in our Memorandum, with effect from August 11, 2006.
November 6, 2006	Addition of following sub-clause 5 to the then existing clause III(A) comprising sub-clauses 1 to 4: "To render financial advisory services, investment advisory services and management consultancy services."
December 2, 2006	The authorised share capital was increased from Rs. 500,000,000 to Rs. 850,000,000 divided into 85,000,000 Equity Shares.

Our Subsidiaries

The following are the Subsidiaries of our Company:

a) Religare Securities Limited;
b) Religare Finvest Limited;
c) Religare Commodities Limited;
d) Religare Insurance Broking Limited;
e) Religare Wealth Management Services Limited;
f) Religare Realty Limited;
g) Religare Venture Capital Private Limited;
h) Religare Capital Markets Limited;

i) Religare Finance Limited; and
j) Religare Insurance Holding Company Limited.

The significant details of our Subsidiaries are as provided below:

a) Religare Securities Limited ("RSL")

RSL was incorporated as an investment company on June 26, 1986 under the name 'Empire Credit Private Limited'. Subsequently on November 11, 1987 the word "Private" was deleted. On August 16, 1996, it changed its name to Fortis Securities Limited and it became a 'public limited company' from a 'deemed public limited company' with effect from March 25, 2003. Subsequently, on December 22, 2005, its name was changed to its present name.

On May 16, 2005, our Company acquired 2,000,000 equity shares of Rs. 10 each representing 50% of the total paid up share capital of RSL (then known as Fortis Securities Limited) from Fortis Financial Services Limited for a total consideration of Rs. 140 million. Subsequently, on May 20, 2005, 8,000,000 equity shares of Rs. 10 each were allotted at face value to our Company. Subsequently, on April 1, 2006, by virtue of two shareholders' agreements entered into by our Company with Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, respectively, authorizing our Company to exercise their shareholding rights with regard to appointment of the directors of RSL, RSL became our subsidiary. On June 2, 2006, our Company acquired 10,000,000 equity shares of Rs. 10 each representing 50% of the total paid up share capital of RSL from Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Gurpreet Singh Dhillon, Master Gurkirat Singh Dhillon (under the guardianship of Ms. Shabnam Dhillon), Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh (held jointly), Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh (held jointly) for a total consideration of Rs. 100 million. No independent valuation was conducted on the equity shares of RSL, prior to the transactions.

The registered office of RSL is situated at 19, Nehru Place, New Delhi – 110 019, India. Presently, RSL is engaged in the business of provision of security broking, depository participant service, portfolio management services and merchant banking service, among others.

Shareholding Pattern

The shareholding pattern of RSL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital*
1.	Religare Enterprises Limited	27,142,200	99.99
2.	Mr. Malvinder Mohan Singh*	100	0.00
3.	Mr. Shivinder Mohan Singh*	100	0.00
4.	Ms. Japna Malvinder Singh*	100	0.00
5.	Ms. Aditi Shivinder Singh*	100	0.00
6.	Mr. Gurpreet Singh Dhillon*	100	0.00
7.	Mr. Sunil Godhwani*	100	0.00
	Total	**27,142,800**	**100.00**

*Holding the equity shares as nominees of REL.

In the last six months, 7,142,800 equity shares of Rs. 10 each have been allotted at a premium of Rs. 60 per equity share.

Board of Directors

The Board of Directors of RSL currently comprises the following persons:

1. Mr. Sunil Godhwani;
2. Mr. Shachindra Nath;
3. Mr. Anil Saxena;
4. Mr. Kamlesh Gandhi;
5. Mr. Kunj Bansal;
6. Mr. Sunil Kumar Garg;
7. Mr. Padam Bahl;
8. Mr. Deepak Ramchand Sabnani**; and

9. Mr. J. W. Balani*.

**Mr. R.K. Shetty is acting as the alternate to Mr. J. W. Balani*
*** Captain G.P.S. Bhalla is acting as the alternate to Mr. Deepak Ramchand Sabnani*

Financial performance

The audited financial results of RSL for Fiscals 2005, 2006 and 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales and other income	460.31	1,177.76	2,104.10
Profit/ (Loss) after tax	74.85	206.42	121.02
Equity capital (par value Rs. 10 per share)	40.00	200.00	271.43
Reserves and Surplus (excluding revaluation reserves)	87.29	201.85	689.76
Earnings/ (Loss) per share (diluted) (Rs.)	18.72	11.47	6.02
Book value per equity share (Rs.)	31.82	20.09	35.41

b) Religare Finvest Limited ("RFL")

RFL was incorporated as an investment company on January 6, 1995 as "Skylark Securities Private Limited". Subsequently, on September 23, 2004 it changed its name to "Fortis Finvest Private Limited" and on October 7, 2004 it changed its name to "Fortis Finvest Limited". On April 4, 2006 it changed its name to its present name.

On June 28, 2005, our Company acquired 1,000,000 equity shares of Rs. 10 each representing 50% of the total paid up share capital of RFL (then known as Fortis Finvest Limited) from Ranbaxy Holding Company and Oscar Investments Limited for a total consideration of Rs. 10 million. Subsequently, on September 30, 2005, and again on March 28, 2006, 2,250,000 and 20,000,000 equity shares of Rs. 10 each were allotted at face value to our Company, respectively. On June 1, 2006, our Company acquired 1,750,000 equity shares of Rs. 10 each representing 7% of the total paid up share capital of RFL from Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Gurpreet Singh Dhillon, Master Gurkirat Singh Dhillon (under the guardianship of Ms. Shabnam Dhillon), Malav Holdings Private Limited and Shivi Holdings Private Limited for a total consideration of Rs. 17.50 million. By virtue of the above transactions, RFL became our subsidiary. No independent valuation was conducted on the equity shares of RFL, prior to the transactions.

The registered office of RFL is situated at 3rd Floor, 6 Devika Tower, Right Wing, Nehru Place, New Delhi – 110 019, India. RFL is an NBFC not accepting public deposits and is registered with the RBI through Certificate of Registration (No. B-14-02107) dated November 10, 2006. The registration dated January 3, 2001, was earlier granted in the name of Skylark Securities Private Limited. RFL is currently engaged in the business of extending personal credit, corporate finance, IPO distribution and mutual fund distribution services.

Shareholding Pattern

The shareholding pattern of RFL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Issued Capital
1.	Religare Enterprises Limited	87,499,400	99.99
2.	Mr. Malvinder Mohan Singh*	100	0.00
3.	Mr. Shivinder Mohan Singh*	100	0.00
4.	Ms. Japna Malvinder Singh*	100	0.00
5.	Ms. Aditi Shivinder Singh*	100	0.00
6.	Mr. Gurpreet Singh Dhillon*	100	0.00
7.	Master Gurkirat Singh Dhillon under the guardianship of Ms. Shabnam Dhillon *	100	0.00
	Total	**87,500,000**	**100.00**

*Holding the equity shares as nominees of REL.

In the last six months, 50,000,000 equity shares of Rs. 10 each were allotted at a premium of Rs. 10 per equity share.

Board of Directors

The Board of Directors of RFL currently comprises the following persons:

1. Mr. Sunil Godhwani;
2. Mr. Atul Gupta;
3. Mr. Jatinder Singh Grewal;
4. Mr. Sunil Kumar Garg;
5. Mr. Padam Bahl; and
6. Mr. J. W. Balani*.

**Mr. R.K. Shetty is acting as the alternate to Mr. J. W. Balani*

Financial performance

The audited financial results of RFL for Fiscals 2005, 2006 and 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales and other income	182.09	541.04	973.25
Profit/ (Loss) after tax	16.00	82.05	189.43
Equity capital (par value Rs. 10 per share)	20.00	250.00	875.00
Reserves and Surplus (excluding revaluation reserves)	10.37	56.89	810.13
Earnings/ (Loss) per share (diluted) (Rs.)	14.19	21.99	4.29
Book value per equity share (Rs.)	15.19	12.28	19.26

c) Religare Commodities Limited ("RCL")

RCL was incorporated on November 25, 2003 as "Fortis Comdex Limited". Subsequently, on January 17, 2006 it changed its name to "Religare Comdex Limited" and on June 2, 2006 it changed its name to its present name. RCL received its certificate for commencement of business on December 2, 2003.

On May 27, 2005, our Company acquired 375,000 equity shares of Rs. 10 each representing 50% of the total paid up share capital of RCL (then known as Fortis Comdex Limited and later as Religare Comdex Limited) from Fortis Financial Services Limited for a total consideration of Rs. 3.75 million. Subsequently, on April 1, 2006, by virtue of two shareholders' agreements entered into by our Company with Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, respectively, authorizing our Company to exercise their shareholding rights with regard to appointment of the directors of RCL, RCL became our subsidiary. On June 2, 2006, our Company acquired 375,000 equity shares of Rs. 10 each representing 50% of the total paid up share capital of RCL from Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Mr. Gurpreet Singh Dhillon, Master Gurkirat Singh Dhillon (under the guardianship of Ms. Shabnam Dhillon), Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh (held jointly) and Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh (held jointly) for a total consideration of Rs. 3.75 million. By virtue of the above transactions, RCL became our subsidiary. No independent valuation was conducted on the equity shares of RCL, prior to the transactions.

The registered office of RCL is situated at 2nd Floor, 6 Devika Tower, Nehru Place, New Delhi – 110 019, India. RCL is currently engaged in the business of trading and broking in all commodities including agricultural products, metals, petroleum and energy products and derivatives thereof.

Shareholding Pattern

The shareholding pattern of RCL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	1,999,400	99.97
2.	Mr. Malvinder Mohan Singh*	100	0.00
3.	Mr. Shivinder Mohan Singh*	100	0.00

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
4.	Ms. Japna Malvinder Singh*	100	0.00
5.	Ms. Aditi Shivinder Singh*	100	0.00
6.	Mr. Gurpreet Singh Dhillon*	100	0.00
7.	Master Gurkirat Singh Dhillon under the guardianship of Ms. Shabnam Dhillon*	100	0.00
	Total	**2,000,000**	**100.00**

*Holding the equity shares as nominees of REL.

In the last six months, 1,250,000 equity shares of Rs. 10 each have been allotted at a premium of Rs. 14 per share.

Board of Directors

The Board of Directors of RCL currently comprises the following persons:

1. Mr. Sunil Godhwani;
2. Mr. Shachindra Nath;
3. Mr. Hemant Dhingra;
4. Mr. S. Amarnath;
5. Mr. Bikram Singh Yadava; and
6. Mr. Padam Bahl.

Financial performance

The audited financial results of RCL for Fiscals 2005, 2006 and 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales and other income	1.47	25.38	143.71
Profit/ (Loss) after tax	(1.73)	0.07	4.64
Equity capital (par value Rs. 10 per share)	7.50	7.50	7.50
Reserves and Surplus (excluding revaluation reserves)	(1.73)	(1.65)	2.98
Earnings/ (Loss) per share (diluted) (Rs.)	(2.29)	0.09	6.18
Book value per equity share (Rs.)	7.50	7.64	13.98

d) Religare Insurance Broking Limited ("RIBL")

RIBL was incorporated on January 10, 2006 as "Religare Insurance Advisory Services Private Limited". Subsequently on May 17, 2006 it changed its name to Religare Insurance Advisory Services Limited. On August 4, 2006 its name changed to its present name.

On March 17, 2006, our Company acquired 10,100 equity shares of Rs. 10 each representing 100% of the total paid up share capital of RIBL (then known as Religare Insurance Advisory Services Private Limited) from Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Mr. Sunil Godhwani for a total consideration of Rs. 0.10 million. By virtue of the above transaction, RIBL became our subsidiary. No independent valuation was conducted on the equity shares of RIBL, prior to the transactions.

The registered office of RIBL is situated at 19, Nehru Place, New Delhi – 110 019, India. RIBL is currently engaged in the business of a composite insurance broker.

Shareholding Pattern

The shareholding pattern of RIBL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	2,499,400	99.99
2.	Mr. Malvinder Mohan Singh*	100	0.00

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
3.	Mr. Shivinder Mohan Singh*	100	0.00
4.	Ms. Japna Malvinder Singh*	100	0.00
5.	Ms. Aditi Shivinder Singh*	100	0.00
6.	Mr. Sunil Godhwani*	100	0.00
7.	Mr. Yuvraj Narain*	100	0.00
	Total	**2,500,000**	**100.00**

*Holding the equity shares as nominees of REL.

There has been no change in the capital structure of RIBL in the last six months.

Board of Directors

The Board of Directors of RIBL currently comprises the following persons:

1. Mr. Hemant Dhingra;
2. Mr. Chandan Kumar Sinha;
3. Mr. Shachindra Nath;
4. Mr. Ashu Madan;
5. Mr. J. W. Balani*;
6. Mr. Deepak Ramchand Sabnani**; and
7. Mr. Padam Bahl.

**Mr. R.K. Shetty is acting as the alternate director for Mr. J. W. Balani*
***Captain G.P.S. Bhalla is acting as the alternate director for Mr. Deepak Ramchand Sabnani*

Financial performance

The audited financial results of RIBL for Fiscals 2006 and 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2006	Fiscal 2007
Sales and other income	0.07	10.36
Profit/ (Loss) after tax	(0.21)	(7.58)
Equity capital (par value Rs. 10 per share)	25.00	25.00
Reserves and Surplus (excluding revaluation reserves)	(0.21)	(7.79)
Earnings/ (Loss) per share (diluted) (Rs.)	(0.09)	(3.03)
Book value per equity share (Rs.)	9.91	6.88

e) Religare Wealth Management Services Limited ("RWMSL")

RWMSL was incorporated on March 15, 2007 under the Companies Act. RWMSL received its certificate for commencement of business on April 4, 2007. The registered office of RWMSL is situated at 19, Nehru Place, New Delhi – 110 019, India. RWMSL proposes to engage in the business of rendering portfolio management services, corporate advisory services including wealth management services and rendering such other services, which can be provided by a portfolio manager in accordance with the rules and regulations promulgated by the SEBI or any other law in force.

Shareholding Pattern

The shareholding pattern of RWMSL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each**	% of Issued Capital
1.	Religare Enterprises Limited	1,999,400	99.97
2.	Mr. Atul Gupta*	100	0.00
3.	Mr. Amit Sarup*	100	0.00
4.	Mr. Sunil Kumar Garg*	100	0.00
5.	Mr. Mukesh Manglik*	100	0.00
6.	Mr. Shachindra Nath*	100	0.00
7.	Mr. Anil Saxena*	100	0.00

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each**	% of Issued Capital
	Total	**2,000,000**	**100.00**

*Holding the equity shares as nominees of REL.
** The equity shares remain partly paid up, to the extent that Re. 9 each remains uncalled for.

There has been no change in the capital structure of RWMSL in the last six months.

Board of Directors

The Board of Directors of RWMSL currently comprises the following persons:

1. Mr. Sunil Godhwani;
2. Mr. Shachindra Nath; and
3. Mr. Amit Sarup.

Financial performance

The audited financial results of RWMSL for Fiscal 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2007
Sales and other income	0.00
Profit/ (Loss) after tax	(0.34)
Equity capital (par value Rs. 10 per share)	0.00
Reserves and Surplus (excluding revaluation reserves)	(0.34)
Earnings/ (Loss) per share (diluted) (Rs.)	N.A.
Book value per equity share (Rs.)	N.A.

f) Religare Realty Limited ("RRL")

RRL was incorporated on February 7, 2007 under the Companies Act. RRL received its certificate for commencement of business on March 8, 2007. The registered office of RRL is situated at 19, Nehru Place, New Delhi – 110 019, India. RRL proposes to engage in the business of acquiring by purchase, lease, exchange or otherwise, land, estates, buildings, etc., exclusively for the holding company, associates, fellow subsidiaries, group companies or joint ventures.

Shareholding Pattern

The shareholding pattern of RRL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	49,400	98.80
2.	Mr. Atul Gupta*	100	0.20
3.	Mr. Bikram Singh Yadava*	100	0.20
4.	Mr. Sunil Kumar Garg*	100	0.20
5.	Mr. Rahul Kher*	100	0.20
6.	Mr. Shachindra Nath*	100	0.20
7.	Mr. Anil Saxena*	100	0.20
	Total	**50,000**	**100.00**

*Holding the equity shares as nominees of REL.

There has been no change in the capital structure of RRL in the last six months.

Board of Directors

The Board of Directors of RRL currently comprises the following persons:

1. Mr. Hemant Dhingra;
2. Mr. Sunil Kumar Garg; and
3. Mr. Rahul Kher.

Financial performance

The audited financial results of RRL for Fiscal 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2007
Sales and other income	0.11
Profit/ (Loss) after tax	(0.16)
Equity capital (par value Rs. 10 per share)	0.50
Reserves and Surplus (excluding revaluation reserves)	(0.16)
Earnings/ (Loss) per share (diluted) (Rs.)	(3.33)
Book value per equity share (Rs.)	6.67

g) Religare Venture Capital Private Limited ("RVCPL")

RVCPL was incorporated on July 26, 2006 under the Companies Act.

On September 11, 2006, our Company acquired 10,000 equity shares of Rs. 10 each representing 100% of the total paid up share capital of RVCPL from Mr. Sunil Godhwani and Mr. Yuvraj Narain Gorwaney for a total consideration of Rs. 0.10 million. By virtue of the above transaction, RVCPL became our subsidiary. No independent valuation was conducted on the equity shares of RVCPL, prior to the transactions.

The registered office of RVCPL is situated at 19, Nehru Place, New Delhi – 110 019, India. RVCPL proposes to engage in the business of venture capital in India.

Shareholding Pattern

The shareholding pattern of RVCPL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	49,400	98.80
2.	Mr. Malvinder Mohan Singh*	100	0.20
3.	Mr. Shivinder Mohan Singh*	100	0.20
4.	Ms. Japna Malvinder Singh*	100	0.20
5.	Ms. Aditi Shivinder Singh*	100	0.20
6.	Mr. Sunil Godhwani*	100	0.20
7.	Mr. Gurpreet Singh Dhillon*	100	0.20
	Total	**50,000**	**100.00**

*Holding the equity shares as nominees of REL.

There has been no change in the capital structure of RVCPL in the last six months.

Board of Directors

The Board of Directors of RVCPL currently comprises the following persons:

1. Mr. Sunil Godhwani;
2. Mr. Rahul Kher;
3. Mr. Atul Gupta;
4. Mr. Jatinder Singh Grewal;
5. Mr. Deepak Ramchand Sabnani**; and
6. Mr. Padam Bahl.

***Captain G.P.S. Bhalla is acting as the alternate director for Mr. Deepak Ramchand Sabnani*

Financial performance

The audited financial results of RVCPL for Fiscal 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2007

	Fiscal 2007
Sales and other income	0.00
Profit/ (Loss) after tax	(0.14)
Equity capital (par value Rs. 10 per share)	0.50
Reserves and Surplus (excluding revaluation reserves)	(0.14)
Earnings/ (Loss) per share (diluted) (Rs.)	(3.22)
Book value per equity share (Rs.)	7.27

h) Religare Capital Markets Limited ("RCML")

RCML was incorporated on February 9, 2007 under the Companies Act. The registered office of RCML is situated at 19, Nehru Place, New Delhi – 110 019, India. RCML received its certificate for commencement of business on March 14, 2007. RCML proposes to engage in the business of merchant banking, portfolio management, financial advisory services and other financial intermediary services.

Shareholding Pattern

The shareholding pattern of RCML as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	49,400	98.80
2.	Mr. Ashu Madan*	100	0.20
3.	Mr. Bikram Singh Yadava*	100	0.20
4.	Mr. Anil Saxena*	100	0.20
5.	Mr. Kamlesh Gandhi*	100	0.20
6.	Mr. Sunil Kumar Garg*	100	0.20
7.	Mr. Shachindra Nath*	100	0.20
	Total	**50,000**	**100.00**

*Holding the equity shares as nominees of REL.

There has been no change in the capital structure of RCML in the last six months.

Board of Directors

The Board of Directors of RCML currently comprises the following persons:

1. Mr. Hemant Dhingra;
2. Mr. Shachindra Nath; and
3. Mr. Kamlesh Gandhi.

Financial performance

The audited financial results of RCML for Fiscal 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2007
Sales and other income	0.00
Profit/ (Loss) after tax	(0.13)
Equity capital (par value Rs. 10 per share)	0.50
Reserves and Surplus (excluding revaluation reserves)	(0.13)
Earnings/ (Loss) per share (diluted) (Rs.)	(2.64)
Book value per equity share (Rs.)	7.36

i) Religare Finance Limited ("RFIL")

RFIL was incorporated on February 15, 2007 under the Companies Act. The registered office of RFIL is situated at 19, Nehru Place, New Delhi – 110 019, India. RFIL has through its application dated May 9, 2007, applied to the RBI for registration as an NBFC not accepting public deposits and until receipt of the same, will not be able to obtain the certificate for commencement of business. RFIL proposes to engage in the business of holding investments in various step down subsidiaries for investing, acquiring, to provide financial consultancy services and other investment advisory services and further to operate mutual funds, receive funds from investors, etc.

Shareholding Pattern

The shareholding pattern of RFIL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Issued Capital
1.	Religare Enterprises Limited	2,049,400	99.97
2.	Mr. Jatinder Singh Grewal*	100	0.00
3.	Mr. Atul Gupta*	100	0.00
4.	Mr. Sunil Kumar Garg*	100	0.00
5.	Mr. Chandan Kumar Sinha*	100	0.00
6.	Mr. Anurag Goel*	100	0.00
7.	Mr. Amit Agarwal*	100	0.00
	Total	**2,050,000**	**100.00**

*Holding the equity shares as nominees of REL.

In the last six months, the authorized share capital of RFIL has increased from 2,000,000 equity shares of Rs. 10 each to 2,500,000 equity shares of 10 each. Further, 50,000 equity shares of Rs. 10 each have been allotted at par value.

Board of Directors

The Board of Directors of RFIL currently comprises the following persons:

1. Mr. Hemant Dhingra,
2. Mr. Jatinder Singh Grewal; and
3. Mr. Atul Gupta.

Financial performance

The audited financial results of RFIL for Fiscal 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2007
Sales and other income	0.04
Profit/ (Loss) after tax	(0.32)
Equity capital (par value Rs. 10 per share)	20
Reserves and Surplus (excluding revaluation reserves)	(0.32)
Earnings/ (Loss) per share (diluted) (Rs.)	(0.16)
Book value per equity share (Rs.)	9.84

j). Religare Insurance Holding Company Limited ("RIHCL")

RIHCL was incorporated on April 2, 2007 under the Companies Act. RIHCL received its certificate for commencement of business on June 12, 2007. Its registered office is situated at 19, Nehru Place, New Delhi – 110 019, India. RIHCL is engaged in the business of investment, directly or through joint ventures engaged in the insurance business.

Shareholding Pattern

The shareholding pattern of RIHCL as of June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Religare Enterprises Limited	5,020,000	99.41
2.	Oscar Investments Limited	15,000	0.30
3.	Ranbaxy Holding Company	14,600	0.29
4.	Mr. Sunil Godhwani	100	0.00
5.	Mr. Harpal Singh	100	0.00
6.	Mr. Malvinder Mohan Singh	100	0.00

7.	Mr. Shivinder Mohan Singh	100	0.00
	Total	**5,050,000**	**100.00**

In the last six months, the authorised share capital of RIHCL has increased from 2,500,000 equity shares of Rs. 10 each to 10,000,000 equity shares of Rs. 10 each. Further, 5,000,000 equity shares of Rs. 10 each have also been allotted.

Board of Directors

The board of directors of RIHCL comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh; and
3. Mr. Sunil Godhwani.

Financial Performance

As RIHCL has been incorporated in Fiscal 2008, the financial results for Fiscals 2005, 2006 and 2007 are not in existence.

Other Confirmations

None of our Subsidiaries is listed on any stock exchange and none of them has completed any public or rights issue in the three years preceding this Draft Red Herring Prospectus.

Further, none of our Subsidiaries has become a sick company under the SICA, or is currently under winding up and do not have negative net worth.

Litigation

For information on details relating to the litigation in relation to our Subsidiaries, see the section titled "Outstanding Litigation and Material Developments" beginning on page 377.

Share Subscription Agreement with Hottinger

Our Company entered into a share subscription agreement (**"SSA"**) on December 2, 2006 with Hottinger & Cie Banquiers, a company registered under the laws of Zurich, Switzerland (**"Hottinger"**). Under the SSA, our Company has issued and allotted 5,021,864 Equity Shares worth US $ 18 million (**"Subscription Shares"**) to the Investor at a premium of Rs. 150 per Equity Share.

The key terms of the SSA are briefly summarized below:

Warranties: Our Company has further covenanted that it shall file a draft red herring prospectus with the SEBI for the proposed IPO in due course.

Lock In: The Investor has agreed that the Subscription Shares shall be subject to restrictions on transferability in accordance with the SEBI Guidelines.

Indemnity: The parties to the SSA (together **"Parties"** and individually **"Party"**) have agreed to indemnify each other and their respective officers, directors, representatives or agents from any losses, expenses or liabilities incurred as a result of a material breach by the other Party.

Governing Law and Arbitration: The SSA will be governed by Indian law. All disputes arising out of or in connection with the SSA which cannot be resolved by discussions shall be referred to a panel of three arbitrators, with each Party selecting an arbitrator, and the two arbitrators selecting a third arbitrator. The arbitration shall be conducted in accordance with the Indian Arbitration and Conciliation Act, 1996.

Strategic and Financial Partners

Joint Venture Agreement with Aegon for Mutual Fund Asset Management

Our Company and Aegon International N.V. ("**Aegon**") entered into a joint venture agreement on December 28, 2006 ("**JV Agreement**") to participate in the Indian mutual fund asset management business through a trustee company ("**Trustee Company**") and an asset management company ("**AMC**") of a mutual fund ("**Mutual Fund**"). The AMC shall also provide services to various clients including advisory and management services to off-shore funds investing in securities in India.

The key terms of the JV Agreement are briefly summarized as follows:

Establishment**:** After receiving an in-principle assent from SEBI, our Company shall cause the AMC and the Trustee Company to be incorporated with an initial authorized share capital of Rs. 1,000 million divided into 100 million equity shares of Rs. 10 each and Rs. 500,000 divided into 50,000 equity shares of Rs. 10 each, respectively.

Shareholding and Capitalization**:** The shareholding of both the parties to the JV Agreement (together "**Parties**" and individually "**Party**") in the AMC as well as the Trustee Company shall be in equal proportion (i.e. 50 percent each). The Parties have committed to contribute their *pro rata* share of the share capital of the AMC and the Trustee Company ("**Shares**"), as and when requested for by the board of directors thereof ("**AMC Board**" or "**Trustee Board**" as the context may require), at a price determined by the respective Boards.

Board of Directors**:** The AMC Board shall consist of three directors nominated by each Party and six independent directors. The Trustee Board shall consist of one director nominated by each Party and four independent directors. Our Company shall have the right to nominate a non-executive chairman and Aegon shall have the right to nominate a non-executive vice-chairman to the AMC Board.

Shareholder Approval**:** All meetings of the shareholders would be required under the Articles of Association of the AMC and the Trustee Company, to be held in accordance with the provisions of the JV Agreement. All meetings of the shareholders are required to have a minimum quorum of at least one representative of each Party. The chairman of a meeting will not have a casting vote.

Distribution Services**:** Our Company has agreed to distribute the products of the AMC and/or the Mutual Fund, through its distribution network or those of its affiliates, on a preferred basis, on terms no less favourable than the terms provided to other asset management companies and/or mutual funds in India. The AMC shall designate our Company and/or its affiliates as a preferred distributor of its products on terms no less favourable than the terms provided to other distributors of the AMC's and/or the Mutual Fund's products in India.

Portfolio Management Business**:** If an agreement is reached between the Parties within the specified period from the determination of the fair value of our existing portfolio management services business ("**PMS**"), the Parties may also agree to transfer the PMS in favour of the AMC. The AMC will apply to SEBI for the requisite approvals for undertaking PMS. In case of a failure to do so, both the Parties have agreed to work in tandem in this regard.

Non-Compete Clause**:** For a period of two years after it ceases to be a shareholder, neither Party nor any affiliate thereof shall, directly or indirectly, engage in the business of the AMC or Trustee Company in India, either on its own account or as a consultant to or as a partner, agent, employee, shareholder or director of any other person. Furthermore, for a period of one year after a Party ceases to be a shareholder, it shall not solicit either the customers or the employees of the AMC.

Lock-In Period: The Parties have agreed not to transfer their Shares, or any right, title or interest therein till the fifth anniversary of the launch of the first Mutual Fund scheme ("**Lock-In Period**").

Restriction on Transfer of Shares**:** A Party may at any time transfer all or part of the Shares held by it to an affiliate who is an eligible third party (not being a competitor of either the AMC or of the non-transferring Party) subject to the written consent of the other Party and such affiliate agreeing in writing to be bound by the terms and conditions of the JV Agreement and subject to the unit holders of the Mutual Fund not gaining a right to exit without paying the exit load, subject to the approval of SEBI. The Parties shall maintain direct or indirect control over their Shares.

Right of First Refusal: Subsequent to the Lock-In Period, the Parties may transfer all but not part of their Shares in the AMC and the Trustee Company to an eligible third party simultaneously, subject to the right of first refusal of the non-transferring Party. The transferring Party must first offer the Shares to the non-transferring Party ("**Right of First Refusal**") at a price being the sum of the fair value of the AMC Shares and the book value of the Shares of the Trustee Company ("**Disposal Price**"). If the other Party does not accept the offer, the transferring Party may sell its Shares at the same price or higher to an eligible third party.

***Tag Along/Drag Along*:** If the transferring Party has made an offer to the non-transferring Party in terms of the JV Agreement and the non-transferring Party has not exercised its right of purchase, the non-transferring Party may exercise its 'tag along right' and demand of the transferring Party that the eligible third party be required to purchase all and not part of the Shares of the non-transferring Party at the same price. The transferring Party may exercise its 'drag along right' and require the non-transferring Party to sell all and not part of its Shares to such eligible third party.

***Breach*:** If either Party fails to comply with any of the covenants in the JV Agreement which pertain to the transfer of the Shares, the other party is entitled to an amount equal to the value of the Shares sold, or the Disposal Price, whichever is higher. The non-breaching Party is also entitled to purchase the Shares at the Disposal Price, discounted by 50 percent.

***Default*:** If either Party enters into insolvency or fails to fulfill a material obligation under the JV Agreement and does not remedy the breach, it shall be in default. A default by one Party shall entitle the other Party to purchase all of the Shares of the defaulting Party at the Disposal Price, discounted by 50 percent.

***Termination*:** Either Party may terminate the JV Agreement by notice if it is disproportionately effected by any one of several "termination events". Further, Aegon may also terminate the JV Agreement in the case of a deadlock of the AMC Board or the Trustee Board. In the former event, the parties will without delay enter into discussions in good faith to explore the possibilities for one Party to acquire the other's Shares or for either to sell its Shares at the Disposal Price to an eligible third party, subject to the Right of First Refusal.

***Deadlock Resolution*:** If Aegon seeks to terminate the JV Agreement due to a deadlock of the AMC Board or the Trustee Board, our Company will have the right to acquire all but not part of Aegon's Shares at the Disposal Price. If our Company does not desire to acquire Aegon's Shares, Aegon shall have the right to acquire all but not part of our Company's Shares at the Disposal Price. If neither Party is desirous of purchasing the other's Shares, the Parties shall enter into discussions to explore the possibilities of either Party selling all of its Shares at a price not less than the Disposal Price.

RSL and Aegon have submitted an application dated June 18, 2007, for acting as sponsors to the proposed mutual fund. For further details, see the section titled "Government and Other Approvals" beginning on page 402.

Joint Venture Agreement with Aegon for Life Insurance

One of our subsidiaries, Religare Insurance Holding Company Limited ("**RIHCL**"), Aegon India Holding B.V. ("**Aegon**"), Ranbaxy Holding Company ("**RHC**") and Aegon International N.V. ("**Aegon N.V.**") (being a confirming party) have entered into a joint venture, through an agreement dated December 28, 2006, as restated pursuant to a supplemental agreement and a restated joint venture agreement, both dated June 19, 2007 ("**JV Agreement**")**,** *inter alia,* for the purpose of carrying on the business of life insurance through a company incorporated in India ("**JV Company").** The JV Company has been incorporated on March 23, 2007 as "Aegon Religare Life Insurance Company Limited" and has received the certificate for commencement of business on June 23, 2007. RHC is jointly and severally liable with RIHCL for its obligations under the JV Agreement.

The key terms of the JV Agreement are briefly summarized as follows:

***Establishment*:** Under the terms of the JV Agreement, RIHCL shall incorporate the JV Company as a public company limited by shares with an authorized share capital of Rs. 20,000 million divided into 2,000 million equity shares of Rs. 10 each. The JV Company will adhere to the JV Agreement through a deed of adherence. RIHCL, Aegon (together "**Parties**" and individually "**Party**", as applicable), the JV Company, RHC, will duly execute an 'Investor Shareholder Agreement' with a proposed investor ("**Investor**"). The JV Company is required to obtain valid 'in-principle approval' from the IRDA. Towards this end, the JV Company has applied to the IRDA through its R1 application dated June 22, 2007.

Registration Regulations**:** RIHCL is required to ensure that it is always eligible under the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 as an "Indian Promoter" of the JV Company.

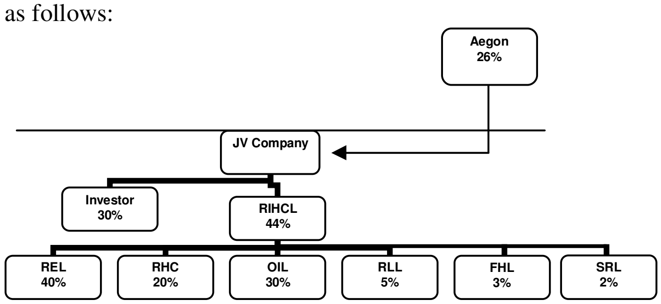
Shareholding and Capitalization**:** It is proposed that RIHCL will hold 44% in the equity share capital of the JV Company. It is further proposed that the paid-up equity share capital of RIHCL will be held by the persons who are affiliates of RHC, in the manner as follows:

Proposed Shareholder	%
REL and Mr. Sunil Godhwani*	40.00
RHC**	20.00
Oscar Investments Limited ("OIL") **	30.00
Ranbaxy Laboratories Limited ("RLL")	5.00
SRL Ranbaxy Limited ("SRL")	2.00
Fortis Healthcare Limited ("FHL")	3.00

**as nominee of Religare Enterprises Limited.*

***Subject to receipt of appropriate approval from the RBI.*

Consequently, the shareholding of Aegon, RIHCL and the Investor in the JV Company shall eventually appear as follows:



Aegon	26%
RIHCL	44%
Investor	30%
Total	**100%**

For details of the present shareholding pattern of RIHCL, see "Our Subsidiaries" above and for details of the approvals sought by us for investment in RIHCL, see the section titled "Government and Other Approvals" beginning on page 402.

The Parties have irrevocably committed to contribute to their pro rata share of up to Rs. 10,000 million as per the schedule of capitalization, as and when requested by the board of directors of the JV Company ("**JV Board**"). In the event that a call for capital made by the JV Board exceeds the abovementioned capital commitment, RIHCL may choose to be diluted to that extent, without it constituting failure to perform a material obligation under the JV Agreement.

Board of Directors**:** The JV Board shall consist of nine directors in all, of which four will be nominated by Aegon, three will be nominated by RIHCL, one will be nominated by the Investor and one will be an independent director. Aegon and RIHCL have a right to nominate a non-executive Chairman and non-executive Vice-Chairman of the JV Board on rotational basis.

Shareholder Approval**:** All meetings of the shareholders will be in accordance with the Companies Act, the Articles of Association and the JV Agreement. All meetings of the shareholders are required to have a minimum quorum of at least one representative of each Party and will be chaired by the Chairman of the JV Board.

Distribution Services: The JV Company and RIHCL will extend reciprocal treatment in connection with designation as a preferred distributor and distribution of the products, respectively, on a preferred basis, on terms no less favourable than the terms provided to other such companies in India.

Non-Compete Clause**:** From the date of the JV Agreement and for a period of two years after it ceases to be a shareholder, neither Party nor any affiliate thereof, shall directly or indirectly, engage in business of life insurance and/or pension products in India, or do or facilitate or assist in doing any act which is likely to compete with the business of the JV Company in India.

Non-Solicit Clause: From the date of the JV Agreement and for a period of one year after it ceases to be a shareholder, neither Party nor any affiliate thereof, shall either on its own behalf or on behalf of any other person, solicit or endeavour to entice away any customer or employee of the JV Company.

Lock-In Period: RIHCL will not transfer any of the shares held by it or offer such shares for sale through an IPO, until and including the ninth anniversary of the date on which the JV Company issues the first life insurance policy to a customer in accordance with applicable law ("**First Policy Date**") (such period referred to herein as the "**Lock-In Period**").

Aegon will not transfer any of its shares held by it or offer such shares for sale through an IPO, until the earlier of

(i) the consummation of a sale through an IPO and/or transfer of such number of shares indicated by RIHCL to be offered by it for sale in the period of 270 days after the eighth anniversary of the First Policy Date (such period referred to herein as the "**RIHCL Intention Notice Period**");

(ii) (a) RIHCL expressing during the RIHCL Intention Notice Period that it will continue as a joint venture partner and will not offer for sale any of the shares held by it through an IPO or otherwise; and (b) the occurrence of the ninth anniversary of the First Policy Date; and

(iii) the expiry of the period commencing on the first day after the end of the Lock-In Period and ending on the last day of the 'Capital Protection Period' (i.e. earlier of the end of the eleventh anniversary of the First policy Date or (i) or (ii) described above.

Restriction on Transfer of Shares**:** No Party can validly effect transfer of any shares held by it or any right, title or interest therein or thereto, except to a party, which is not a competitor of either the JV Company or of the non-transferring Party ("**Eligible Third Party**"), upon written approval from the JV Board and in compliance with all applicable laws and regulations in this behalf and in conformity with the JV Agreement. The Eligible Third Party, which replaces the transferring Party under the terms of the JV Agreement shall get all rights, except that such Eligible Third Party cannot oblige the JV Company to use a certain brand name and/or logo; and the Eligible Third Party cannot receive from transferring Party, the right to nominate the Chairman and the right and obligations to extend business to other areas, including preferential and reciprocal rights and obligations for distribution of the JV Company's products.

Right of First Refusal: Subsequent to the Lock-In Period, Aegon shall have the right the right to transfer all or part of the shares held by it, and subsequent to the expiry of the Capital Protection Period, RIHCL shall have the right to transfer all or part of the shares held by it, in accordance with the terms of the JV Agreement. In the event that either Party proposes to transfer their shareholding prior to the periods specified above, the other non-transferring Party shall have a 'Right of First Refusal', i.e., such shares have to be offered to the non-transferring Party first. Such right has to be exercised within a period of 30 days of notice of such proposed transfer.

Tag Along/Drag Along**:** If the transferring Party has made an offer to the non-transferring Party in terms of the JV Agreement and the non-transferring Party has not exercised its right of purchase, the non-transferring Party may exercise its 'tag along right' and demand of the transferring Party that the Eligible Third Party be required to purchase the pro rata shares of the non-transferring Party at the same price. The transferring Party may exercise its 'drag along right' and require the non-transferring Party to sell all but not part of its shares to such Eligible Third Party within a period of 30 days in accordance with the terms of the JV Agreement.

Breach**:** If either Party fails to comply with any of the covenants in the JV Agreement, including those which pertain to the restriction on transfer of the shares, in which case, the other party is entitled to an amount equal to the value of the shares sold, if any, or the Appraisal Value (as defined under the JV Agreement), whichever is higher. The non-breaching Party is also entitled to purchase the shares at a discount of 50% to the Disposal Price (as defined under the JV Agreement). In the event of either Party failing to make pro rata share contribution as per agreed capitalization rules ("**Defaulting Party")**, the non-Defaulting Party will have option to subscribe to Defaulting Party's pro rata share as per the JV Agreement or cause the JV Company to remit to non-Defaulting Party, the amount remitted by it for subscribing to the shares contributed by each Party as per their capital commitment. In the event that the Investor fails to contribute its pro rata share and Aegon fails to remedy such failure of the Investor within a period of five months from the date of the Subscription Extension Period (as defined therein), RIHCL will have the option of subscribing to such shares.

Termination**:** Either Party may terminate the JV Agreement by written notice on the occurence any one of several "termination events" which in substance render the business impossible or unviable to perform or when either party ceases to hold any Shares. Further, Aegon may terminate the JV Agreement by giving a written notice to RIHCL of its desire to terminate the JV Agreement, following the invocation of the 'Letter of Credit' by RIHCL for an aggregate amount equal to 'the aggregate minimum purchase price' of all its shares.

Details of past performance

For further details in relation to the financial performance of our Company in the previous five financial years, including details of non-recurring items of income, see the section titled "Financial Information" beginning on page 132.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, our Company is required to have not less than three directors and not more than twelve directors. Our Company currently has seven directors on our Board.

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships
Mr. Malvinder Mohan Singh S/o late Dr. Parvinder Singh Vistas 26, Maulsari Avenue, West End Green Farms, Rajokri, New Delhi – 110 038, India Chairman Non Executive Director Non – Independent Director *Business Executive* Liable to retire by rotation	Indian	0042981	34	**Foreign Companies** a) Ranbaxy (Netherlands) B.V.; b) Nihon Pharmaceuticals Industry Co. Limited; and c) Ranbaxy Inc. **Indian Companies** a) A1 Book Company Private Limited; b) AEGON Religare Life Insurance Company Limited; c) Chetak Pharmaceuticals Private Limited; d) Escorts Heart Institute & Research Centre Limited; e) Fortis Financial Services Limited; f) Fortis Clinical Research Limited; g) Fortis Healthcare Holdings Limited; h) Fortis Healthcare Limited; i) Luxury Farms Private Limited; j) Malav Holdings Private Limited; k) Oscar Investments Limited; l) Oscar Holdings Private Limited; m) Ranbaxy Holding Company; n) Ranbaxy Laboratories Limited; o) Regius Aviation Limited; p) Religare Insurance Holding Company Limited; q) Shimal Research Laboratories Limited; r) SRL Ranbaxy Limited; and s) Vistas Realtors Private Limited.
Mr. Sunil Godhwani S/o Mr. Naraindas Phatumal Godhwani A-2, Inayat Farm, Fatehpur Beri, P.O. Mehrauli, New Delhi – 110 030, India CEO and Managing Director Non – Independent Director *Business Executive* Up to April 8, 2010.	Indian	00174831	46	**Indian Companies** a) AEGON Religare Life Insurance Company Limited; b) Fortis Financial Services Limited; c) Ranbaxy Laboratories Limited; d) Regius Aviation Limited; e) Religare Commodities Limited; f) Religare Venture Capital Private Limited; g) Religare Finvest Limited; h) Religare Insurance Holding Company Limited; i) Religare Wealth Management Services Limited; j) Religare Securities Limited; and k) SRL Ranbaxy Limited.

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships
Mr. Shivinder Mohan Singh S/o late Dr. Parvinder Singh 1, South End Lane, New Delhi – 110 011, India Non Executive Director Non – Independent Director *Business Executive* Liable to retire by rotation	Indian	0042910	31	**Indian Companies** a) A1 Book Company Private Limited; b) Chetak Pharmaceuticals Private Limited; c) Escorts Heart and Superspeciality Hospital Limited; d) Escorts Hospital and Research Centre Limited; e) Escorts Heart Institute & Research Centre Limited; f) Escorts Heart Centre Limited; g) Fortis Clinical Research Limited; h) Fortis Financial Services Limited; i) Fortis Healthcare Holdings Limited; j) Fortis Healthcare Limited; k) Greenview Buildtech Private Limited; l) Oscar Investments Limited m) Oscar Holdings Private Limited; n) R.C. Nursery Private Limited; o) Ranbaxy Healthcare Private Limited; p) Ranbaxy Laboratories Limited; q) Ranbaxy Holding Company; r) Regius Aviation Limited; s) Religare Insurance Holding Company Limited; and t) SRL Ranbaxy Limited.
Mr. Harpal Singh S/o late Mr. Sardar Hardyal Singh B-10, Anand Niketan, New Delhi – 110 021, India Non Executive Director Non – Independent Director *Business Executive* Liable to retire by rotation	Indian	00078224	57	**Indian Companies** a) Escorts Hospital and Research Centre Limited; b) Escorts Heart Institute & Research Centre Limited; c) Escorts Heart Centre Limited; d) Fortis Clinical Research Limited; e) Fortis Financial Services Limited; f) Fortis Healthcare Limited; g) International Hospital Limited; h) Ranbaxy Laboratories Limited; and i) SRL Ranbaxy Limited.
Mr. Padam Bahl S/o Mr. L. N. Bahl D-70, Ranjit Avenue, Amritsar – 143 001, India Independent Director *Chartered accountant and income tax advisor* Liable to retire by rotation	Indian	01314395	55	**Indian Companies** a) Camphor Corporate Services Private Limited; b) Religare Insurance Broking Limited; c) Religare Commodities Limited; d) Religare Venture Capital Private Limited; e) Religare Finvest Limited; and f) Religare Securities Limited.

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Director's Identification Number	Age	Other Directorships
Mr. Deepak Ramchand Sabnani S/o Mr. Ramchand Jhamatmal Sabnani No.5, Braga Circuit, Kadoorie Avenue, Kowloon, Hong Kong Independent Director *Business Executive* Liable to retire by rotation	British	01312836	52	**Foreign Companies** a) Free Investment Limited; b) R. Jhamatmal Sons Limited; c) Regal Pacific Investments Limited; d) RJS Limited; e) Safetech Limited; and f) Science of the Soul Study Centre International Limited. **Indian Companies** a) Religare Venture Capital Private Limited; b) Religare Insurance Broking Limited; and c) Religare Securities Limited.
Mr. J. W. Balani S/o Mr. Wadhumal Balani Compas De La Victoria 3, 29012, Malaga, Spain Independent Director *Business Executive* Liable to retire by rotation	Spanish	01338053	58	**Foreign Companies** a) Atari S.L.; and b) Time Concepts S.L. **Indian Companies** a) Religare Finvest Limited; b) Religare Insurance Broking Limited; and c) Religare Securities Limited.
Mr. R.K. Shetty S/o late Mr. K.V. Shetty D- 2, 166, Charterd Cottage, Langford Road, Bangalore – 560 025, India *Alternate Director to Mr. J. W. Balani*	Indian	01521858	59	**Indian Companies** a) Religare Finvest Limited; b) Religare Insurance Broking Limited; and c) Religare Securities Limited.
Captain G.P.S. Bhalla S/o Mr. Diwan Singh Bhalla 241, Sector 15A, Noida – 201 301, India *Alternate Director to Mr. Deepak Ramchand Sabnani*	Indian	01306166	75	**Indian Companies** a) Ecotec Private Limited; b) International Meritime Institute Limited; c) International Maritime Institute; d) Religare Insurance Broking Limited; e) Religare Securities Limited; and f) Religare Venture Capital Private Limited.

Brief Biographies of our Directors

Mr. Malvinder Mohan Singh, our Chairman and one of our Promoters, graduated in Economics from St. Stephen's College, Delhi and holds an MBA degree from the Fuqua School of Business, Duke University, U.S.A. Mr. Malvinder Mohan Singh is the CEO and managing director of Ranbaxy Laboratories Limited ("RLL"). Mr. Singh joined RLL in 1998 and worked through various functions of general management, sales and marketing, finance and business development. Prior to being appointed as CEO and managing director of RLL, he was responsible for RLL's global operations, as President Pharmaceuticals. Mr. Singh is also a member of the National Council of the Confederation of Indian Industries ("CII") and is co-chairman of the CII

National Committee on Intellectual Property Rights, Research and Development, Technology and Innovation. Further, Mr. Malvinder Mohan Singh is a member of the Young Global Leaders Forum, which is an initiative of the World Economic Forum. Mr. Singh is on the Board of Visitors of Duke University and member of the Board of Trade, Ministry of Commerce and Industry, Government of India. As the Director of the Company, he has been responsible for advising and counseling management on corporate decisions, providing strategic guidance and oversight, approving management's business plans and monitoring the Company's performance against the strategic business plans, overseeing management of the business on a regular basis, ensuring ethical behaviour and compliance with various laws and regulations. Mr. Singh joined our Board on December 13, 2004.

Mr. Sunil Godhwani is the CEO and Managing Director of our Company. He is a graduate in chemical engineering and has a master's degree in industrial engineering and finance from Polytechnic Institute, New York. He has more than 20 years experience in business. Mr. Godhwani joined our Board on July 13, 2006. He was appointed as CEO and Managing Director of our Company on April 9, 2007. Mr. Godhwani is also the managing director of Fortis Financial Services Limited. Prior to becoming the Managing Director of our Company, he was managing director of Religare Securities Limited since April 15, 2002.

Mr. Shivinder Mohan Singh, one of our Promoters, graduated with a B.A. (Hons.) degree in mathematics from St. Stephen's College, Delhi and holds an MBA degree with specialization in health sector management from the Fuqua School of Business, Duke University, U.S.A. Mr. Singh is on the board of directors of RLL, fellow of Aspens India Leadership Initiative and on the board of visitors of Fuqua School of Business, Duke University, U.S.. He held the position of Chief Operating Officer of the Fortis Hospital, Mohali for two years, during which he led his team in developing a strong work culture. As the Director of the Company, he has been responsible for advising and counseling management on corporate decisions, providing strategic guidance and oversight, approving management's business plans and monitoring the Company's performance against the strategic business plans, overseeing management of the business on a regular basis, ensuring ethical behaviour and compliance with various laws and regulations. Mr. Singh joined our Board on December 13, 2004.

Mr. Harpal Singh, graduated with a B.A. (Hons.) degree in economics from St. Stephen's College, Delhi and holds a B.S degree in Economics and a master's degree in public affairs from the University of California at Hayward, U.S.A. Mr. Harpal Singh has had diverse experience of over 30 years in the corporate sector and has held senior positions in various TATA group companies, Hindustan Motors Limited, Mahindra and Mahindra Limited and Shaw Wallace. Further, Mr. Harpal Singh is and has been on the board of many premier educational institutions, including the Doon School and the Shriram School, and is a member of the Senate of Baba Farid University of Health Sciences, Faridkot, Punjab. Mr. Harpal Singh has also been a member of several Government Committees and is presently a member of the Punjab Chief Minister's Advisory Committee on Industrial Growth and Development of Relevant Infrastructure. Mr. Harpal Singh is presently a member of the Confederation of Indian Industries ("CII") National Committee on Healthcare and the CII National Committee on Primary and Secondary education and Chairman of the CII Punjab State Council. Mr Singh is also a member of the India-UK Round Table and is an invitee speaker in many fora. He chaired the 2nd and 3rd India Health Summit in New Delhi and was invited to speak at the Royal Institute of Great Britain on Integrating Global Healthcare. As a member of the US – India Strategic Dialogue in December 2005, he presented a strategic opportunity position for collaboration between the US and Indian healthcare systems. Further Mr. Singh is a member of the Board of the Public Health Foundation of India and is also the Co-Chairman of the India- US Strategic Working Group on Healthcare. He joined our Board on April 9, 2007.

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. Mr. Bahl joined our Board on April 9, 2007.

Mr. Deepak Ramchand Sabnani received training in business from the Caritas Adult Education Centre, Hong Kong. Mr. Sabnani has been engaged in the business of export and import of goods and has more than 30 years of work experience. Mr. Sabnani joined our Board on April 9, 2007.

Mr. J. W. Balani has undertaken studies at Broadhembury College, Somerset, U.K. Mr. Balani is engaged in the business of export and import of white goods. Mr. Balani is currently associated with Atari S. L. and Time Concepts S.L. He has more than 39 years of work experience. Mr. Balani joined our Board on April 9, 2007.

Mr. R.K. Shetty holds a bachelor's degree in engineering from the Basaveshwara College, Bagalkot and has completed an executive development program from the Jamunalal Bajaj Institute of Management in Product Management Control and Financial Management. Mr. Shetty has received the National Productivity Award in the year 1992 and is presently the President of Karnataka State Hockey Association, Vice President of Karnataka Olympic Association and Chairman of the Development Panel, Indian Hockey Federation and Confederation and has more than 31 years of work experience. Mr. Shetty joined our Board on April 9, 2007 as an alternate director to Mr. J. W. Balani.

Captain G.P.S. Bhalla is a qualified master mariner certified by the Ministry of Transport, Government of India, New Delhi. Mr. Bhalla has more than 57 years of work experience. Mr. Bhalla has to his credit, been successful in making the W. German Finance Minister to accept guarantee by the Government of India instead of a guarantee by a commercial bank. Mr. Bhalla joined our Board on April 9, 2007 as an alternate director to Mr. Deepak Ramchand Sabnani.

Except Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh who are brothers and Mr. Harpal Singh, who is the father-in-law of Mr. Malvinder Mohan Singh, no other Directors of our Company are related to each other.

Borrowing powers of the Board

As per the provisions of the Companies Act, the borrowing powers of our Board are limited to monies, where the money to be borrowed, together with monies already borrowed by our Company (apart from the temporary loans obtained from our bankers in the ordinary course of business), will not exceed, at any time, the aggregate of the paid up capital of our Company and its free reserves.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to appointment of independent Directors to our Board and constitution of the audit committee, investor grievance committee and remuneration committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges. In addition, our Company has adopted a code of conduct for corporate governance and a code of conduct for prevention of insider trading.

Currently our Board has seven Directors, of which the Chairman of the Board is a non-executive and non-independent Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, our Company has one executive Director and six non-executive Directors on our Board, of whom three are independent directors.

Audit Committee

The audit committee was re-constituted by our Directors at their Board meeting held on April 9, 2007 ("Audit Committee"). The Audit Committee comprises Mr. Padam Bahl (independent Director) as the Chairman. Other members include Mr. J. W. Balani (independent Director) and Mr. Malvinder Mohan Singh (non-executive non-independent Director).

The Audit Committee oversees the Company's financial reporting process and disclosure of its financial information. The Audit Committee further reviews the internal control systems with the auditors, half yearly, quarterly and annual financial results, considers and discusses observations of the statutory and internal auditors, investigates any matter referred to it by the Board and reports to the Board on its recommendations on areas for attention.

Remuneration/ Compensation Committee

The remuneration committee was constituted by our Directors at Board meeting held on April 9, 2007 (the "Remuneration/ Compensation Committee"). The Remuneration/ Compensation Committee currently comprises Mr. Padam Bahl (independent Director) as the Chairman. Other members include Mr. Deepak Sabnani (independent Director) and Mr.J. W. Balani (independent Director).

The Remuneration/ Compensation Committee has been constituted to determine the Company's policy on specific remuneration packages for managerial personnel, including the Managing Directors, Whole Time Directors, Executive Chairman and in relation to our ESOS 2006. The Remuneration/ Compensation Committee has been constituted in accordance with Schedule XIII of the Companies Act and Clause 49 of the listing agreement.

Shareholders /Investors Grievance Committee

The shareholders and investors grievance committee was constituted by our Directors at their Board meeting held on April 9, 2007 (the "Shareholders/Investors' Grievance Committee"). The Shareholders/Investors' Grievance Committee currently comprises Mr. Malvinder Mohan Singh (non-executive non-independent Director) as the Chairman. Other members include Mr. Sunil Godhwani (CEO, Managing Director and non-independent Director) and Mr. Padam Bahl (independent Director).

The Shareholders/Investors' Grievance Committee has been constituted to address *inter alia,* shareholder and investor complaints, issue of duplicate share certificates, non-receipt of declared dividends, non- receipt of annual reports and other shareholder issues.

IPO Committee

In addition, an IPO Committee has also been constituted by our Directors at their Board meeting held on March 22, 2007, for the purposes of this IPO comprising Mr. Malvinder Mohan Singh (non-executive non-independent Director) as the Chairman. Other Members include Mr. Shivinder Mohan Singh (non-executive non-independent Director) and Mr. Sunil Godhwani (CEO, Managing Director and non-independent Director).

Shareholding of Directors in our Company

For details of shareholding of our Directors in our Company, see to the section titled "Capital Structure" beginning on page 24.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles of Association, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Mr. Sunil Godhwani is entitled to receive remuneration from our Company. In addition, Mr. Godhwani had received remuneration in Fiscal 2007 from Religare Securities Limited, one of our subsidiaries. Mr. Godhwani is also a managing director of Fortis Financial Services Limited, one of our Promoter Group companies.

All the independent directors are entitled to receive sitting fees for attending the Board/committee meetings within the limits laid down in the Companies Act.

Except as stated in the section titled "Financial Statements" beginning on page 132, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Remuneration of our Directors

Remuneration details of our whole time directors

Mr. Sunil Godhwani

Mr. Sunil Godhwani was inducted on our Board by resolution of our Board dated July 13, 2006 and was appointed as CEO and Managing Director by resolution of our Board dated April 9, 2007. The remuneration payable to him has been determined, with effect from April 9, 2007, for a period of three years, by resolution of our shareholders dated April 12, 2007. The remuneration payable to him is Rs. 0.35 million per month. The details of remuneration payable to him include the following:

Particulars	Remuneration*
Basic Salary	Rs. 180,000 per month
House Rent Allowance	Rs. 90,000 per month
Leave Travel Assistance	Rs. 200,000 per annum
Reimbursement of expenses towards car fuel	Rs. 17,000 per month
Reimbursement of expenses towards payment to car driver	Rs. 12,000 per month
Special Allowance	Rs. 33,075 per month
Reimbursement of medical expenses	Rs. 15,000 per annum

* In addition to the above, Mr. Godhwani is entitled to the company's contribution to provident fund and payment of gratuity and these would not be included in the computation of ceiling on remuneration to the extent such benefits, either singly or put together, are not taxable under the Income Tax Act, 1961.

Changes in Our Board of Directors during the last three years

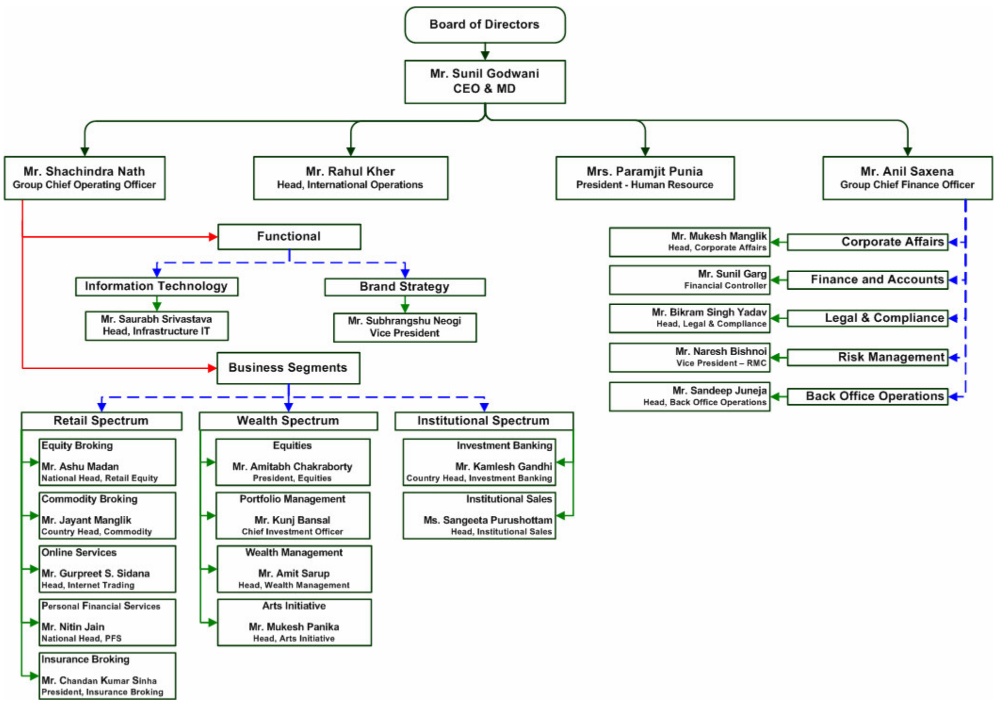
Name	Date of Appointment	Date of Cessation	Reason
Mr. Yuvraj Narain Gorwaney	August 6, 2001	December 13, 2004	Resignation
Mr. Sushil Khanna	August 6, 2001	January 15, 2005	Resignation
Mr. Vikramaditya Rajput	October 16, 2001	January 15, 2005	Resignation
Mr. Vinay Kaul	December 13, 2004	April 9, 2007	Resignation
Mr. Malvinder Mohan Singh	December 13, 2004	--	Appointment
Mr. Shivinder Mohan Singh	December 13, 2004	--	Appointment
Mr. Sunil Godhwani	July 13, 2006#	--	Appointment
Mr. Yuvraj Narain Gorwaney	July 13, 2006	April 9, 2007	Resignation
Mr. Bhagwan Hariram Bhojwani	July 13, 2006	April 9, 2007	Resignation
Mr. Padam Bahl	April 9, 2007	--	Appointment
Mr. J. W. Balani	April 9, 2007	--	Appointment
Mr. Deepak Ramchand Sabnani	April 9, 2007	--	Appointment
Mr. Harpal Singh	April 9, 2007	--	Appointment
Mr. R. K. Shetty*	April 9, 2007	--	Appointment
Captain G. P. S. Bhalla**	April 9, 2007	--	Appointment

**Mr. R.K. Shetty is acting as the alternate to Mr. J. W. Balani.*

*** Captain G.P.S. Bhalla is acting as the alternate to Mr. Deepak Ramchand Sabnani.*

#Appointed as CEO and Managing Director with effect from April 9, 2007.

Managerial Organizational Structure



Our Key Managerial Personnel

In addition to our whole-time Director, Mr. Sunil Godhwani, whose details have been provided above under "Biographies of our Directors" and "Remuneration of our Directors", the details of our other key managerial employees, as of the date of this Draft Red Herring Prospectus, are as follows:

Religare Enterprises Limited

Mr. Shachindra Nath (*Group Chief Operating Officer*), aged 36 years, carries the overall responsibility for managing the key operations of our group. He joined RSL on May 8, 2000. RSL, at that relevant point of time, was a subsidiary of Fortis Financial Services Limited, our Promoter Group company. He 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. Prior to joining us, he was at Abhipra Capital Limited as a Senior Consultant and Divisional Incharge and held several key positions there from 1998 until 2000. In the past, he has also worked with Obeetee Textiles Limited, R. D & Company and Garware Wall Ropes Limited. He has over 14 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.86 million.

Mr. Anil Saxena (*Group Chief Finance Officer*), aged 38 years, carries the overall responsibility for management and supervision of our group and has played a key role in driving its growth. He joined RSL on August 1, 2001. RSL, at that relevant point of time, was a subsidiary of Fortis Financial Services Limited, our Promoter Group company. He received a bachelor's degree in commerce from the University of Delhi. He is a member of the Institute of Chartered Accountants of India as well as the Institute of the Cost and Works Accountants of India. Prior to joining us, he was at Kotak Securities Limited as their Vice-President. In the past, he has also worked with Fortis Financial Services Limited and R. Singhania & Co. He has over 15 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 2.22 million.

Mr. Mukesh Manglik (*Head, Corporate Affairs*), aged 56 years, carries the overall responsibility for management and supervision of our corporate affairs and provides strategic direction to our secretarial department. He joined us on December 18, 2006. He received a bachelor's degree in commerce from the

Sydenham College of Commerce & Economics, Mumbai. He is a member of the Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India. Prior to joining us, he was at JM Financial Asset Management Private Limited as the Head of Compliance and Company Secretary. In the past, he has also worked with the Escorts Group and the Hero Group. He has over 30 years of experience in the corporate sector. The remuneration paid to him for Fiscal 2007 was Rs. 0.67 million.

Mr. Ravi Batra (*Company Secretary and Compliance Officer*), aged 34 years, carries the overall responsibility for our corporate and secretarial compliance. He joined us on January 25, 2007. He received bachelor's degree in commerce from the Punjab University, Chandigarh. He is member of the Institute of Company Secretaries of India as well as the Institute of Chartered Secretaries and Administrators, London. Prior to joining us, he was at Varun Beverages Limited as Group Company Secretary. In the past, he has also worked with Himalaya Communications Limited and Precision Electronics Limited. He has over 10 years experience as Company Secretary. The remuneration paid to him for Fiscal 2007 was Rs. 0.17 million.

Mr. Sunil Kumar Garg (*Financial Controller*), aged 38 years, carries the overall responsibility for finance in our Company and provides strategic direction to our business. He joined us on April 12, 2004. He received a bachelor's degree in commerce from the St. Xavier's College, Kolkata. He is a member of the Institute of Chartered Accountants of India as well as the Institute of Company Secretaries of India. Prior to joining us, he was at Arvind Construction Company Limited and held several key positions there from 1994 until 2003. In the past, he has also worked with Brikmyre Exports Private Limited. He has over 14 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.41 million.

Religare Securities Limited

Mr. Amitabh Chakraborty (*President, Equities*), aged 43 years, carries the overall responsibility for supervision, management and development of our equities broking and research business. He joined us on February 13, 2007. He received a bachelor's degree in engineering from the Jadavpur University and a post graduate diploma in management from the Indian Institute of Management, Lucknow. In addition, he has received certification and membership as a Financial Risk Manager from the Global Association of Risk Professionals, USA and as a Chartered Financial Analyst from the CFA Institute, USA besides being awarded CFA charter from the Institute of Chartered Financial Analysts of India, Hyderabad, India. Prior to joining us, he was the Business Head and Head of Research at BRICS Securities and held several key positions there from 2005 until 2007. In the past, he has worked with Kotak Securities Limited, IDBI Capital Markets Limited, Cazenove & Co., London, A.F. Ferguson & Co. and Gas Authority of India Limited. He is a member of professional industry organisations such as the CFA Institute, Virginia, USA and the Global Association of Risk Professional, New Jersey, USA. He was the founder director of the Indian chapter of the CFA Institute, USA. He has over 20 years of work experience and over 13 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.02 million.

Mr. Ashu Madan (*National Head – Retail Equity*), aged 38 years, carries the overall responsibility for our retail equity operations. He joined us on March 1, 2001. He received a bachelor's degree in commerce from the University of Delhi. He is presently interning with the Institute of Cost and Works Accountants of India. Prior to joining us, he was at Western India Group as the Assistant Vice-President and held several key positions there from 1994 until 2001. He has over 17 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.55 million.

Mr. Bikram Singh Yadava (*Head, Legal and Compliance*), aged 40 years, carries the overall responsibility for management and supervision of the legal and compliance functions of our businesses. He joined us on December 15, 2004. He has received a bachelor's degree in economics from the Shri Ram College of Commerce, Delhi. He has also received a bachelor's degree in law as well as a master's degree in Economics from the University of Delhi as well as a post graduate degree in Business Administration from the Punjab University. Prior to joining us, he was a private consultant. In the past, he has also worked with the NSE and Bharat Petroleum Corporation Limited. He has over 14 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.10 million.

Mr. Gurpreet S. Sidana (*Head, Internet Trading*), aged 31 years, carries the overall responsibility for supervision and management of our internet trading operations. He joined us on March 29, 2004. He received a bachelor's degree in commerce from the University of Delhi. He is a member of the Institute of Chartered Accountants of India. Prior to joining us, he was Senior Manager of Business Development at Elite Stock

Management Limited and held several key positions there from 2003 until 2004. He has over 9 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.09 million.

Mr. Kamlesh Gandhi (*Country Head, Investment Banking*), aged 56 years, carries the overall responsibility for our merchant banking business and provides strategic direction to our capital markets business. He joined us on September 1, 2006. He received a bachelor's degree in commerce from the University of Bombay. Prior to joining us, he was Executive Director of Centrum Capital Limited and held several key positions there from 2002 until 2006. He has over 34 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 2.93 million.

Mr. Kunj Bansal (*Chief Investment Officer*), aged 39 years, carries the overall responsibility for management of our investments division. He joined us on July 16, 2004. He received a bachelor's degree in engineering from the University of Jodhpur, Jodhpur, and a master's degree in Management Studies from the University of Bombay, India. Prior to joining us, he has worked with Reliance Mutual Fund as a fund manager and the Unit Trust of India. He has over 13 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 3.19 million.

Mr. Nitin Jain (*National Head, Personal Financial Services*), aged 33 years, carries the overall responsibility for distribution of all third party products and sales as well as providing strategic direction to our portfolio management business. He joined us on June 1, 2005. He received a bachelor's degree in commerce from the University of Ajmer. He is a fellow member of the Institute of Chartered Accountants of India. Prior to joining us, he was at Barjeel Geojit Securities LLC, Dubai as a senior financial advisor and held several key positions there from 2004 until 2005. In the past, he has also worked with Poonawalla Group and the Finolex Group. He has over 13 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.19 million.

Mr. Rahul Kher (*Head, International Operations*), aged 36 years, carries the overall responsibility for management and supervision of our international operations and provides strategic direction for the international growth strategy of our business. He joined us on June 7, 2004. He received a bachelor's degree in commerce from the University of Delhi. He is a member of the Institute of Chartered Accountants of India. Prior to joining us, he was the Chief Financial Advisor at Almana Group W.L.L. and held several key positions there from 1999 until 2004. In the past, he has also worked with Ceat Financial Services and the Vanguard Group, Hong Kong. He has over 13 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.63 million.

Ms. Sangeeta Purushottam (*Head, Institutional Sales*), aged 43 years, carries the overall responsibility for supervision and management of the institutional broking division of our securities broking business. She joined us on August 1, 2006. She received a bachelor's degree in economics from the University of Delhi and a post graduate diploma in management from Indian Institute of Management, Ahemadabad. Prior to joining us, she was at MSCI Barra as an Executive Director and the Head of their India Office. In the past, she has also worked with Ask Raymond James, SG Asia Securities, ICICI Securities, ICICI and HSBC. She has over 20 years of experience in the financial services industry. The remuneration paid to her for Fiscal 2007 was Rs. 3.77 million.

Ms. Paramjit Punia (*President, Human Resource*), aged 46 years, carries the overall responsibility for management and supervision of our human resource department. She joined us on March 1, 2007. She received a bachelor's degree in commerce from the Osmania University, Hyderabad and a PGDBM (personnel and interpersonal relations) from Punjab University, Chandigarh. Prior to joining us, she was at Trinity in Mumbai as Head – Human Resource and Training from July, 2005 till February, 2007. In the past, she has also worked with Xerox, Max IT, American Express, Coca Cola, GE International Operations Company. Ms. Punia has over 23 years of experience in human resources domain. The remuneration paid to her for the Fiscal 2007 was Rs. 0.33 million.

Religare Commodities Limited

Mr. Jayant Manglik (*Country Head, Commodities*), aged 41 years, carries the overall responsibility for management and supervision of our commodities business. He joined us on January 2, 2007. He received a bachelor's degree in engineering from the Karnataka University. Prior to joining us, he was Senior Vice-President at RR Equity Brokers Private Limited and held several key positions there from 2005 until 2007. He has over 12 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 0.38 million.

Religare Insurance Broking Limited

Mr. Chandan Kumar Sinha (*President, Insurance Broking*), aged 42 years, carries the overall responsibility for management and supervision of our insurance broking business. He joined us on May 3, 2006. He received a bachelor's degree in science from the College of Science, Patna and a post graduate diploma in management from the Xavier Labour Relations Institute, Jamshedpur. Prior to joining us, he was at Millea Asia as a Country Manager (Life Operations) and held several key positions there from 2003 until 2006. In the past, he has also worked with Zurich Risk Management Services, NIIT Limited and Mphasis Limited. Mr. Sinha has over 14 years of experience in the insurance industry. The remuneration paid to him for the Fiscal 2007 was Rs. 2.52 million.

Religare Finvest Limited

Mr. Atul Gupta (*President*), aged 36 years, carries the overall responsibility for maintenance of relationships with our corporate clients and high net worth individuals and provides strategic directions to our lending business. He joined us on January 21, 1999. He received a bachelor's degree in commerce from the University of Delhi. He is a member of the Institute of Chartered Accountants of India. Prior to joining us, he was Manager, Commercial at Pisces Industries Limited and held several key positions there from 1994 until 1999. He has over 13 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.65 million.

Mr. Amit Sarup (*Head, Wealth Management*), aged 39 years, carries the overall responsibility for supervision and management of our wealth management business. He joined us on September 1, 2005. He received a bachelor's degree in commerce from the University of Delhi, and a master's degree in business administration from the Institute of Management Technology, Ghaziabad, India. Prior to joining us, he was Vice-President, Wealth Management at the Kotak Mahindra Group and held several key positions there from 2000 until 2005. He has over 15 years of experience in the financial services industry. The remuneration paid to him for Fiscal 2007 was Rs. 2.33 million.

Except as disclosed under "Brief Biographies of our Directors" above, none of our Directors or key managerial personnel are related to each other.

All our key managerial personnel are permanent employees of our Company and/or our Subsidiaries.

Shareholding of the Key Managerial Personnel

Other than as disclosed below, none of our key managerial personnel holds Equity Shares in our Company.

S. No	Name of Key Managerial Person	Number of Equity Shares
1.	Mr. Sunil Godhwani	1,000,000

Bonus or profit sharing plan of our Key Managerial Personnel

Except the ESOS 2006, there is no other bonus or profit sharing plan for our key managerial personnel. For details of ESOS 2006, see the section titled "Capital Structure" beginning on page 24.

Interest of Key Managerial Personnel

Except as disclosed below, none of our key managerial personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company and/or our Subsidiaries.

Set forth below are our key managerial employees who are directors in our Promoter Group companies.

S. No.	Name	Directorships
1.	Mr. Sunil Godhwani	▪ Fortis Financial Services Limited ▪ Ranbaxy Laboratories Limited ▪ Regius Aviation Limited

S. No.	Name	Directorships
		▪ SRL Ranbaxy Limited

Set forth below are our key managerial employees who are directors in our Subsidiaries.

S. No.	Name	Directorships
1.	Mr. Sunil Godhwani	▪ Religare Commodities Limited; ▪ Religare Venture Capital Private Limited; ▪ Religare Finvest Limited; ▪ Religare Insurance Holding Company Limited; ▪ Religare Wealth Management Services Limited; and ▪ Religare Securities Limited.
2.	Mr. Shachindra Nath	▪ Religare Securities Limited; ▪ Religare Commodities Limited; ▪ Religare Insurance Broking Limited; ▪ Religare Wealth Management Services Limited; and ▪ Religare Capital Markets Limited.
3.	Mr. Sunil Kumar Garg	▪ Religare Securities Limited; ▪ Religare Finvest Limited; and ▪ Religare Realty Limited.
4.	Mr. Atul Gupta	▪ Religare Finvest Limited; ▪ Religare Venture Capital Private Limited; and ▪ Religare Finance Limited.
5.	Mr. Kamlesh Gandhi	▪ Religare Securities Limited; and ▪ Religare Capital Markets Limited.
6.	Mr. Rahul Kher	▪ Religare Venture Capital Private Limited; and ▪ Religare Realty Limited.
7.	Mr. Kunj Bansal	▪ Religare Securities Limited.
8.	Mr. Chandan Kumar Sinha	▪ Religare Insurance Broking Limited.
9.	Mr. Anil Saxena	▪ Religare Securities Limited.
10.	Mr. Ashu Madan	▪ Religare Insurance Broking Limited.
11.	Mr. Amit Sarup	▪ Religare Wealth Management Services Limited
12.	Mr. Bikram Singh Yadava	▪ Religare Commodities Limited.

For further details, see the sections titled "History and Certain Corporate Matters" and "Our Promoters and Promoter Group" beginning on pages 74 and 105.

Changes in our Key Managerial Personnel

The changes in our key managerial employees during the last three years are as follows:

Name	Designation	Company	Date of change*	Reason
Mr. Rahul Kher	Head, International Operations	RSL	June 7, 2004	Appointment
Mr. Kunj Bansal	Chief Investment Officer	RSL	July 16, 2004	Appointment
Mr. Bikram Singh Yadava	Head, Legal and Compliance	RSL	December 15, 2004	Appointment
Mr. Chandan Kumar Sinha	President, Insurance Broking	RIBL	May 3, 2006	Appointment
Mr. Amit Sarup	Head, Wealth Management	RFL	June 1, 2006	Transferred from RSL
Ms. Sangeeta	Head, Institutional Broking	RSL	August 1, 2006	Appointment

Name	Designation	Company	Date of change*	Reason
Purushottam	Business			
Mr. Gurpreet S. Sidana	Head, Internet Trading	RSL	August 21, 2006	Promotion
Mr. Kamlesh Gandhi	Country Head, Investment Banking	RSL	September 1, 2006	Appointment
Mr. Nitin Jain	National Head, Personal Financial Services	RSL	December 7, 2006	Promotion
Mr. Mukesh Manglik	Head, Corporate Affairs	REL	December 18, 2006	Appointment
Mr. Jayant Manglik	Country Head, Commodities Business	RCL	January 2, 2007	Appointment
Mr. Atul Mittal	Vice President, Legal & Company Secretary	REL	January 12, 2007	Resignation
Mr. Ravi Batra	Company Secretary and Compliance Officer	REL	January 25, 2007	Appointment
Mr. Amitabh Chakraborty	President, Equities	RSL	February 13, 2007	Appointment
Mr. Sunil Kumar Garg	Financial Controller	REL	April 1, 2007	Promotion
Mr. Shachindra Nath	Group Chief Operating Officer	REL	April 1, 2007	Transferred from RSL
Mr. Anil Saxena	Group Chief Financial Officer	REL	April 1, 2007	Transferred from RSL
Mr. Atul Gupta	President	RFL	April 1, 2007	Promotion

** The designations of some of our key managerial employees have changed more than once in the last three years. Further, some of our key managerial employees have been promoted more than once in the last three years. The above table enumerates the details of last promotion or designation, as applicable, in relation to such key managerial employees.*

Employee Stock Option Scheme

For details of our ESOS, see the section titled "Capital Structure – Notes to Capital Structure" beginning on page 24.

Payment or benefit to our officers (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment, other than the options granted to them under our ESOS and the shares allotted to them on exercise of options from time to time.

Except as stated in the section titled "Financial Statements" beginning on page 132, none of the beneficiaries of loans and advances and sundry debtors are related to our Directors.

OUR PROMOTERS AND PROMOTER GROUP

Promoters

The following individuals are the Promoters of the Company:

1. Mr. Malvinder Mohan Singh; and
2. Mr. Shivinder Mohan Singh.

The details of our Promoters who are individuals are as follows:

Identification Particulars	Details
PAN	AABPS2552G
Passport No.	Z-1174995
Voter ID Number	Not Available
Driving License Number	P02052006139359
Bank Account Number	525-1-007884-9 (Sansad Marg Branch, New Delhi, Standard Chartered Bank)

Mr. Malvinder Mohan Singh, our Chairman and one of our Promoters, graduated in Economics from St. Stephen's College, Delhi and holds an MBA degree from the Fuqua School of Business, Duke University, U.S.A. Mr. Singh is the CEO and managing director of Ranbaxy Laboratories Limited. Mr. Singh joined Ranbaxy Laboratories Limited in 1998 and worked through various functions of general management, sales and marketing, finance and business development. Prior to being appointed as CEO and managing director of RLL, he was responsible for RLL's global operations, as President Pharmaceuticals. Mr. Singh 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, Mr. Singh is a member of the Young Global Leaders Forum, which is an initiative of the World Economic Forum. Mr. Singh is on the Board of Visitors of Duke University and member of the Board of Trade, Ministry of Commerce and Industry, Government of India. As the Director of the Company, he has been responsible for advising and counseling management on corporate decisions, providing strategic guidance and oversight, approving management's business plans, and monitoring the Company's performance against the strategic business plans, overseeing management of the business on a regular basis, ensuring ethical behaviour and compliance with various laws and regulations.

Identification Particulars	Details
PAN	AAKPS4318M
Passport No.	E7095142
Voter ID Number	Not Available
Driving License Number	93081197NDDUP
Bank Account Number	525-1-008277-3 (Sansad Marg Branch, New Delhi, Standard Chartered Bank)

Mr. Shivinder Mohan Singh, one of our Promoters, graduated with a B.A. (Hons.) degree in mathematics from St. Stephen's College, Delhi and holds an MBA degree with specialization in health sector management from the Fuqua School of Business, Duke University, U.S.A. Mr. Singh is on the board of directors of RLL, fellow of Aspens India Leadership Initiative and board of visitors of Fuqua School of Business, Duke University, U.S. He held the position of Chief Operating Officer of the Fortis Hospital, Mohali for two years, during which he led his team in developing a strong work culture. He has also led the acquisition of Escorts Heart Institute & Research Centre Limited ("EHIRCL") by Fortis Healthcare Limited and is currently the managing director of EHIRCL. As the Director of the Company, he has been responsible for advising and counseling management on corporate decisions, providing strategic guidance and oversight, approving management's business plans, and monitoring the Company's performance against the strategic business plans, overseeing management of the business on a regular basis, ensuring ethical behaviour and compliance with various laws and regulations.

For other details relating to our Promoters, including addresses, terms of appointment as our Directors and other directorships, see the section titled "Our Management" beginning on page 92.

Interest in promotion of our Company

Our Company is promoted by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh. Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh each hold 19,187,400 Equity Shares. Mr. Malvinder Mohan Singh is also the chairman of our Company.

Interest in the property of our Company

The Promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Payment of benefits to our Promoters during the last two years

Except as stated in the section titled "Financial Statements" beginning on page 132, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft red Herring Prospectus.

Related Party Transactions

For details of the related party transactions, see the "Related Party Transactions" forming part of section titled "Financial Statements" beginning on page 132.

Other Undertakings and Confirmations

Our Company undertakes that the details of the permanent account numbers, bank account numbers and passport numbers of our Promoters will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with the Stock Exchanges.

Further, our Promoters and Promoter Group entities, including relatives of the Promoters, have confirmed that they have not been detained as willful defaulters by the RBI or any other Governmental authority, except for those disclosed in the sections titled "Outstanding Litigation and Material Developments" and "Risk Factors" beginning on pages 377 and xii, respectively.

Additionally, there are no violations of securities laws committed by them in the past or are pending against them and none of our Promoters or persons in control of bodies corporate forming part of our Promoter Group have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities, except for those disclosed in the section titled "Outstanding Litigation and Material Developments" and "Risk Factors" beginning on pages 377 and xii, respectively.

Common Pursuits

Except for Oscar Investments Limited ("OIL"), Fortis Financial Services Limited ("FFSL"), Malav Holdings Private Limited ("MHPL"), Shivi Holdings Private Limited ("SHPL"), Ranbaxy Holding Company ("RHC"), Regius Aviation Limited ("RAL"), Vistas Realtors Private Limited ("VRPL") and Greenview Buildtech Private Limited ("GBPL"), our Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by our Company, our Subsidiaries or any member of our Promoter Group.

OIL is an investment company and is engaged in the business of investing, acquiring, holding, selling, buying or otherwise dealing in securities. FFSL is an investment company and is engaged in the business of leasing and hiring moveable and immovable properties, acquisition of shares, stock, debentures and other securities, to develop, design, provide, undertake, import, export, distribute and deal in softwares. MHPL, SHPL, RHC and RAL are engaged in the business of an investment company. VRPL is engaged in the selling, purchasing, developing and dealing in all kinds of properties and construction business. GBPL is engaged in the business of selling, purchasing, developing and dealing in all kinds of property. For further details regarding FFSL, VRPL and GBPL, see the section titled "Our Promoters and Promoter Group" beginning on page 105.

Although OIL, FFSL, VRPL and GBPL are permitted under their respective objects' clauses to undertake activities which are similar to those being undertaken or intended to be undertaken by us, such companies presently do not carry on and do not intend to undertake activities which may be in conflict with our business. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which our Company is involved, see the "Related Party Transactions" forming part of section titled "Financial Statements" beginning on page 132.

Promoter Group

In addition to the Promoters named above, the following natural persons, companies, HUF's and partnerships form a part of the Promoter Group.

The natural persons who are part of the Promoter Group (being the immediate relatives of our Promoters), apart from the individual Promoters mentioned above, are as follows:

S. No.	Name	Relation with Promoters
a.	Ms. Nimmi Singh	Mother of Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh
b.	Ms. Japna Malvinder Singh	Wife of Mr. Malvinder Mohan Singh
c.	Ms. Aditi Shivinder Singh	Wife of Mr. Shivinder Mohan Singh
d.	Ms. Nimrita Parvinder Singh	Daughter of Mr. Malvinder Mohan Singh
e.	Ms. Nanaki Parvinder Singh	Daughter of Mr. Malvinder Mohan Singh
f.	Master Anhad Parvinder Singh	Son of Mr. Shivinder Mohan Singh
g.	Master Udayveer Parvinder Singh	Son of Mr. Shivinder Mohan Singh
h.	Master Vivan Parvinder Singh	Son of Mr. Shivinder Mohan Singh
i.	Master Kabir Parvinder Singh	Son of Mr. Shivinder Mohan Singh

Promoter Group Companies & Entities

The companies that are part of the Promoter Group have been provided below. The companies that form part of the Promoter Group include:
(a) a company in which 10% or more of the share capital is held by our Promoters or their immediate relatives; and
(b) a company in which a company specified above holds 10% or more, of the share capital; and
(c) a company promoted by our Promoters.

For details of our Subsidiaries, see the section titled "History and Certain Corporate Matters" beginning on page 74.

S. No.	Name of Promoter Group Company
a.	Oscar Investments Limited
b.	Ranbaxy Laboratories Limited
c.	Fortis Financial Services Limited
d.	Fortis Healthcare Limited
e.	SRL Ranbaxy Limited
f.	Fortis Healthcare Holdings Limited
g.	Fortis HealthStaff Limited
h.	Fortis HealthWorld Limited
i.	Chetak Pharmaceuticals Private Limited
j.	Luxury Farms Private Limited
k.	Malav Holdings Private Limited
l.	R.C. Nursery Private Limited
m.	Shivi Holdings Private Limited
n.	Vistas Realtors Private Limited
o.	Greenview Buildtech Private Limited
p.	Ranbaxy Holding Company*
q.	Trendy Exim Private Limited
r.	Regius Aviation Limited

** A private company with unlimited liability.*

The partnership firms that form part of the Promoter Group are as follows:

S. No.	Name of Firm/ HUF
a.	Malsh Healthcare
b.	Oscar Traders

Other than those stated above, there are no HUFs, proprietorships or other entities that are part of the Promoter Group.

The details of our Promoter Group companies are as below:

(a). Oscar Investments Limited ("OIL")

OIL was incorporated on January 25, 1978 under the Companies Act. Its CIN No. is L65999DL1978PLC099476. OIL received its certificate of commencement of business on May 19, 1978. Its registered office is presently situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. OIL is an investment company and is engaged in the business of investing, acquiring, holding, selling, buying or otherwise dealing in securities. OIL received its approval for registration as an NBFC with the RBI (Reg. No. B-14.01958) on September 7, 2000. OIL had earlier received registration as an NBFC with the RBI (Reg. No. 13.00933) on August 5, 1998.

The equity shares of OIL are listed on the BSE and the DSE.

Shareholding Pattern

The shareholding pattern of OIL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Ranbaxy Holding Company	5,190,849	30.04
2.	Malav Holdings Private Limited	2,126,304	12.30
3.	Shivi Holdings Private Limited	2,144,304	12.41
4.	Oscar Bio-Tech Private Limited	709,000	4.10
5.	Oscar Pharmaceuticals Private Limited	337,200	1.95
6.	Tripoli Investment and Trading Company	636,100	3.68
7.	Vitoba Cosmetics Private Limited	243,000	1.41
8.	Other Promoters and persons acting in concert holding less than 1% of the paid up capital	555,160	3.21
Sub-Total of Promoter and Promoter Group shareholding		*11,941,917*	*69.11*
9.	Private Corporate Bodies	2,145,000	12.41
10.	Public	3,193,703	18.48
Sub-Total of Public shareholding		*5,338,703*	*30.89*
	Total	**17,280,620**	**100.00**

Board of Directors

The board of directors of OIL currently comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh;
3. Ms. Japna Malvinder Singh;
4. Ms. Aditi Shivinder Singh;
5. Mr. Vinay Kaul; and
6. Mr. V. M. Bhutani.

Financial Performance

The audited financial results of OIL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	189.18	202.31	1,525.04
Profit/ (Loss) after tax	64.44	151.06	1,394.16
Equity capital (par value Rs. 10 per share)	172.80	172.80	172.80
Reserves and Surplus (excluding revaluation reserves) [(1)]	445.97	597.03	1,991.30
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	3.73	8.74	80.68
Book value per equity share (Rs.) [(2)]	35.66	44.44	125.01

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

Promise v/s Performance

OIL issued 9,886,779 equity shares of Rs. 10 each and 2,118,596 unsecured zero coupon fully convertible debentures of Rs. 70 each for cash at par aggregating to Rs. 148,301,720 on a rights basis to its shareholders on August 26, 1996. The objects of the issue were to increase OIL's scale of operations and to augment its long term resources. No projections were made in connection with the issue and the objects in relation to the issue were met.

Information about Share Price

The market price of the equity shares of OIL during the six month period ending June 29, 2007 on the BSE was highest on February 14, 2007 at Rs. 562.40 per share and was the lowest on January 2, 2007 at Rs. 152.20 per share. The closing price of the equity shares of OIL as on June 29, 2007 was Rs. 248.30 on the BSE. The market price of the equity shares of OIL on the DSE was not available.

There has been no change in the capital structure of OIL in the last six months.

Details of public issue/rights issue of capital in the last three years

There has been no public/rights issue of capital by OIL in the three years preceding the date of this Draft Red Herring Prospectus. However, the listing of 4,245,808 equity shares (2,096,104 equity shares to each of MHPL and SHPL and 53,600 equity shares to Ranbaxy Holding Company), issued and allotted by OIL on November 30, 2001, pursuant to a scheme of amalgamation approved by the High Court of Delhi on January 12, 2001, is currently pending. Pursuant to the filing of the listing application, OIL submitted certain letters to the BSE requesting that the process of listing be expedited. The last such communication from OIL to the BSE was dated May 16, 2007. BSE vide its letter dated May 18, 2007 has granted in principle approval to the listing application of OIL. OIL is currently in process of completing the necessary formalities for the listing of these additional equity shares.

Mechanism for redressal of investor grievance

OIL has appointed Intime Spectrum Registry Limited as its Registrar and Share Transfer Agent for redressing investor grievances. The complaints received, if any, are normally attended replied to within 10 days of receipt by OIL. As on June 28, 2007, there were no complaints pending against OIL.

Other Information

OIL received a notice dated April 2, 2004 from the BSE in relation to non-compliance with clause 51 of the listing agreement by OIL. Subsequently, pursuant to a notice dated December 23, 2004, the BSE had suspended trading in the securities of OIL with effect from December 21, 2004, until the completion by OIL of all the formalities for revocation of the suspension. Pursuant to the information provided by OIL, the BSE by its letter dated June 20, 2005 and September 29, 2006 intimated OIL of the decision of the Listing Committee of the BSE to revoke the suspension in the trading of the securities of OIL, subject to (i) payment of the reinstatement fees of Rs. 180,000; (ii) submission of an undertaking stating that the promoters' shareholding shall be subject to a lock-in for a period of one year from the date of revocation; and (iii) submit profile of directors as per the format prescribed; and (d) provide an undertaking to the BSE that the submissions made to the Registrar of Companies and the BSE are the same. Through letters dated September 15, 2005 and October 11, 2006, OIL informed the BSE of fulfillment of all the requirements specified by the BSE. Pursuant to the same, the BSE has revoked the suspension of the trading of the securities of OIL pursuant to order dated November 16, 2006, effective from November 22, 2006.

Further, OIL had in the past, not submitted timely disclosures required as per Regulations 6(2) and 6(4) of the Takeover Code as on February 20, 1997 and under Regulation 8(3) of the Takeover Code for the years 1998-2002 and 2006. However, the requisite disclosures under Regulations 6(2) and 6(4) of the Takeover Code have been submitted to the BSE through letter(s) dated October 19, 2006. Further, the requisite disclosures under Regulation 8(3) for the years 1998-2002 and 2006 have been submitted to the BSE through letter dated October 31, 2006. In addition, OIL had not in the past submitted timely disclosures in relation to the requirements of Clauses 35, 47, 49 and 51 of the Listing Agreement for the period ending September 2006. However, appropriate information in relation to the same were submitted by OIL on October 31, 2006.

(b). Ranbaxy Laboratories Limited ("RLL")

RLL was incorporated on June 16, 1961 as "Lepetit-Ranbaxy Laboratories Limited". Subsequently on August 24, 1966 it changed its name to "Ranbaxy Laboratories Limited" and on October 28, 1970 it changed its name to "Ranbaxy Laboratories Private Limited". On September 27, 1973 it changed its name to its present name. Its CIN No. is L24231PB1961PLC003747. Its registered office is presently situated at A – 11, Industrial Area, Sahibzada Ajit Singh Nagar, Mohali – 160 055, Punjab, India. RLL is engaged in the business of manufacturing and marketing of pharmaceuticals, dosage forms, bulk drugs and intermediaries**.**

The equity shares of RLL are listed on the BSE and the NSE. The GDRs issued by RLL have been listed on the Luxembourg Stock Exchange and the FCCBs issued by RLL have been listed on the Singapore Stock Exchange.

Shareholding Pattern

The shareholding pattern of RLL as on March 31, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 5 each	% of Equity Capital
1.	Ranbaxy Holding Company	102,212,954	27.42
2.	Oscar Investments Limited	17,751,468	4.76
3.	Other Promoters and persons acting in concert holding less than 1% of the paid up capital	9,971,792	2.67
Sub-Total of Promoter and Promoter Group shareholding		*129,936,214*	*34.85*
4.	Mutual Funds and UTI	12,476,873	3.35
5.	Banks, Financial Institutions and Insurance Companies	62,731,153	16.83
6.	FIIs	60,967,971	16.35
7.	NRIs and OCBs	6,769,170	1.82
8.	Other Public Shareholders	81,598,618	21.89
9.	GDRs	18,298,822	4.91
Sub-Total of Public shareholding		*242,842,607*	*65.15*
	Total	**372,778,821**	**100.00**

Board of Directors

The board of directors of RLL currently comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh;
3. Mr. Sunil Godhwani;
4. Mr. Vinay Kaul;
5. Mr. Vivek Bharat Ram;
6. Mr. Gurcharan Das;
7. Dr. P. S. Joshi;
8. Mr. Nimesh N. Kampani;
9. Mr. Vivek Mehra;
10. Mr. Ravi Mehrotra;
11. Mr. Harpal Singh;
12. Mr. Surendra Daulet Singh;
13. Dr. Brian W. Tempest;
14. Mr. Atul Sobti; and

15. Mr. Ramesh L. Adige.

Financial Performance

The audited financial results of RLL for financial year ending December 31, 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Financial year ending December 31, 2004	Financial year ending December 31, 2005	Financial year ending December 31, 2006
Sales and other income	55,320.84	53,432.15	61,998.41
Profit/ (Loss) after tax	6,985.61	2,617.07	5,103.39
Equity capital (par value Rs. 10 per share)	1,858.91	1,862.21	1,863.43
Reserves and Surplus (excluding revaluation reserves) [(1)]	23,218.49	22,605.03	23,986.48
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	18.74	6.85	13.17
Book value per equity share (Rs.) [(2)]	67.45	65.69	69.36

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

Promise v/s Performance

RLL made an issue of three simultaneous but unlinked offers to its equity shareholders, employees and specified entities of the management group on November 6, 1993:

- Series 1- 2574305 12% fully convertible debentures of Rs. 300 each for cash at par aggregating to Rs. 772.30 million to the equity shareholders and employees of RLL;
- Series 2- 4290507 15% secured non-convertible debentures of Rs. 200 each for cash at par aggregating to Rs. 858.10 million with a warrant for each non-convertible debenture to the equity shareholders and employees of RLL; and
- Series 3- 85,000 12% fully convertible debentures of Rs. 300 each for cash at par aggregating to Rs. 25.50 million with a warrant for each fully convertible debenture to the specified entities of the management group.

One of the objects of the issue was to finance, in part, RLL's requirement of funds for capital expenditure in facilities for manufacture of drugs at Dewas and Paonta Sahib, Himachal Pradesh and an research and development centre at Gurgaon, Haryana. The further objects of the issue were to finance, in part, investments in joint ventures/subsidiaries and for working capital purposes. The objects of the issue were met.

A comparison of the projections made in the letter of offer along with the actual performance is as follows:

(Rs.million, unless otherwise stated)

	Fiscal 1994		Fiscal 1995		Fiscal 1996	
	Projection	Actuals	Projection	Actuals	Projection	Actuals
Sales	5900.00	5934.40	7,300.0	7,122.4	8,800.0	8,766.1
-Domestic	3,900.00	3,709.60	4,550.0	4,103.8	5,300.0	4,644.9
-Exports	2,000.00	2,224.80	2,750.0	3,018.6	3,500.0	4,121.2
Operating Surplus	860.00	1,025.40	1,090.0	1,451.0	1,320.0	1,555.5
Interest	240.00	228.90	300.0	(36.5)	340.0	(273.4)
Depreciation	140.00	142.70	170.0	183.8	210.0	243.7
Profit before Tax	480.00	653.80	620.0	1,303.7	770.0	1,585.2
Profit after Tax	480.00	634.90	580.0	1,103.7	700.0	1,350.2
Dividend	11.83	132.90	127.6	199.8	133.0	237.2
Equity share Capital	353.50	346.60	380.1	430.5	380.1	443.7
Reserves and Surplus	1,586.20	1,657.50	2,477.4	5,999.8	3,044.4	7,666.6
Per Equity Share:						
-Earnings (Rs.)*	6.80	9.00	7.6	12.8	9.2	15.2
-Book Value (Rs.)**	27.40	28.40	37.6	74.5	45.1	99.8
Term Debt: Equity	0.57	0.69	0.48	0.27	0.37	0.12

** Adjusted for sub-division of equity shares of Rs. 10 each into two equity shares of Rs. 5 each, effective August 1, 2005.*
***this is on like to like basis for comparison, not adjusted for bonus shares, etc.*

Information about Share Price

The market price of the equity shares of RLL during the six month period ending June 29, 2007 on the BSE was highest on January 17, 2007 at Rs. 431.50 per share and was the lowest on March 7, 2007 at Rs. Rs. 309.50 per share. The market price of the equity shares of RLL during the six month period ending June 29, 2007 on the NSE was highest on January 17, 2007 at Rs. 432.30 per share and was the lowest on March 7, 2007 at Rs. Rs. 307.25 per share. The closing price of the equity shares of RLL as on June 29, 2007 was Rs. 354.95 per share on the BSE and Rs. 355.25 on the NSE.

In the past six months, RLL has allotted 81,658 equity shares of Rs. 5 each, on exercise of stock options by its employees under the Employee Stock Option Scheme of RLL.

Details of public issue/rights issue of capital in the last three years

RLL made an issue of zero coupon foreign currency convertible bonds of US$ 100,000 each ("**FCCB**") with the FCCBs being convertible into equity shares on or after April 27, 2006 up to March 8, 2011 at a price of Rs. 716.32 per equity share. The total amount raised was US$ 440 million. The FCCBs are listed on the Singapore Stock Exchange. FCCBs not converted into equity shares up to March 8, 2011, would be redeemed in US$ on March 18, 2011, at a premium of 126.765% to the principal amount. The offering circular was dated March 13, 2006. The proceeds of the issue were applied towards the objects of the issue, which was to finance international acquisitions and ongoing capital expenditure. There has been no other public or rights issue of capital by RLL in the three years preceding the date of this Draft Red Herring Prospectus.

Mechanism for redressal of investor grievance

Investor complaints and grievances received by RLL, if any, are normally attended and replied to within 15 days of receipt by the company, except in case of disputes over facts or other legal constraints. As on June 8, 2007, there were no complaints pending against RLL.

(c). Fortis Financial Services Limited ("FFSL")

FFSL was incorporated on March 23, 1994 under the Companies Act. Its CIN No. is L74899DL1994PLC058032. FFSL received its certificate of commencement of business on April 19, 1994. Its registered office is presently situated at 255, First Floor, Okhla Industrial Estate, Phase-III, New Delhi – 110 020, India. FFSL is an investment company and is engaged in the business of leasing and hiring moveable and immovable properties, acquisition of shares, stock, debentures and other securities, to develop, design, provide, undertake, import, export, distribute and deal in softwares. FFSL received its approval for registration as an NBFC with the RBI (Reg. No. B-14.01447) on April 17, 2006. FFSL had earlier received registration as an NBFC with the RBI (Reg. No. A-14.01447) on December 28, 1998.

The equity shares of FFSL are listed on the BSE.

Shareholding Pattern

The shareholding pattern of FFSL as on March 31, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Ranbaxy Holding Company	6,039,700	22.43
2.	Oscar Pharmaceuticals Private Limited	3,539,600	13.14
3.	Modland Wears Private Limited	2,969,999	11.03
4.	Shivi Holdings Private Limited	2,878,000	10.69
5.	Malav Holdings Private Limited	2,690,000	9.99
6.	Abhineet Pesticides Private Limited	686,000	2.55
7.	Mr. Malvinder Mohan Singh	442,650	1.64
8.	Mr. Shivinder Mohan Singh	441,650	1.64
9.	Oscar Investments Limited	316,600	1.18
10.	Oscar Holdings Private Limited	172,300	0.64
11.	Ms. Nimmi Singh	11,800	0.04
Sub-Total of Promoter and Promoter Group shareholding		*20,188,299*	*74.96*
12.	Private Corporate Bodies	1,102,575	4.09
13.	Indian Public	4,350,999	16.16

14.	NRIs/ OCBs	1,103,686	4.10
15.	Banks and Financial Institutions	950	0.00
16.	FIIs	102,252	0.38
17.	Others (HUFs and Clearing members)	83,014	0.31
Sub-Total of public shareholding		*6,743,476*	*25.04*
Total		**26,931,775**	**100.00**

There has been no change in the capital structure of FFSL in the last six months.

Board of Directors

The board of directors of FFSL currently comprises the following persons:

1. Mr. Harpal Singh;
2. Mr. Vinay Kaul;
3. Mr. Malvinder Mohan Singh;
4. Mr. Shivinder Mohan Singh;
5. Mr. Maninder Singh Grewal;
6. Dr. P.S. Joshi;
7. Mr. Sunil Godhwani; and
8. Mr. Vikram Sahgal.

Financial Performance

The audited financial results of FFSL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	227.41	77.36	262.30
Profit/ (Loss) after tax	52.73	4.12	26.64
Equity capital (par value Rs. 10 per share)	258.60	258.60	258.60
Reserves and Surplus (excluding revaluation reserves) [1]	(287.32)	(366.40)	(222.45)
Earnings/ (Loss) per share (diluted) (Rs.) [2]	2.04	0.16	0.91
Book value per equity share (Rs.) [2]	(1.11)	(4.17)	1.40

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

Promise v/s Performance

FFSL issued 750,000 equity shares and 5,250,000 5% convertible preference shares of Rs. 10 each on February 16, 1995 to the public. The objects of the issue were to augment resources to meet its planned growth, strengthen its equity base and net worth and obtain listing with the stock exchanges. A comparison of the projections made in the prospectus along with the actual performance is as follows:

Projected Income Statement

(Rs. million, except per share data)

	Fiscal 1995		Fiscal 1996		Fiscal 1997	
	Projections	Actuals	Projections	Actuals	Projections	Actuals
Income						
- Leasing	29.20	4.78	76.00	211.95	138.90	231.57
-Hire Purchase	7.00	0.79	29.20	19.20	63.80	20.87
-Investments & Trade Finance	42.70	26.57	106.80	111.97	185.40	5.57
-Merchant Banking	7.50	6.23	15.00	9.14	25.00	0.33
-Interest & Dividends	0.70	17.87	3.00	125.68	6.90	188.15
Total Income	**87.10**	**56.23**	**230.00**	**477.93**	**420.00**	**446.50**
Profit Before Depreciation, Interest and Issue expenses	67.10	44.57	200.00	378.62	385.00	353.70
Interest	14.80	18.44	90.30	221.33	178.90	222.18
Depreciation	20.00	2.54	50.40	149.81	93.00	137.35

	Fiscal 1995		Fiscal 1996		Fiscal 1997	
	Projections	Actuals	Projections	Actuals	Projections	Actuals
Issue Expenses Written Off	3.00	-	3.00	1.06	-	1.02
Profit before Tax	29.30	23.60	56.30	6.42	113.10	(6.85)
Tax	-	-	-	-	-	-
Profit After Tax	29.30	23.60	56.30	6.42	113.10	(6.85)
Equity Share Capital	30.00	19.71	30.00	48.60	240.00	206.10
Preference Share Capital	210.00	157.50	210.00	210.00	-	52.50
Reserves & Surplus	17.30	23.60	58.50	28.81	155.30	82.93
Net worth	257.30	200.80	298.50	287.42	395.30	341.53
Dividend (%) – Equity	5.00	15.00	15.00	15.00	20.00	-
- Preference	5.00	5.00	5.00	5.00	5.00	-
Book Value Per Share (Rs.)	15.77	21.97	29.50	15.93	16.47	14.02
Earning Per Share (Rs.)	9.77	11.97	18.77	1.32	4.71	(0.33)

Projected Fund Flow Statement

(Rs. million, except per share data)

	Fiscal 1995		Fiscal 1996		Fiscal 1997	
	Projections	Actuals	Projections	Actuals	Projections	Actuals
Sources						
Equity Share Capital	30.00	19.70	30.00	48.60	240.00	206.10
Preference Share Capital	210.00	157.50	210.00	210.00	0.00	52.50
Retained Earnings	21.10	23.60	58.00	28.80	137.90	82.90
Book Depreciation	20.00	2.50	70.30	643.20	163.30	595.00
Issue Expenses written off	3.00	0.00	6.00	1.10	6.00	1.00
Share Application Money	0.00	2.80	0.00	0.00	0.00	0.00
Total own funds	284.10	206.10	374.30	931.60	547.20	937.50
Debentures	0.00	0.00	100.00	0.00	250.00	0.00
Term Loans	0.00	248.50	50.00	390.70	100.00	103.70
Fixed Deposits	0.00	0.00	131.30	795.80	304.10	875.60
Cash Credit	85.50	17.10	255.50	0.00	315.50	78.90
Short Term Funds	84.50	46.50	280.70	417.70	432.60	157.10
Total Borrowings	170.00	312.10	817.50	1,604.20	1,402.20	1,215.30
Total Resources	**454.10**	**518.20**	**1,191.80**	**2,535.90**	**1,949.40**	**2,152.90**
Applications						
Lease Assets	157.00	105.00	353.80	1,126.30	565.30	1,178.10
H.P. Disbursement – Corp	61.00	23.70	211.00	166.50	337.70	142.75
I.C.D.	10.00	22.50	40.00	273.90	44.00	102.96
Investments	166.30	190.80	465.10	342.80	828.60	328.16
Statutory Investments	8.50	0.00	41.20	125.10	73.70	135.46
Bill Discounting	23.90	122.30	31.50	194.60	31.50	24.50
Issue Expenses	6.00	0.60	6.00	5.80	6.00	12.60
Owned Assets	10.00	6.80	13.40	37.40	13.90	50.78
Working Capital	11.40	46.50	29.80	173.50	48.70	177.49
Profit & Loss A/c	0.00	0.00	0.00	90.00	0.00	0.00
Total	**454.10**	**518.20**	**1,191.80**	**2,535.90**	**1,949.40**	**2,152.80**
Return on Capital Employed (%)	11.52	11.75	23.93	2.23	28.66	(2..01)

Information about Share Price

The market price of the equity shares of FFSL during the six month period ending June 29, 2007 on the BSE was highest on January 5, 2007 at Rs. 130.50 per share and was the lowest on March 12, 2007 at Rs. 84.35 per share. The closing price of the equity shares of FFSL as on June 29, 2007, was Rs. 102.00 on the BSE.

Details of public issue/ rights issue of capital in the last three years

There has been no public or rights issue of capital by FFSL in the three years preceding the date of this Draft Red Herring Prospectus.

However, FFSL filed a draft letter of offer dated October 13, 2006 for issuance of 13,465,888 equity shares of Rs.10 each for cash at par aggregating to Rs. 134,658,880 on rights basis to the existing equity shareholders of FFSL in the ratio of one equity share for every two equity shares (i.e. 1:2) held as on the record date. FFSL has received observations made by SEBI in this regard and is in the process of making a rights offer.

Mechanism for redressal of investor grievance

Investor complaints and grievances received by FFSL, if any, are normally attended and replied to within 7-10 days of receipt by the company, except in case of disputes over facts or other legal constraints. As on June 8, 2007, there were no complaints pending against FFSL.

Other Information

FFSL was not in compliance with clause 47(d) of the Listing Agreement in the past. However, FFSL has been complying with the same since September 2006.

(d). Fortis Healthcare Limited ("FHL")

FHL was incorporated on February 28, 1996 under the name "Rancare Limited" under the Companies Act. Subsequently on June 20, 1996, its name was changed to its present name. Its CIN No. is L85110DL1996PLC076704. FHL received its certificate of commencement of business on July 1, 1996. Its registered office is situated at Piccadily House, 275-276 (4th Floor), Captain Gaur Marg, Srinivas Puri, New Delhi – 110 065, India. FHL is engaged in the business of purchasing, leasing or otherwise acquiring, establishing, maintaining, operating, administering hospitals, medicare, health care, diagnostic, health aids and research centres.

The equity shares of FHL are listed on the BSE and the NSE.

Shareholding Pattern

The shareholding pattern of FHL as on June 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Equity Capital
1.	Mr. Malvinder Mohan Singh	6,394	0.00
2.	Mr. Shivinder Mohan Singh	6,394	0.00
3.	Fortis Healthcare Holdings Limited	154,383,974	68.11
4.	Ranbaxy Laboratories Limited	14,097,660	6.22
5.	Malav Holdings Private Limited	133,750	0.06
6.	Ranbaxy Holding Company	121,250	0.05
Sub-Total of Promoter and Promoter Group shareholding		*168,749,422*	*74.44*
7.	Mutual Funds/ UTI	5,062,382	2.23
8.	Financial Institutions/ Banks	61,617	0.03
9.	FIIs	13,519,892	5.96
10.	NRIs/ OCBs	11,169,384	4.93
11.	Bodies Corporate	6,975,720	3.08
12.	Indian Public	21,128,116	9.33
Sub-Total of public shareholding		*57,917,111*	*25.56*
	Total	**226,666,533**	**100.00**

* In addition, FHL has also issued 100 Class 'A' 1% non-cumulative redeemable preference shares of Rs. 100,000 each and 11,498,846 Class 'B' 5% non-cumulative redeemable preference shares of Rs. 10 each.

The paid up capital of FHL, has increased in the last six months from 169,999,900 equity shares of Rs. 10 each to 226,666,533 equity shares of Rs. 10 each. On May 8, 2007, 14,501,154 5% non-cumulative preference shares were redeemed by FHL.

Board of Directors

The board of directors of FHL comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh;
3. Mr. Harpal Singh;
4. Mr. V. M. Bhutani;
5. Mr. Ramesh L. Adige;
6. Mr. Gurcharan Das;
7. Mr. Justice S. S. Sodhi;
8. Mr. Rajan Kashyap;
9. Dr. Yoginder Nath;
10. Lt. General Tejinder Singh Shergill; and
11. Dr. P.S. Joshi.

Financial Performance

The audited financial results of FHL for Fiscals 2005, 2006 and 2007 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Sales and other income	604.01	999.82	1328.15
Profit/ (Loss) after tax	(59.47)	(279.51)	(486.89)
Equity capital (par value Rs. 10 per share)	841.34	1700.00	1806.70
Reserves and Surplus (excluding revaluation reserves) [1]	(574.74)	(881.34)	19.02
Earnings/ (Loss) per share (diluted) (Rs.) [2]*	(0.76)	(3.29)	(2.85)
Book value per equity share (Rs.) [2]*	3.17	4.82	10.11

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
* *excludes 100 Class 'A' 1% non-cumulative redeemable preference shares of Rs. 100,000 each and 26,000,000 Class 'B' 5% non-cumulative redeemable preference shares of Rs. 10 each.*

Information about Share Price

The equity shares of FHL were listed on the BSE and NSE on May 9, 2007. The market price of the equity shares of FHL during the period ending June 29, 2007 on the BSE was highest on May 10, 2007 at Rs. 101.00 per share and was the lowest on June 28, 2007 at Rs. 82.25 per share. The market price of the equity shares of FHL during the period ending June 29, 2007 on the NSE was highest on May 10, 2007 at Rs. 101.65 per share and was the lowest on June 28, 2007 at Rs. 82.25 per share. The closing price of the equity shares of FHL as on June 29, 2007, was Rs. 82.60 per share on the BSE and Rs. 82.65 per share on the NSE.

Details of public issue/rights issue of capital in the last three years

Pursuant to its initial public offer, FHL has allotted 45,996,439 equity shares of Rs. 10 each on April 30, 2007.

Promise vs. Performance

The objects of the issue were to construct and develop a hospital to be located at Shalimar Bagh, New Delhi, refinancing of funds availed for the acquisition of Escorts Heart Institute and Research Center Limited and repayment of certain short term loans availed by FHL. The issue proceeds are being utilized towards the objects of the issue.

Mechanism for redressal of investor grievance

Investor complaints and grievances received by FHL, if any, are normally attended and replied to within 15 days of receipt by the company, except in case of disputes over facts or other legal constraints. As on June 15, 2007, there were 46 complaints pending against FHL.

(e). SRL Ranbaxy Limited ("SRL")

SRL was incorporated on July 7, 1995 as "Specialty Ranbaxy Private Limited". Subsequently on December 13, 2002 it changed its name to its present name. Its CIN No. is U74899DL1995PLC070603. Its registered office is situated at Piccadily House, 275 - 276 (4th Floor), Captain Gaur Marg, Srinivas Puri, New Delhi – 110 065, India. SRL is engaged in the business of establishing, maintaining and managing clinical reference laboratories to provide testing, diagnostic and prognostic monitoring services.

The equity shares of SRL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of SRL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Oscar Investments Limited	6,674,259	50.00
2.	Malav Holdings Private Limited	3,337,330	25.00
3.	Shivi Holdings Private Limited	3,337,329	25.00
4.	Mr. Vinay Kaul*	100	0.00
5.	Mr. Hemant Dhingra*	100	0.00
6.	Mr. Sanjeev Singhal*	100	0.00
7.	Mr. C. S. Jha*	100	0.00
	Total	**13,349,318**	**100.00**

*****_Nominees of Oscar Investments Limited_

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of SRL comprises the following persons:

1. Mr. Harpal Singh;
2. Mr. Malvinder Mohan Singh;
3. Mr. Shivinder Mohan Singh; and
4. Mr. Sunil Godhwani.

Financial Performance

The audited financial results of SRL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	558.08	523.27	626.21
Profit/ (Loss) after tax	79.97	0.83	40.63
Equity capital (par value Rs. 10 per share)	133.49	133.49	133.49
Reserves and Surplus (excluding revaluation reserves) (1)	(165.39)	(164.56)	(123.93)
Earnings/ (Loss) per share (diluted) (Rs.) (2)	5.99	0.06	3.04
Book value per equity share (Rs.) (2)	(2.39)	(2.33)	0.72

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

(f). Fortis Healthcare Holdings Limited ("FHHL")

FHHL was incorporated on December 27, 2001 under the Companies Act. Its CIN No. is L65993DL2001PLC152641. FHHL received its certificate of commencement of business on April 30, 2002. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. FHHL is engaged in the business of promoting, acquiring and holding investments in companies and firms engaged in the field of setting up, running, managing, administering hospitals, medicare, health-care, diagnostic, health-aids and research centres.

The equity shares of FHHL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of FHHL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Equity Capital
1.	Malav Holdings Private Limited	1,174,700	49.99
2.	Shivi Holdings Private Limited	1,174,700	49.99
3.	Mr. V.M. Bhutani	100	0.00
4.	Mr. S. K. Patwari	100	0.00
5.	Mr. Hemant Dhingra	100	0.00
6.	Mr. Vinay Kaul	100	0.00
7.	Mr. Sanjeev Singhal	100	0.00
8.	Mr. Sunil Godhwani	100	0.00
	Total	**2,350,000**	**100.00**

** In addition FHHL has issued 38,250,000 10% non cumulative redeemable preference shares (non voting) of Rs 10 each.*

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of FHHL comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh;
3. Mr. Vinay Kaul; and
4. Mr. V. M. Bhutani.

Financial Performance

The audited financial results of FHHL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	31.29	26.27	12.84
Profit/ (Loss) after tax	(1.62)	(8.40)	(34.54)
Equity capital (par value Rs. 10 per share)	23.50	23.50	23.50
Reserves and Surplus (excluding revaluation reserves) [(1)]	(1.97)	(10.37)	(44.91)
Earnings/ (Loss) per share (diluted) (Rs.) [(2)*]	(0.69)	(3.58)	(14.70)
Book value per equity share (Rs.) [(2)*]	8.56	5.18	(9.31)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
*****_excludes 38,250,000 10% non-cumulative redeemable preference shares (non voting) of Rs 10 each._

(g). Fortis HealthStaff Limited ("FHSL")

FHSL was incorporated on January 31, 1984 as "Hemkunt Pharmaceuticals Private Limited" under the Companies Act. Subsequently on August 27, 1987, it changed its name to "Ranbaxy Pharmaceuticals Private Limited" and on March 22, 2006, it changed its name to "Fortis HealthStaff Private Limited**"**. On February 8, 2007, it changed its status to a public company and the word "Private" was removed from its name. Its CIN No. is U85194PB1984PLC005727. Its registered office is situated at Fortis Hospital, Sector 62, Phase VIII, Mohali, Ropar – 160 062, Punjab, India. FHSL is engaged in the business of establishing, promoting and managing the business of providing healthcare staffing and personnel in India and overseas.

The equity shares of FHSL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of FHSL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Fortis Healthcare Holdings Limited	3,459,400	99.98
2.	Mr Malvinder Mohan Singh#	100	0.00
3.	Mr Vinay Kaul#	100	0.00
4.	Mr. Harpal Singh#	100	0.00
5.	Mr. Shivinder Mohan Singh#	100	0.00
6.	Malav Holdings Private Limited#	100	0.00
7.	Shivi Holdings Private Limited#	100	0.00
	Total	**3,460,000**	**100.00**

Nominees of Fortis Healthcare Holdings Limited

In the last six months, FHHL has allotted 3,310,000 equity shares of Rs. 10 each at par value.

Board of Directors

The board of directors of FHSL comprises the following persons:

1. Mr. Anil Panwar;
2. Mr. Daljit Singh; and
3. Ms. Gunita Hazuria.

Financial Performance

The audited financial results of FHSL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	0.01	-	0.85
Profit/ (Loss) after tax	(0.01)	(0.01)	0.72
Equity capital (par value Rs. 10 per share)	1.50	1.50	1.50
Reserves and Surplus (excluding revaluation reserves) [(1)]	0.05	0.04	0.77
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	(0.05)	(0.06)	4.82
Book value per equity share (Rs.) [(2)]	10.30	10.26	15.10

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

(h). Fortis HealthWorld Limited ("FHWL")

FHWL was incorporated on April 19, 2006 as "Fortis HealthWorld Private Limited" under the Companies Act. On March 1, 2007, it changed its status to a public company and the word "Private" was removed from its name. Its CIN No. is U85121DL2006PLC148330. Its registered office is situated at Piccadily House, 275 - 276 (4th Floor), Captain Gaur Marg, Srinivas Puri, New Delhi – 110 065, India. FHWL is engaged in the business of manufacturing, buying, selling and dealing with all types of pharmaceutical and chemical products of medicaments.

The equity shares of FHWL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of FHWL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Fortis Healthcare Holdings Limited	7,284,400	99.99
2.	Mr. Malvinder Mohan Singh*	100	0.00
3.	Mr. Vinay Kaul*	100	0.00
4.	Mr. Harpal Singh*	100	0.00

5.	Mr. Shivinder Mohan Singh*	100	0.00
6.	Malav Holdings Private Limited*	100	0.00
7.	Shivi Holdings Private Limited*	100	0.00
	Total	**7,285,000**	**100.00**

** Nominees of Fortis Healthcare Holdings Limited*

In the last six months, FHWL has allotted 7,275,000 equity shares of Rs. 10 each at par value.

Board of Directors

The board of directors of FHWL comprises the following persons:

1. Mr. Anil Panwar;
2. Mr. Daljit Singh; and
3. Mr. J. S. Puri.

Financial Performance

As FHWL has been incorporated in Fiscal 2007, the financial results for the Fiscals 2004, 2005 and 2006 are not available.

(i). Chetak Pharmaceuticals Private Limited ("CPPL")

CPPL was incorporated on January 30, 1984 as a private limited company under the Companies Act. Its CIN No. is U24232PB1984PTC005717. Its registered office is situated at C- 51, Industrial Area Phase-III, S.A.S. Nagar, Mohali, Punjab, India. CPPL is engaged in the business of manufacturing, buying, selling, importing, exporting and dealing in drugs, medicines, pharmaceuticals and other related substances.

The equity shares of CPPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of CPPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Equity Capital
1.	Ms. Indran Brar and Ms. Aditi Shivinder Singh (held jointly)	18,750	37.50
2.	Ms. Indran Brar and Ms. Japna Malvinder Singh (held jointly)	18,750	37.50
3.	Mr. Malvinder Mohan Singh and Ms. Indran Brar (held jointly)	6,250	12.50
4.	Mr. Shivinder Mohan Singh and Ms. Indran Brar (held jointly)	6,250	12.50
	Total	**50,000**	**100.00**

* In addition to above, CPPL has issued 200,000 Class A (non voting) equity shares of Rs. 10 each.

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of CPPL comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh; and
3. Ms. Indran Brar.

Financial Performance

The audited financial results of CPPL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	0.14	0.14	0.18
Profit/ (Loss) after tax	0.04	0.02	(0.04)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Equity capital (par value Rs. 10 per share)*	2.50	2.50	2.50
Reserves and Surplus (excluding revaluation reserves) (1)	(0.03)	(0.01)	(0.06)
Earnings/ (Loss) per share (diluted) (Rs.)* (2)	0.76	0.33	(0.82)
Book value per equity share (Rs.)* (2)	9.38	9.73	8.84

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
** excludes 200,000 Class A (non voting) equity shares of Rs. 10 each.*

(j). Luxury Farms Private Limited ("LFPL")

LFPL was incorporated on November 7, 1988 as a private limited company under the Companies Act. Its CIN No. is U74899DL1988PTC033824. Its registered office is situated at Vistas 26, Maulsari Avenue, Westend Green Farms, Rajokri, New Delhi – 110 038, India. LFPL is engaged in the business of social, industrial and commercial forestry farming and poultry.

The shares of LFPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of LFPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Equity Capital
1.	Mr. Malvinder Mohan Singh	45,000	49.98
2.	Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh (held jointly)	45,040	50.02
	Total	**90,040**	**100.00**

* In addition to the above, LFPL has issued 10,000 14% non cumulative redeemable preference shares of Rs. 100 each.

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of LFPL comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Ms. Japna Malvinder Singh;
3. Mr. Vinay Kaul; and
4. Mr. Rana Ranbir Singh Grewal.

Financial Performance

The audited financial results of LFPL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	0.08	-	-
Profit/ (Loss) after tax	(3.24)	(3.45)	(3.98)
Equity capital (par value Rs. 10 per share)	0.90	0.90	0.90
Reserves and Surplus (excluding revaluation reserves) (1)	(38.03)	(41.49)	(45.47)
Earnings/ (Loss) per share (diluted) (Rs.) (2)*	(36.01)	(38.36)	(44.25)
Book value per equity share (Rs.) (2)*	(457.00)	(487.92)	(524.73)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
** excludes 10,000 14% non-cumulative redeemable preference shares of Rs. 100 each.*

(k). Malav Holdings Private Limited ("MHPL")

MHPL was incorporated on December 14, 1981 under the name "Montari Containers Private Limited" as a private limited company under the Companies Act. Subsequently, on January 27, 2000 its name was changed to its present name. Its CIN No. is U74899DL1981PTC012814. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. MHPL is engaged in the business of an investment company.

The shares of MHPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of MHPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Equity Capital
1.	Mr. Malvinder Mohan Singh and Ms. Japna Malvinder Singh (held jointly)	361,500	95.13
2.	Mr. Malvinder Mohan Singh	10,010	2.63
3.	Mr. Shivinder Mohan Singh	5,490	1.44
4.	Abhineet Pesticides Private Limited	3,000	0.79
	Total	**380,000**	**100.00**

* In addition to above, MHPL has issued 12,850,000 Class A (non voting) equity shares of Rs. 10 each and 3,770,000 10% non cumulative redeemable preference shares (non voting) of Rs. 10 each.

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of MHPL comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Ms. Japna Malvinder Singh;
3. Mr. Vinay Kaul; and
4. Mr. Rana Ranbir Singh Grewal.

Financial Performance

The audited financial results of MHPL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	5.03	0.29	1.88
Profit/ (Loss) after tax	2.77	(0.44)	0.15
Equity capital (par value Rs. 10 per share)	132.30	132.30	132.30
Reserves and Surplus (excluding revaluation reserves) (1)	(3.80)	(4.24)	(4.12)
Earnings/ (Loss) per share (diluted) (Rs.) (2)*	7.29	(1.15)	0.39
Book value per equity share (Rs.) (2)*	(0.51)	(1.23)	(0.84)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
** excludes 12,850,000 Class "A" (non voting) equity shares of Rs. 10 each and 3,770,000 10% non cumulative redeemable preference shares (non voting) of Rs. 10 each.*

(l). R.C. Nursery Private Limited ("RCNPL")

RCNPL was incorporated on March 3, 1994 as a private limited company under the Companies Act. Its CIN No. is U74899DL1994PTC057704. Its registered office is situated at 1, South End Lane, New Delhi – 110 011, India. RCNPL is engaged in the business of developing and dealing in farms, agricultural houses and farm houses, and the production and buying, selling, importing and exporting of food products.

The shares of RCNPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of RCNPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Mr. Shivinder Mohan Singh	180,000	72.00
2.	Shivi Holdings Private Limited	70,000	28.00
	Total	**250,000**	**100.00**

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of RCNPL comprises the following persons:

1. Mr. Shivinder Mohan Singh;
2. Ms. Aditi Shivinder Singh;
3. Mr. V.M. Bhutani; and
4. Mr. Jasbir Grewal.

Financial Performance

The audited financial results of RCNPL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	-	-	0.66
Profit/ (Loss) after tax	(0.55)	(0.56)	(0.52)
Equity capital (par value Rs. 10 per share)	2.50	2.50	2.50
Reserves and Surplus (excluding revaluation reserves) [1]	(2.65)	(3.21)	(3.73)
Earnings/ (Loss) per share (diluted) (Rs.) [2]	(2.19)	(2.24)	(2.09)
Book value per equity share (Rs.) [2]	(0.65)	(2.87)	(4.95)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

(m). Shivi Holdings Private Limited ("SHPL")

SHPL was incorporated under the name "Oscar Medical Enterprises Private Limited" on April 28, 1984 under the Companies Act. Subsequently, on November 18, 1999, its name was changed to its present name. Its CIN No. is U65921DL1984PTC152425. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. SHPL is engaged in the business of an investment company.

The shares of SHPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of SHPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each*	% of Equity Capital
1.	Mr. Shivinder Mohan Singh and Ms. Aditi Shivinder Singh (held jointly)	366,500	95.19
2.	Mr. Shivinder Mohan Singh	13,010	3.38
3.	Mr. Malvinder Mohan Singh	5,490	1.43
	Total	**385,000**	**100.00**

** In addition to above, SHPL has issued 12,250,000 Class A (non voting) equity shares of Rs. 10 each and 4,365,000 12% non cumulative redeemable preference shares (non voting) of Rs. 10 each.*

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of SHPL comprises the following persons:

1. Mr. Vinay Kaul;
2. Mr. Hemant Dhingra; and
3. Mr. Jasbir Grewal.

Financial Performance

The audited financial results of SHPL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	4.88	-	Negligible
Profit/ (Loss) after tax	3.89	(0.57)	(1.29)
Equity capital (par value Rs. 10 per share)*	126.35	126.35	126.35
Reserves and Surplus (excluding revaluation reserves) (1)	(5.87)	(6.44)	(7.74)
Earnings/ (Loss) per share (diluted) (Rs.) (2)*	10.10	(1.49)	(3.36)
Book value per equity share (Rs.) (2)*	(5.73)	(6.80)	(10.10)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
** excludes 12,250,000 Class "A" equity shares (non voting) of Rs. 10 each and 4,365,000 12% non cumulative redeemable preference shares (non voting) of Rs. 10 each.*

(n). Vistas Realtors Private Limited ("VRPL")

VRPL was incorporated on August 2, 2006 as a private limited company under the Companies Act. Its CIN No. is U70109DL2006PTC151514. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. VRPL is engaged in the selling, purchasing, developing and dealing in all kinds of properties and construction business.

The shares of VRPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of VRPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Mr. Malvinder Mohan Singh	2,500	25.00
2.	Ms. Japna Malvinder Singh	2,500	25.00
3.	Ms. Nimrita Parvinder Singh under the guardianship of Mr. Malvinder Mohan Singh	2,500	25.00
4.	Ms. Nanaki Parvinder Singh under the guardianship of Mr. Malvinder Mohan Singh	2,500	25.00
	Total	**10,000**	**100.00**

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of VRPL comprises the following persons:

1. Mr. Malvinder Mohan Singh; and
2. Ms. Japna Malvinder Singh.

Financial Performance

As VRPL was incorporated in Fiscal 2007, the financial results for Fiscals 2004, 2005 and 2006 are not available.

(o). Greenview Buildtech Private Limited ("GBPL")

GBPL was incorporated on July 26, 2006 as a private limited company under the Companies Act. Its CIN No. is U70109DL2006PTC151296. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. GBPL is engaged in the business of selling, purchasing, developing and dealing in all kinds of property.

The shares of GBPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of GBPL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Mr. Shivinder Mohan Singh	5,000	50.00
2.	Ms. Rajshree Singh	5,000	50.00
	Total	**10,000**	**100.00**

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of GBPL comprises the following persons:

1. Mr. Shivinder Mohan Singh; and
2. Ms. Rajshree Singh.

Financial Performance

As GBPL was incorporated in Fiscal 2007, the financial results for Fiscals 2004, 2005 and 2006 are not available.

(p). Ranbaxy Holding Company ("RHC")

RHC was incorporated on May 24, 1982 under the name "Ice Investment Company" as a private company with unlimited liability under the Companies Act. Its name was subsequently changed on May 22, 1987 to "Shimal Investment and Trading Company" and on May 3, 2000, its name was changed to its present name. Its CIN No. is U74899DL1982ULL013729. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. RHC is engaged in the business of an investment company. RHC received its approval for registration as an NBFC not accepting public deposits, with the RBI (Reg. No. B-14.02378) on February 22, 2006.

The shares of RHC are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of RHC as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 100 each	% of Equity Capital
1.	Malav Holdings Private Limited	4,361,761	49.99
2.	Shivi Holdings Private Limited	4,360,540	49.98
3.	Mr. Shivinder Mohan Singh	1,960	0.02
4.	Mr. Malvinder Mohan Singh	739	0.01

	Total	**8,725,000**	**100.00**

In the last six months, the authorised share capital of RHC has been re-classified from 1,225,000 equity shares of Rs. 100 each, 740 14% non-cumulative redeemable preference shares of Rs. 100 each, 9000 10% non-cumulative redeemable preference shares of Rs. 100 each, 12,205,000 14% non-cumulative redeemable preference shares of Rs. 10 each, 30,270,000 10% non-cumulative redeemable preference shares of Rs. 10 each and 5,177,600 non-cumulative redeemable preference shares of Rs. 10 each into 6,000,000 equity shares of Rs. 100 each. Further, the authorised share capital of the RHC was increased from 6,000,000 equity shares of Rs. 100 each to 9,000,000 equity shares of Rs. 100 each. Further, 7,500,000 fully paid up equity shares of Rs. 100 each have been allotted at par value.

Board of Directors

The board of directors of RHC comprises the following persons:

1. Mr. Malvinder Mohan Singh;
2. Mr. Shivinder Mohan Singh;
3. Ms. Japna Malvinder Singh;
4. Ms. Aditi Shivinder Singh;
5. Mr. Vinay Kaul; and
6. Mr. V. M. Bhutani.

Financial Performance

The audited financial results of RHC for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	**Fiscal 2005**	**Fiscal 2006**
Sales and other income	808.33	1,031.25	1,296.61
Profit/ (Loss) after tax	710.57	584.23	232.81
Equity capital (par value Rs. 10 per share)	122.50	122.50	122.50
Reserves and Surplus (excluding revaluation reserves) [1]	2,935.29	3,518.84	3,751.64
Earnings/ (Loss) per share (diluted) (Rs.) [2]	580.05	476.93	190.05
Book value per equity share (Rs.) [2]	2,496.15	2,971.62	3,150.49

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

(q). Trendy Exim Private Limited ("TEPL")

TEPL was incorporated on May 28, 2003 as a private limited company under the Companies Act. Its CIN No. is U51909DL2003PTC120597. Its registered office is situated at 55, Hanuman Road, Connaught Place, New Delhi – 110 001, India. TEPL is engaged in the business of being the importer and exporter, trader, supplier, stockist, agent, merchants, distributors, consignors, wholesale and retail dealers of all types of goods.

The shares of TEPL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of TEPL as on June 28, 2007 is as follows:

S. No.	**Name of Shareholder**	**Number of equity shares of Rs. 10 each***	**% of Equity Capital**
1.	Ms. Rajshree Singh	7,500	75.00
2.	Ms. Aditi Shivinder Singh	2,500	25.00
	Total	**10,000**	**100.00**

** In addition, TEPL has issued 280,000 9% non cumulative redeemable preference shares of Rs. 10 each*

There has been no change in the capital structure of the company in the last six months.

Board of Directors

The board of directors of TEPL comprises the following persons:

1. Ms. Aditi Shivinder Singh; and
2. Ms. Rajshree Singh.

Financial Performance

The audited financial results of TEPL for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	0.29	0.39	0.52
Profit/ (Loss) after tax	(0.13)	(0.09)	0.03
Equity capital (par value Rs. 10 per share)	0.01	0.01	0.01
Reserves and Surplus (excluding revaluation reserves) (1)	(0.13)	(0.22)	(0.19)
Earnings/ (Loss) per share (diluted) (Rs.) (2)*	(13)	(9.13)	3.05
Book value per equity share (Rs.) (2) *	(8.82)	(21.35)	(18.51)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.
** excludes TEPL has issued 280,000 9% non cumulative redeemable preference shares of Rs. 10 each*

(r). Regius Aviation Limited ("RAL")

RAL was incorporated on June 17, 2006 as a private limited company under the Companies Act. It was converted into public limited company on April 17, 2007. Its CIN No. is U62100DL2006PLC149800. Its registered office is situated at S - 21, Green Park Extension, New Delhi – 110 016, India. RAL is engaged in the business as an investment company. MHPL and SHPL acquired 50% and 49.50% equity interest in RAL on March 31, 2007 from Rexin Pharmaceuticals Private Limited and Vectra Pharmaceutical Private Limited, respectively.

The shares of RAL are not listed on any stock exchange and it has not made any public or rights issue in the preceding three years.

Shareholding Pattern

The shareholding pattern of RAL as on June 28, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares of Rs. 10 each	% of Equity Capital
1.	Malav Holdings Private Limited	1,000,000	50.00
2.	Shivi Holdings Private Limited	990,000	49.50
3.	Mr. Sanjay Godhwani	9,996	00.50
4.	Mr. Sunil Godhwani	1	00.00
5.	Mr. Shachindra Nath	1	00.00
6.	Mr. Atul Gupta	1	00.00
7.	Mr. Maninder Singh Grewal	1	00.00
	Total	**2,000,000**	**100.00**

In the last six months, the authorised share capital of RAL has increased from 2,000,000 equity shares of Rs. 10 each to 10,000,000 equity shares of Rs. 10 each.

Board of Directors

The board of directors of RAL comprises the following persons:

1. Mr. Sanjay Godhwani;
2. Mr. Sunil Godhwani;
3. Mr. Malvinder Mohan Singh; and
4. Mr. Shivinder Mohan Singh.

Financial Performance

As RAL was incorporated in Fiscal 2007, the financial results for Fiscals 2004, 2005 and 2006 are not available.

The details of the Firms/ HUFs that form part of the Promoter Group are as below:

(a). Malsh Healthcare ("MHC")

MHC was formed on July 2, 2003. MHC is presently engaged in the business of running, carrying out, organizing, administering and operating hospitals and medical centres and pathological laboratories, clinical labs and testing centres in various cities in India. The partners of MHC are Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh. The permanent account number of MHC is AAJFM5534C and its bank account number is 52205179238.

Financial Performance

The audited financial results of MHC for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	42.50	44.27	46.12
Profit/ (Loss) after tax	(1.57)	1.87	0.98
Capital	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)	N.A.	N.A.	N.A.
Earnings/ (Loss) per share (diluted) (Rs.)	N.A.	N.A.	N.A.
Book value per equity share (Rs.)	N.A.	N.A.	N.A.

(b). Oscar Traders ("OT")

OT was formed on February 21, 1979 pursuant to a deed of partnership which was re-entered into on January 19, 1991 and March 29, 2006. OT is presently engaged in the business of holding investments in Ranbaxy Laboratories Limited, with the dividend constituting income thereof. The partners of OT are Oscar Investments Limited, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh. The permanent account number of OT is AAAFO1576B and its bank account number is 6293867. Oscar Investments Limited has 85% share in the profits of OT, while Mr. Shivinder Mohan Singh and Mr. Malvinder Mohan Singh are entitled to 7.5% share each in the profits of OT.

Financial Performance

The audited financial results of OT for Fiscals 2004, 2005 and 2006 are set forth below:

(In Rs. million, except per share data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006
Sales and other income	35.35	40.37	42.21
Profit/ (Loss) after tax	32.36	39.05	39.13
Capital	0.11	0.11	0.11
Reserves and Surplus (excluding revaluation reserves)	N.A.	N.A.	N.A.
Earnings/ (Loss) per share (diluted) (Rs.)	N.A.	N.A.	N.A.
Book value per equity share (Rs.)	N.A.	N.A.	N.A.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Companies with which the Promoters have dissociated in the last three years

The Promoters have not disassociated from any company in the last three years.

Other Confirmations

None of our Promoter Group companies have been become sick companies under the meaning of the SICA. Further, none of the Promoter Group companies are currently under winding up nor do any of them have negative net worth. Further, no application has been made in respect of any of the Promoter Group companies, to the RoC for striking off their names.

Litigation

For details relating to legal proceedings involving our Promoters and members of the Promoter Group, see the section titled "Outstanding Litigation and Material Developments" beginning on page 377.

Related Party Transactions

For details of the related party transactions, see the "Related Party Transactions" forming part of section titled "Financial Statements" beginning on page 132.

RELATED PARTY TRANSACTIONS

For details on related party transactions of our Company on a stand alone and consolidated basis, see Annexure III - Notes to Accounts to the Company's restated stand alone financial statements and the Company's restated consolidated financial statements in the section titled "Financial Statements" beginning on page 132.

DIVIDEND POLICY

Interim dividends are declared by the Board after considering the interim financial statement for the period for which interim dividends are declared. Interim financial statements are prepared considering the profit before depreciation and taxes, depreciation for the full year, taxation including the deferred tax and any anticipated losses for the year. Final dividends are declared at the Annual General Meeting of the shareholders based on the recommendations by the Board. Generally, the factors that may be considered by the Board before making any recommendations for the dividend are future expansion plans and capital requirements of the company, profit earned during the financial year, liquidity of the company and applicable taxes on dividend in hands of recipients including dividend distribution tax payable by the company. The policy as described above may be amended as decided by the Board from time to time. For details of dividends declared by our Company, see the section titled "Financial Statements" beginning on page 132.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

We are presenting the restated financial statements as follows:

1. Stand-alone financial statements of the Issuer and its subsidiaries:

a) Religare Enterprises Limited for the last five years;
b) Religare Securities Limited for the last five years;
c) Religare Finvest Limited for the last five years;
d) Religare Commodities Limited since incorporation till March 31, 2007;
e) Religare Insurance Broking Limited since incorporation till March 31, 2007;
f) Religare Capital Markets Limited since incorporation till March 31, 2007;
g) Religare Finance Limited since incorporation till March 31, 2007;
h) Religare Realty Limited since incorporation till March 31, 2007;
i) Religare Venture Capital Private Limited since incorporation till March 31, 2007; and
j) Religare Wealth Management Services Limited since incorporation till March 31, 2007.

2. Consolidated financial statements of Religare Enterprises Limited for Fiscals 2006 and 2007

Religare Enterprises Limited

Auditors' Report

To
The Board of Directors,
Religare Enterprises Limited,
19, Nehru Place,
New Delhi 110 019

Dear Sirs,

1) We have examined the attached financial information of Religare Enterprises Limited (formerly Vajreshwari Cosmetics Private Limited up to January 30, 2006 and Religare Enterprises Private Limited up to August 10, 2006) ('the Company), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) Financial Information of the Company

These financial information of the Company have been extracted by the Management from the financial statements for the years ended March 31, 2003, 2004, 2005, 2006 and 2007. Audit for the financial years ended March 31, 2003, 2004, 2005 and 2006 was conducted by previous auditors, M. S. Sekhon & Co., and accordingly reliance has been placed on the financial statements audited by them for the said years after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated Summary Statement of Assets and Liabilities and restated Summary of Profit or Loss of the Company for the respective years after incorporating:

(a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods identified by the management and examined by us for the purposes of restatement in the financial information.
(b) Adjustments for the material amounts in the respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.
(c) Extra-ordinary items, if any, that need to be disclosed separately in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information
(d) Adjustments, if any, for qualification requiring adjustments in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

The above mentioned additional procedures for the years ended March 31, 2003, 2004, 2005 and 2006 should not be construed as an audit conducted under the Generally Accepted Auditing Standards in India and accordingly we are not expressing an opinion on the individual financial statements for the years ended March 31, 2003, 2004, 2005 and 2006 in respect of which the previous auditors have expressed an unqualified opinion as to true and fair view of the financial statements of the respective years.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

(a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2003, 2004, 2005, 2006 and 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

(b) The Restated Summary Statement of Profit or Loss of the Company for the years ended March 31, 2003, 2004, 2005, 2006 and 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

(c) Based on above and also as per the reliance placed on the financial statements audited by previous auditors for the years ended March 31, 2003, 2004, 2005 and 2006 and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the respective years, we are of the opinion that the restated financial information have been made after incorporating:

(i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
(ii) adjustments for the material amounts in the respective financial years to which they relate and
(iii) there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

(d) We have also examined the following other financial information setout in Annexures (IV to X) prepared by the management and approved by the Board of Directors relating to the Company for the years ended at March 31 2003, 2004, 2005, 2006 and 2007. In respect of the years ended March 31, 2003, 2004, 2005 and 2006 these information have been included based upon the financial statements audited by the previous auditors, M. S. Sekhon & Co. and relied upon by us (Also refer paragraph 2 above).

(i) Statement of Restated Cash Flows for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 included in Annexure IV
(ii) Statement of Dividend paid/proposed included in Annexure V.
(iii) Statement of Accounting Ratios included in Annexure VI
(iv) Statement of Capitalisation as at March 31, 2007 included in Annexure VII.
(v) Statement of Secured and Unsecured Loans included in Annexure VIII.
(vi) Statement of Other Income included in Annexure IX.
(vii) Statement of Tax Shelter included in Annexure X

In our opinion the financial information contained in Annexure I to X of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

4) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by any of the Other Auditors.

5) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

6) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	0.08	-	-	-	-
Less: Depreciation	(0.01)	-	-	-	-
Net Block	0.07	-	-	-	-
B. Investments	**2,898.11**	**725.15**	**10.00**	**21.77**	**5.97**
C. Deferred Tax Asset	0.05	-	-	-	-
D. Current Assets, Loans and Advances					
Sundry Debtors	1.93	-	0.50	-	-
Cash and Bank Balances	30.26	-	0.03	0.01	0.02
Other Current Assets	35.77	0.18	-	-	-
Loans and Advances	7.27	0.24	3.69	0.52	0.00
Total	**75.23**	**0.42**	**4.22**	**0.53**	**0.02**
Total Assets (A+B+C+D)	**2,973.46**	**725.57**	**14.22**	**22.30**	**5.99**
E. Liabilities and Provisions					
Unsecured Loans	35.00	188.50	-	0.14	1.74
Current Liabilities	30.96	0.57	11.08	17.66	0.07
Provisions	24.62	0.00	0.03	0.01	0.00
Total	**90.58**	**189.07**	**11.11**	**17.81**	**1.81**
F. Net Worth (A+B+C+D-E)	**2,882.88**	**536.50**	**3.11**	**4.49**	**4.18**
Net Worth Represented by					
G. Share Capital					
Equity Share Capital	643.97	500.00	4.25	4.25	4.25
H. Reserves and Surplus	2,238.91	36.50	0.75	0.75	0.75
Less: Miscellaneous Expenditure	-	-	-	(0.00)	(0.00)
(to the extent not written off or adjusted)					
Less: Debit Balance in Profit and Loss Account	-	-	(1.89)	(0.51)	(0.82)
Total	**2,238.91**	**36.50**	**(1.14)**	**0.24**	**(0.07)**
Net Worth (G+H)	**2,882.88**	**536.50**	**3.11**	**4.49**	**4.18**

Note:- The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure - III

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	For the year ended March 31,				
	2007	2006	2005	2004	2003
Income					
Income from Operations	25.91	-	-	-	-
Income from Investments	127.92	45.90	-	-	-
Profit on Sale of Investments (Net)	-	-	0.47	-	-
Share of Profit in Partnership Firm (Net)	-	-	-	0.51	-
Other Income	-	0.01	-	-	-
Total Income	**153.83**	**45.91**	**0.47**	**0.51**	**-**
Expenditure					
Personnel Expenses	4.12	0.13	-	-	-
Operating, Administrative and Other Expenses	6.90	0.59	0.17	0.02	0.01
Share of Loss from Partnership Firms (Net)	-	-	-	-	0.02
Loss on Sale of Investments	-	-	-	-	0.02
Interest on Inter Corporate Borrowings	16.08	0.48	1.05	0.18	0.17
Depreciation	0.01	-	-	-	-
Total Expenditure	**27.11**	**1.20**	**1.22**	**0.20**	**0.22**
Net Profit/ (Loss) before Tax and Prior Period Adjustments	**126.72**	**44.71**	**(0.75)**	**0.31**	**(0.22)**
Provision for Tax					
- Current Tax	8.71	(0.00)	-	-	-
- Taxes for earlier years	0.02	0.00	-	-	-
- Deferred Tax (Net)	(0.05)	-	-	-	-
- Fringe Benefit Tax	0.03	-	-	-	-
Total	**8.71**	**(0.00)**	**-**	**-**	**-**
Net Profit/ (Loss) before Prior Period Adjustments	**118.01**	**44.71**	**(0.75)**	**0.31**	**(0.22)**
Prior Period Adjustments	(6.00)	-	-	-	-
Net Profit/ (Loss) before Adjustments	**112.01**	**44.71**	**(0.75)**	**0.31**	**(0.22)**
Adjustments (Net) (Refer Annexure III)	7.69	(7.08)	(0.61)	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	0.02	-	(0.02)	-	-
Total of adjustments after Tax Impact	**7.71**	**(7.08)**	**(0.63)**	**-**	**-**
Net Profit/ (Loss) As Restated	**119.72**	**37.63**	**(1.38)**	**0.31**	**(0.22)**
Profit and Loss amount at the beginning of the year	35.74	(1.89)	(0.51)	(0.82)	(0.60)
Balance Available for Appropriation, As Restated	**155.46**	**35.74**	**(1.89)**	**(0.51)**	**(0.82)**
Appropriations					
Transfer to General Reserve	5.90	-	-	-	-
Interim Dividend on Equity Shares	67.38	-	-	-	-
Tax on Distributed Profit	9.45	-	-	-	-
Total	**82.73**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**72.73**	**35.74**	**(1.89)**	**(0.51)**	**(0.82)**

Note:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure - III

(2) There is no difference between the audited restated accumulated profit and loss balance as on April 1, 2002

ANNEXURE-III: NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE ENTERPRISES LIMITED.

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company

(Rupees in million)

Particulars	Refer Note	For the year ended March 31,				
		2007	2006	2005	2004	2003
Profit/(Loss) after Tax (PAT) as per Audited Accounts		112.01	44.71	(0.75)	0.31	(0.22)
Adjustments For						
Changes in Accounting Policies						
Dividend Income	1 (c)	(0.16)	0.16	-	-	-
Preliminary Expenses written off in the year incurred	1 (d)	1.85	(1.24)	(0.61)	-	-
Prior Period Adjustments						
Rectification of income on Cum-Dividend shares	1 (e)	6.00	(6.00)	-	-	-
Net Total adjustments		**7.69**	**(7.08)**	**(0.61)**		
Current Tax Impact of Adjustments	1 (b)	0.02		(0.02)		
Deferred Tax Impact of Adjustments	1 (b)					
Profit/(Loss) after Tax (PAT) as per Restatement		119.72	37.63	(1.38)	0.31	(0.22)

b) Current Tax and Deferred Tax Impact on Restatement

The Profit and Loss Account of some years include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years tax liability. Also, income tax (current tax and deferred tax) has been computed on adjustments made and has been adjusted in the Profit and Loss Account for respective years. The tax rate applicable for the year ended March 31, 2007 has been used to calculate the notional current and deferred tax impacts of the adjustments.

c) Changes in Accounting Policy

Effective April 1, 2006, the Company changed its accounting policy to account for dividend on accrual basis. In the financial statement of the year ended March 31, 2007 dividend pertaining to the year ended March 31, 2006 was credited to dividend income as the Company followed the policy accounting for dividend on cash basis up to year ended March 31, 2006. For the purposes of this statement, appropriate adjustment has been made in the respective years.

d) Preliminary Expenses Written off

During the year ended March 31, 2005 and 2006 preliminary expenses incurred were amortised over a period of five years from the year in which they were incurred. For the purposes of this statement, such preliminary expenses were appropriately adjusted in the year in which expenses were incurred as per the requirements of Accounting Standard 26 –Intangible Assets issued by the Institute of Chartered Accountants of India.

e) Prior Period Adjustments

Rectification of dividend income on cum-dividend shares

In the financial statements of the year ended March 31, 2007, the Company has made rectification to the cost of investments acquired on cum-dividend basis in earlier year towards dividend received thereon which had been accounted for as income in the year ended March 31, 2006. For the purposes of this statement, the same has been adjusted in the respective years.

f) Material Regroupings

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Profits and Losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for the year ended March 31, 2007 and the requirements of the Guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

2. AUDITORS' QUALIFICATION

Other Audit qualification matters for emphasis which do not require any corrective adjustment in the financial information are as follows:

i) Under CARO in the year ended March 31, 2007:

Attention is drawn to remarks under the Companies (Auditor's Report) Order 2003, where in the auditor has stated:

a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is *generally* regular in depositing the 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 material statutory dues as applicable with the appropriate authorities.

b) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, the Company has used funds aggregating to Rs. 17,414,690 raised on short-term basis for purchase of investments.

ii) Under MAOCARO in the year ended March 31, 2003:

Attention is drawn to remarks under Manufacturing and Other Companies (Auditor's Report) Order, 1988, where in the auditor has stated:

a) The parties to whom loans or advances in the nature of loans have been given by the Company are *generally* repaying the principal amounts as stipulated and are also regular in payment of interest wherever stipulated.

b) The company does not have a formal internal audit system. However, the internal control system and checks are proper.

3. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007

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

(i) Income from Financial Advisory Services is accrued based on stage of completion of assignments in accordance with terms of the relevant agreement.
(ii) Dividend from investments is accounted for as income when the right to receive dividend is established effective April 1, 2006.
(iii) Revenue excludes service tax

d) FIXED ASSETS

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

e) DEPRECIATION

(i) Depreciation on fixed assets is provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 of India.
(ii) Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from/up to the date the asset is put to use/ discarded.
(iii) Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

f) 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.

g) FOREIGN EXCHANGE TRANSACTIONS

(i) Transactions in foreign currencies are recorded at the rate of exchange in force at the time of occurrence of the transactions.
(ii) Exchange differences arising on settlement of revenue transactions are recognized in the Profit and Loss Account.
(iii) Monetary items (other than those relating to acquisition of fixed assets) denominated in foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognized in the Profit and Loss Account, if no forward cover is taken.

h) RETIREMENT BENEFITS

(i) Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.
(ii) Company's contribution to Provident Fund is charged to the Profit and Loss account as incurred.

i) 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 recognized, subject to the consideration of prudence in respect of deferred tax asset, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j) FRINGE BENEFIT TAX

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

k) 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.

4. OTHER MATERIAL NOTES FROM AUDITED FINANCIAL STATEMENT

a) CONTINGENT LIABILITIES

For the year ended March 31, 2007

i) In respect of margin requirements to be maintained with the Exchanges by the Subsidiary Companies, the Company has pledged during the year 2006-07 investment of 1,741,171 equity shares of Karnataka Bank Limited aggregating to Rs. 240.11 million (at book value).

ii) Corporate Guarantees given by the Company during the year 2006-07 on behalf of the Subsidiary Companies in respect of credit facilities availed by the said entities, aggregating to Rs.300 million.

There were no Contingent Liability/ commitments as reported in earlier years.

b) Religare Enterprises Limited ("the Company") was incorporated on January 30, 1984 as Vajreshwari Cosmetics Private Limited. The Company's name was changed to Religare Enterprises Private Limited from January 31, 2006. The Company was converted into public limited company vide resolution by the members at their Extra Ordinary General Meeting on July 14, 2006 and the approval of Registrar of Companies dated August 11, 2006.

c) Details of Investments in Subsidiaries:

For the year ended March 31, 2007

Sr. No	Name of the Company	Date on which the company became subsidiary
1.	Religare Finvest Limited (Formerly known as Fortis Finvest Limited)	September 30, 2005
2.	Religare Insurance Broking Limited (Formerly known as Religare Insurance Advisory Services Private Limited)	March 17,2006
3.	Religare Securities Limited (Formerly known as Fortis Securities Limited)	April 1, 2006*
4.	Religare Commodities Limited (Formerly known as Fortis Comdex Limited)	April 1, 2006*
5.	Religare Venture Capital Private Limited	September 11, 2006
6.	Religare Capital Markets Limited	February 2, 2007
7.	Religare Realty Limited	February 7, 2007
8.	Religare Finance Limited	February 15, 2007

* Became Subsidiary of the Company on April 1, 2006 pursuant to Shareholders agreement giving right to the Company to appoint majority of directors on these companies. The Company has subsequently acquired entire shareholding of these Companies on June 2, 2006.

The Company (along with its nominees) is a subscriber to the Memorandum of Religare Wealth Management Services Limited, for 20,00,000 Equity Shares of Rs. 10 each, which was incorporated as wholly owned subsidiary of the Company on March 15, 2007. The subscription money will be paid subsequent to the year end hence not reflected in Schedule of Investments.

d) Employee Stock Option Plans

i. During the year ended March 31, 2007, the Shareholders of the Company vide their resolution dated November 6, 2006 granted approval to 'Religare Enterprises Limited Employee Stock

Option Scheme 2006' (the 'Scheme'). The grant date for the Options is November 15, 2006. Under the said Scheme, 2,000,000 options of the Equity Share Capital of the Company have been granted to the employees of the Company and its subsidiaries at an exercise price of Rs. 140 per share. Employees covered by the Scheme are granted option to purchase shares of the Company subject to the requirements of vesting. These options vest uniformly over a period of 3 years, whereby 33% of options vest on each vesting date as per vesting schedule at the end of first and second year and 34% of options vest at the vesting date as per vesting schedule at the end of third year. The same are exercisable within a period of 9 years from the First Vesting date. As the fair value of the shares at the date of grant of options is less than the exercise price no amount has been charged to the Profit and Loss Account.

ii. Total Options granted, cancelled and outstanding on March 31, 2007 are as under:

Name of the Subsidiary	**Number of Options**		
	Granted	**Cancelled**	**Outstanding as on March 31, 2007**
Religare Enterprises Limited	67,000		67,000
Religare Securities Limited	1,682,410	7,970	1,674,440
Religare Finvest Limited	172,800	-	172,800
Religare Commodities Limited	48,900	-	48,900
Religare Insurance Broking Limited	28,890	-	28,890
Total	2,000,000	7,970	1,992,030

e) No Managerial Remuneration or Commission under section 198 of the Companies Act, 1956 of India has been reported as paid by the Company during the last five years i.e. 2002-03 to 2006-07.

f) **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 two segments viz., Investment Operations and Financial Advisory Services.
(iv) Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on reasonable basis
(v) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information as stated in (1) above

(Rs. In million)

Information about Primary Business Segments					
Particulars	**Investment Operations**	**Financial Advisory Services**	**Unallocated**	**Eliminations**	**Total**
(i) Segment Revenue					
External Revenue	127.92	25.91	-	-	153.83
Inter -Segmental Revenue	-	-	-	-	-
Total Revenue	127.92	25.91	-	-	153.83
(ii) Segment Results	122.40	24.46	-	-	146.86
Less: Interest expense					16.08
Unallocated expenses					10.06
Income Taxes (Current, Deferred and Fringe Benefit Tax)					8.71
Profit after tax					112.01
(iii) Segment Assets	2,967.27	2.22	-	-	2,969.49

Unallocated Corporate Assets	-	-	3.97	-	3.97
Total Assets	2,967.27	2.22	3.97	-	2,973.46
(iv) Segment liabilities	64.54	0.59	-	-	65.13
Unallocated Corporate Liabilities	-	-	25.45	-	25.45
Total liabilities	64.54	0.59	25.45	-	90.58
(v) Capital Expenditure	0.08	-	-	-	0.08
(vi) Depreciation/Amortisation	0.01	-	-	-	0.01
(vii) Non Cash Expenditure other than Depreciation	0.01	0.15	-	-	0.16

Note:
The Company had only business segment viz., Investment Operations in the previous years, accordingly segment information disclosure has been made first time during the year ended March 31, 2007.

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.

g) Related Party Disclosure

Nature of Relationship	Name of Party	
	2006 -07	**2005 -06**
1) Subsidiaries	Religare Finvest Limited	Religare Finvest Limited
	(Formerly known as Fortis Finvest Limited)	(Formerly known as Fortis Finvest Limited)
	Religare Insurance Broking Limited	Religare Insurance Broking Limited
	(Formerly known as Religare Insurance Advisory Services Private Limited)	(Formerly known as Religare Insurance Advisory Services Private Limited)
	Religare Securities Limited	
	(Formerly known as Fortis Securities Limited)	
	Religare Commodities Limited	
	(Formerly known as Fortis Comdex Limited)	
	Religare Venture Capital Private Limited	
	Religare Finance Limited	
	Religare Wealth Management Services Limited	
	Religare Capital Markets Limited	
	Religare Realty Limited	
2) Individuals owning directly or indirectly interest in voting power that gives them control	Mr. Malvinder Mohan Singh	Mr. Malvinder Mohan Singh
	Mr. Shivinder Mohan Singh	Mr. Shivinder Mohan Singh
3) Key Management personnel and relatives	Mr. Sunil Kumar Garg (appointed on 01.08.2006)	Mr. Atul Mittal
	Mr. Atul Mittal (resigned on 12.01.2007)	
	Mr. Mukesh Manglik (appointed on 18.12.2006)	
4) Enterprises over which key (2) and (3) are	Ranbaxy Holding Company	Ranbaxy Holding Company
	Shivi Holdings Private Limited	Oscar Investments Limited

able to exercise significant influence with whom transactions have taken place	Malav Holdings Private Limited	Fortis Financial Services Limited
	Oscar Investment Limited	Religare Securities Limited
	Fortis Health Care Limited	(Formerly known as Fortis Securities Limited)
	Fortis Health Care Holdings Limited	Religare Commodities Limited
	Fortis Financial Services Limited	(Formerly known as Fortis Comdex Limited)

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
FINANCE											
Inter Corporate Deposit taken	Ranbaxy Holding Company	-	-	-	-	-	-	399.00	212.98	399.00	212.98
	Oscar Investments Ltd							-	10.00	-	10.00
Inter Corporate Deposit taken Total		**-**	**-**	**-**	**-**	**-**	**-**	**399.00**	**222.98**	**399.00**	**222.98**
Inter Corporate Deposit repaid	Ranbaxy Holding Company	-	-	-	-	-	-	582.50		582.50	-
Inter Corporate Deposit repaid Total		**-**	**-**	**-**	**-**	**-**	**-**	**582.50**	**-**	**582.50**	**-**
Interest paid on Inter Corporate Deposit	Ranbaxy Holding Company	-	-	-	-	-	-	16.08	0.24	16.08	0.24
	Oscar Investments Ltd	-	-	-	-	-	-	-	0.16	-	0.16
Interest paid on Inter Corporate Deposit Total		**-**	**-**	**-**	**-**	**-**	**-**	**16.08**	**0.40**	**16.08**	**0.40**
Allotment of Equity Shares *	Malav Holdings Private Limited	-	-	-	-	-	-	225.00	-	225.00	-
	Shivi Holdings	-	-	-	-	-	-	225.00	-	225.00	-

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
	Private Limited										
	Mr. Malvinder Mohan Singh	-	-	150.00	247.88	-	-	-	-	150.00	247.88
	Mr. Shivinder Mohan Singh	-	-	150.00	247.88	-	-	-	-	150.00	247.88
* (equity shares of Rs. 10 at a premium of Rs. 150 per share)											
Allotment of Equity Shares Total		-	-	**300.00**	**495.76**	-	-	**450.00**	**-**	**750.00**	**495.76**
Issue of 0% Optionally Convertible Debentures	Ranbaxy Holding Company	-	-	-	-	-	-	300.00	-	300.00	-
Issue of 0% Optionally Convertible Debentures Total		-	-	-	-	-	-	**300.00**	-	**300.00**	**-**
Redemption of 0% Optionally Convertible Debentures	Ranbaxy Holding Company	-	-	-	-	-	-	300.00	-	300.00	-
Redemption of 0% Optionally Convertible Debentures Total		-	-	-	-	-	-	**300.00**	-	**300.00**	**-**
Dividend Paid/Payable	Mr. Malvinder Mohan Singh	-	-	23.88	-	-	-	-	-	23.88	-
	Mr. Shivinder Mohan Singh	-	-	23.88	-	-	-	-	-	23.88	-
	Malav Holdings Private Limited	-	-	-	-	-	-	0.23	-	0.23	-
	Shivi Holdings Private Limited	-	-	-	-	-	-	0.23	-	0.23	-
Dividend											

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
Paid/Payable Total		**-**	**-**	**47.76**	**-**	**-**	**-**	**0.46**	**-**	**48.22**	**-**
Broking Transaction (Secondary Market Operations)											
Brokerage Paid	Religare Securities Limited	0.18	-	-	-	-	-	-	-	0.18	-
Brokerage Paid Total		**0.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.18**	**-**
Purchase of Equity Shares	Religare Securities Limited	500.02	-	-	-	-	-	-	-	500.02	-
Purchase of Equity Shares Total		**500.02**	-	-	-	-	-	-	-	**500.02**	**-**
Sale of Equity Shares	Oscar Investments Limited	-	-	-	-	-	-	259.91	-	259.91	-
Sale of Equity Shares Total		**-**	**-**	**-**	**-**	**-**	**-**	**259.91**	**-**	**259.91**	**-**
CORPORATE GUARANTEE GIVEN	Religare Securities Limited	150.00	-	-	-	-	-	-	-	150.00	-
	Religare Finvest Limited	100.00	-	-	-	-	-	-	-	100.00	-
	Religare Commodities Limited	50.00	-	-	-	-	-	-	-	50.00	-
Corporate Guarantee given Total		**300.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300.00**	**-**
Pledge of Securities on behalf of Group Companies	Religare Securities Limited	240.11	-	-	-	-	-	-	-	240.11	-
Pledge of Securities on behalf of Group Companies Total		**240.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**240.11**	**-**
INVESTMENT											
Purchase of Equity shares	Mr. Shivinder Mohan Singh	-	-	28.48	-	-	-	-	-	28.48	-
	Mr.										

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
	Malvinder Mohan Singh	-	-	28.48	-	-	-	-	-	28.48	-
	Malav Holdings Private Limited	-	-	-	-	-	-	0.01	-	0.01	-
	Shivi Holdings Private Limited	-	-	-	-	-	-	0.01	-	0.01	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	143.75	-	143.75
	Ranbaxy Holding Company	-	-	-	-	-	-		-	-	-
Purchase of Equity shares Total		**-**	**-**	**56.96**	**-**	**-**	**-**	**0.02**	**143.75**	**56.98**	**143.75**
Purchase of Preference Shares	Oscar Investment Ltd	-	-	-	-	-	-	260.00	-	260.00	-
Purchase of Preference Shares Total		**-**	**-**	**-**	**-**	**-**	**-**	**260.00**	**-**	**260.00**	**-**
Subscription to Equity Shares	Religare Venture Capital Private Limited	0.40	-	-		-		-	-	0.40	-
	Religare Securities Limited	500.00	-	-		-		-	80.00	500.00	80.00
	Religare Finvest Limited	1,250.00	222.50	-		-		-	-	1,250.00	222.50
	Religare Commodities Limited	30.00	-	-		-		-	-	30.00	-
	Religare Finance Limited	20.00	-	-		-		-	-	20.00	-
	Religare Realty Limited	0.50	-	-		-		-	-	0.50	-
	Religare Capital Markets Limited	0.50	-	-		-		-	-	0.50	-
	Religare Insurance Broking Limited	-	24.90	-		-		-	-	-	24.90
	(total										

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
	investment amount including premium)										
Subscription to Equity Shares Total		**1,801.40**	**247.40**	**-**	**-**	**-**	**-**	**-**	**80.00**	**1,801.40**	**327.40**
Share Application Money Received Back	Religare Capital Markets Limited	0.50		-	-	-	-	-	-	0.50	-
	Religare Securities Limited	-		-	-	-	-	-	-	-	-
Share Application Money Received Back Total		**0.50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.50**	**-**
Investment in Preference Shares	Religare Finvest Limited	-	250.00	-	-	-	-	-	-	-	250.00
Investment in Preference Shares Total		**-**	**250.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250.00**
Redemption of Preference Shares	Religare Finvest Limited	250.00	-	-	-	-	-	-	-	250.00	-
Redemption of Preference Shares Total		**250.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250.00**	**-**
Dividend Income on Equity Shares	Religare Securities Limited	54.09	-	-	-	-	-	20.00	25.50	74.09	25.50
	Religare Finvest Limited	43.19	20.40	-	-	-	-	-	-	43.19	20.40
Dividend Income on Equity Shares Total		**97.28**	**20.40**	**-**	**-**	**-**	**-**	**20.00**	**25.50**	**117.28**	**45.90**
Dividend Income on Preference Shares	Religare Finvest Limited	10.64	**-**	**-**	**-**	**-**	**-**	**-**	**-**	10.64	-
Dividend Income on		**10.64**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.64**	**-**

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
Preference Shares Total											
OTHER RECEIPTS AND PAYMENTS											
Financial Advisory Fees	Fortis Health Care Limited	-	-	-	-	-	-	28.47	-	28.47	-
Financial Advisory Fees Total		**-**	**-**	**-**	**-**	**-**	**-**	**28.47**	**-**	**28.47**	**-**
Other Expenses											
Licence Fees	Ranbaxy Holding Company	-	-	-	-	-	-	0.10	-	0.10	-
Vehicle Lease Rental paid	Religare Finvest Limited	0.12	-	-	-	-	-	-	-	0.12	-
Depository Charges	Religare Securities Limited	-	-	-	-	-	-	-	-	-	-
Other Expenses Total		**0.12**	**-**	**-**	**-**	**-**	**-**	**0.10**	**-**	**0.22**	**-**
ALLOCATION OF EXPENSES TO OTHER COMPANIES											
Rent Expense	Religare Securities Limited	6.31	-	-	-	-	-	-	-	6.31	-
Rent Expense Total		**6.31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.31**	**-**
Electricity Expenses	Religare Securities Limited	0.06	-	-	-	-	-	-	-	0.06	-
Electricity Expenses Total		**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.06**	**-**
Repairs and Maintenance Expenses	Religare Securities Limited	0.58	-	-	-	-	-	-	-	0.58	-
Repairs and Maintenance Expenses Total		**0.58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.58**	**-**
Insurance Expenses	Religare Securities	0.26	-	-	-	-	-	-	-	0.26	-

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
	Limited										
	Religare Commodities Limited	0.01	-	-	-	-	-	-	-	0.01	-
	Religare Insurance Broking Limited	-	-	-	-	-	-	-	-	-	-
	Religare Finvest Limited	0.12	-	-	-	-	-	-	-	0.12	-
Insurance Expenses Total		**0.39**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.39**	**-**
ALLOCATION OF EXPENSES BY OTHER COMPANIES											
IT Service	Religare Securities Limited	0.03	-	-	-	-	-	-	-	0.03	-
IT Service Total		**0.03**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.03**	**-**
REIMBURSEMENT OF EXPENSES											
Expenses Reimbursement to Other Companies	Religare Securities Limited	0.10	-	-	-	-	-	-	-	0.10	-
	Religare Finvest Limited	0.09	-	-	-	-	-	-	-	0.09	-
	Ranbaxy Holding Company	-	-	-	-	-	-	0.56	-	0.56	-
Expenses Reimbursement to Other Companies Total		**0.19**	**-**	**-**	**-**	**-**	**-**	**0.56**	**-**	**0.75**	**-**
Expenses Reimbursement by Other Companies	Religare Securities Limited	0.41	-	-	-	-	-	-	-	0.41	-
	Religare Venture Capital Limited	-	-	-	-	-	-	-	-	-	-
	Religare Realty Limited	0.02	-	-	-	-	-	-	-	0.02	-

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
	Religare Finance Limited	0.02	-	-	-	-	-	-	-	0.02	-
	Religare Capital Markets Limited	0.05	-	-	-	-	-	-	-	0.05	-
	Religare Wealth Management Services Limited	0.24	-	-	-	-	-	-	-	0.24	-
Expenses Reimbursement by Other Companies Total		**0.74**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.74**	**-**
Remuneration to Key Managerial Personnel #	Mr. Sunil Garg*	-	-	-	-	0.91	-	-	-	0.91	-
	Mr. Atul Mittal**	-	-	-	-	0.63	0.13	-	-	0.63	0.13
	Mr. Mukesh Manglik***	-	-	-	-	0.55	-	-	-	0.55	-
Remuneration to Key Managerial Personnel Total		**-**	**-**	**-**	**-**	**2.09**	**0.13**	**-**	**-**	**2.09**	**0.13**
* from August 1, 2006 to March 31,2007											
** from April 1, 2006 to Jan 12, 2007											
*** from December 18, 2006 to March 31, 2007											
# Excludes provision for gratuity and leave encashment since these are based on actuarial valuations done on an overall Company basis											
OUTSTANDING BALANCES AS ON											

Nature of Transactions	Name of Related Party	Subsidiary Companies		Individuals owning directly or indirectly interest in voting power that gives them control		Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
MARCH 31, 2007											
Payable											
Unsecured Loans	Ranbaxy Holding Company	-	-	-	-	-	-	5.00	188.50	5.00	188.50
Unsecured Loans Total		**-**	**-**	**-**	**-**	**-**	**-**	**5.00**	**188.50**	**5.00**	**188.50**
Other Payables	Malvinder Mohan Singh	-	-	7.39	-	-	-	-	-	7.39	-
	Shivinder Mohan Singh	-	-	7.39	-	-	-	-	-	7.39	-
	Malav Holdings Private Limited	-	-	-	-	-	-	0.14	-	0.14	-
	Shivi Holdings Private Limited	-	-	-	-	-	-	0.14	-	0.14	-
	Religare Securities Limited	-	-	-	-	-	-	-	-	-	-
	Ranbaxy Holding Company	-	-	-	-	-	-	0.66	0.18	0.66	0.18
	Oscar Investments Limited	-	-	-	-	-	-	-	0.16	-	0.16
Other Payables Total		**-**	**-**	**14.78**	**-**	**-**	**-**	**0.94**	**0.34**	**15.72**	**0.34**
Receivable											
Other Receivables	Religare Wealth Management Services Limited	0.24	-	-	-	-	-	-	-	0.24	-
	Fortis Health Care Limited	-	-	-	-	-	-	1.61	-	1.61	-
	Religare Securities Limited	15.09	-	-	-	-	-	-	-	15.09	-
	Religare Finvest Limited	20.69	-	-	-	-	-	-	-	20.69	-
Other Receivables Total		**36.02**	**-**	**-**	**-**	**-**	**-**	**1.61**	**-**	**37.63**	**-**

No transaction has been reported with the related parties in the Audited Financial Statements for the years ended March 31, 2003, 2004 and 2005.

h) As the Company's operations/acquisitions have significantly increased during the year ended March 31, 2007, figures for the earlier years are not comparable to those of the year 2007.

Annexure IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	PARTICULARS	For the year ended March 31,				
		2007	**2006**	**2005**	**2004**	**2003**
A	**Cash Flow From Operating Activities:**					
	Net Profit / (Loss) Before Tax, As Restated	134.41	37.63	(1.36)	0.31	(0.22)
	Adjustments for:					
	Depreciation	0.01	-	-	-	-
	Interest Expense	16.08	0.48	1.05	0.18	0.17
	Interest Income	-	(0.01)	-	-	-
	Dividends Income	(127.75)	(40.06)	-	-	-
	Preliminary Expenses written off	-	-	-	-	0.01
	Provision for Gratuity & Leave Encashment	0.16	-	-	-	-
	(Profit)/Loss on sale of Long Term Investments (Net)	-	-	(0.47)	-	0.02
	Tax Deduction at Sources on operating income	(2.93)	-	-	-	-
	Operating Profit/(Loss) before working capital changes	**19.98**	**(1.96)**	**(0.78)**	**0.49**	**(0.02)**
	Adjustments for Changes in Working Capital:					
	(Increase)/Decrease in Sundry Debtors	(1.92)	0.50	(0.50)	-	-
	(Increase)/Decrease in Other Receivables	(5.22)	3.46	(3.18)	(0.51)	-
	Increase/(Decrease) in Trade and other Payables	30.82	(9.90)	(7.62)	17.59	0.01
	Cash generated from/(used in) operations	**43.66**	**(7.90)**	**(12.08)**	**17.57**	**(0.01)**
	Dividend Received	92.14	39.90	-	-	-
	Tax (Paid)/Received (Net of TDS)	(7.63)	(0.03)	-	-	-
	Net Cash from/(used in) Operating Activities	**128.17**	**31.97**	**(12.08)**	**17.57**	**(0.01)**
B.	**Cash Flow From Investing Activities:**					
	Purchase of Fixed Assets	(0.08)	-	-	-	-
	Proceeds from Sale / redemption of Investments Net)	510.41	-	22.24	-	4.00
	Purchase of Investments (Net)	(2,689.37)	(715.15)	(9.99)	(15.80)	-
	Interest Received (Revenue)	0.01	-	-	-	-
	Net Cash (used in)/from Investing Activities	**(2,179.03)**	**(715.15)**	**12.25**	**(15.80)**	**4.00**
C.	**Cash Flow From Financing Activities:**					
	Proceeds from Fresh Issue of Share Capital (Including Share Premium)	2,303.50	495.75	-	-	-
	Proceed From Short terms Borrowings	(153.50)	188.50	-	(1.57)	(3.48)
	Interest Paid	(16.51)	(1.10)	(0.15)	(0.21)	(0.54)
	Dividend Paid	(45.93)	-	-	-	-
	Dividend Tax Paid	(6.44)	-	-	-	-
	Net Cash from/(used in) Financing Activities	**2,081.12**	**683.15**	**(0.15)**	**(1.78)**	**(4.02)**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**30.26**	**(0.03)**	**0.02**	**(0.01)**	**(0.03)**
	Cash and cash equivalents at the beginning of the Year	-	0.03	0.01	0.02	0.05
	Cash and cash equivalents at the end of Year	**30.26**	**-**	**0.03**	**0.01**	**0.02**
	Components of Cash and Cash Equivalents Comprise					
	Cash, Cheques & draft (in hand) and Remittances in Transit	30.02	-	-	-	-

Balance with Scheduled Banks in Current Accounts	0.24	-	0.03	0.01	0.02
	30.26	**-**	**0.03**	**0.01**	**0.02**

Notes :

1 The 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 Figures in bracket indicate cash outgo/income

Annexure - V

STATEMENT OF DIVIDEND PAID / PROPOSED

(Rupees in million)

Class of Shares	Face Value of Share Rupees	01.04.2006 to 31.03.2007		01.04.2005 to 31.03.2006	01.04.2004 to 31.03.2005	01.04.2003 to 31.03.2004	01.04.2002 to 31.03.2003
Equity Shares							
Equity Share Capital as at year end	10	643.97		500.00	4.25	4.25	4.25
Rate of Interim Dividend		31-Mar-07	4.00%	-	-	-	-
		31-Jan-07	6.00%				
		28-Aug-06	3.00%				
Aggregate amount of Equity Dividend			67.38	-	-	-	-
Final Dividend			-	-	-	-	-

Note:

1. The rate of dividend declared on the respective date(s) relates to the paid up capital on such date(s).
2. The interim dividend declared in each of the year is the Final Dividend for the respective years.

Annexure - VI

SUMMARY OF ACCOUNTING RATIOS (ON RESTATED PROFITS/LOSSES)

Particulars		01-04-2006 to 31-03-2007	01-04-2005 to 31-03-2006	01-04-2004 to 31-03-2005	01-04-2003 to 31-03-2004	01-04-2002 to 31-03-2003
Basic Earnings / (Loss) Per share	Rs.	2.23	1.28	(3.25)	0.73	(0.52)
Diluted Earnings / (Loss) per share	Rs.	2.20	1.28	(3.25)	0.73	(0.52)
Return on Net Worth	%	4.15%	7.01%	-44.37%	6.90%	-5.26%
Net Asset Value Per Share	Rs.	44.77	10.73	7.32	10.56	9.84

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = Net Profit/(loss) after Tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year

Diluted Earnings/(loss) Per Share (Rs.) = Net Profit/(loss) after Tax, as restated attributable to equity shareholders / Weighted average number of dilutive equity shares outstanding during the year

Return on Net Worth (%) = Net Profit/(loss) after Tax, as restated / Networth, as restated, at the end of the year

Net Asset Value (NAV) Per Share (Rs.) = Net worth, as restated, at the end of the year (excluding preference share capital) / Number of equity shares outstanding at the end of the year

1. Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2. Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4. Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5. Figures in bracket indicates loss.

Annexure - VII

CAPITALISATION STATEMENT

(Rupees in million)

Particulars	Pre-issue As at March 31, 2007	Post Issue (Refer Note No. 6 below)
Borrowings:		
Short Term Debts	35.00	
Long Term Debts (A)	-	
Total Debts	**35.00**	
Shareholders' Funds:		
Equity Share Capital	643.97	
Reserves and Surplus	2,238.91	
Total Shareholders' Funds (B)	**2,882.88**	
Long Term Debt/ Equity Ratio (A)/ (B)	Refer Note No. 5 below	

Notes:

1) The above amounts are as per the Summary Statements of the Assets and Liabilities, As Restated of Religare Enterprises Limited

2) Short Term Debts represent debts which are due within 12 months from March 31, 2007.

3) Reserves and Surplus includes share premium received on the issuance of equity shares during the year.

4) Long Term Debt / Equity Ratio:- Long Term Debt / Total Shareholder's Funds

5) As there are no long term debts, the Long Term Debt/Equity Ratio is Nil

6) The post issue capitlisation cannot be determined till the process of book building is complete. The same shall be updated before filing the prospectus.

Annexure - VIII

STATEMENT OF SECURED AND UNSECURED LOANS

(Rupees in million)

	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
SECURED LOANS (A)	-	-	-	-	-
UNSECURED LOANS (B)					
Inter Corporate Loans	35.00	188.50	-	-	1.57
Interest due on Unsecured Loans	-	-	-	0.14	0.17
Total (B)	**35.00**	**188.50**	**-**	**0.14**	**1.74**
TOTAL (A) + (B)	**35.00**	**188.50**	**-**	**0.14**	**1.74**

Notes:

(1) Interest on unsecured inter corporate loans was payable in the range of 13.25%, 11%, and 11-13% per p.a. for the years ended March 31, 2003, 2006 and 2007 respectively.

(2) Unsecured Inter Corporate Loans are repayable within 360 days with a option for prematurity with mutual consent and provision for renewal.

(3) The rate of interest and other terms of the loans in respect of years ended March 31, 2003, 2004, 2005 and 2006 are as per the information and explanations furnished by the management of the Company and relied upon by the auditors.

Annexure – IX

STATEMENT OF OTHER INCOME, AS RESTATED

(Rupees in million)

PARTICULARS	For the year ended March 31,					Nature of Income	Related / Not Related To Business Activity
	2007	2006	2005	2004	2003		
Interest on Intercorporate Loans	-	0.01	-	-	-	Non-recurring	Not related
	-	**0.01**	**-**	**-**	**-**		

Annexure - X

TAX SHELTER STATEMENT

(Rupees in million)

PARTICULARS	For the year ended March 31,				
	2007	2006	2005	2004	2003
Net Profit/ (Loss) Before Tax (A)	126.72	44.71	(0.75)	0.31	(0.22)
Income Tax Rates:					
- Normal Tax Rates Applicable (%)	33.66%	33.66%	36.59%	35.88%	36.75%
- Minimum Alternate Tax (MAT) Rates Applicable u/s 115 JA/ JB (%)	11.22%	8.42%	7.84%	7.69%	7.88%
Tax at Normal Income Tax Rates (B)	42.65	15.05	-	0.11	-
Adjustments:					
Permanent Differences (C)					
Exempted Income					
Share of Profit from Partnership Firm u/s 10(2A)	-	-	-	0.51	-
Profit on sale of Investments	-	-	0.47	-	-
Dividend u/s 10(34)	127.92	45.90	-	-	-
Other Adjustments					
Expenses Disallowed u/s 14A	(21.67)	(0.70)	(1.05)	-	-
Expenses for increase in authorized share capital	(2.28)	(0.50)	(0.15)	-	-
Loss on sale of Investments	-	-	-	-	(0.02)
Share of Loss from Partnership Firm	-	-	-	-	(0.02)
Other	(1.85)	-	(0.02)	(0.20)	(0.18)
Deduction u/s 80	-	-	-	-	-
Total Permanent Differences	102.12	44.70	(0.75)	0.31	(0.22)
Timing Differences (D)					
Difference between Tax Depreciation and Book Depreciation	(0.00)	-	-	-	-
Disallowances of Provision for Retirement Benefits u/s 43B	(0.16)	-	-	-	-
Total Timing Differences	(0.16)	-	-	-	-
Net Adjustments (C) + (D)	101.96	44.70	(0.75)	0.31	(0.22)
Tax Saving thereon (E)	34.32	15.05	-	0.11	-
Profit/ (Loss) as per Income Tax Returns	24.76	0.01	(0.00)	0.00	-
(F) = (A) - (C) - (D)					
Brought Forward Loss/ Unabsorbed Depreciation Adjusted (G)	-	0.00	-	-	-
Taxable Income / (Loss) (H) = (F) - (G)	24.76	0.01	(0.00)	0.00	-
Tax as per normal Provisions (I)	8.33	0.00	(0.00)	0.00	-
Taxable income / (Loss) as per MAT (J)	20.47	(0.49)	0.30	(0.20)	(0.22)
Tax as per MAT (K)	2.30	-	0.02	-	-
Tax as per Income Tax as returned (L) Higher of (I) and (K)	8.33	0.00	0.02	0.00	-
Interest u/s 234 B and 234 C (L)	0.38	-	-	-	-
Total Tax as per Return (K) + (L)	**8.71**	**0.00**	**0.02**	**0.00**	**-**
Carried Forward Capital Losses					
Short Term	0.02	0.02	0.02	0.02	0.02
Long Term	0.64	0.64	0.64	-	-
Carried Forward Business Loss	-	-	0.01	0.01	0.01
Carried Forward Depreciation Loss	-	-	-	-	-
Total Carried Forward Loss as per Return	**0.66**	**0.66**	**0.67**	**0.03**	**0.03**

Notes:-

(1) The aforesaid Tax Shelter Statement has been prepared as per the standalone audited accounts of Religare Enterprises Limited and is not based on the profit as per the "Summary Statement of Profits or Losses, as Restated"

(2) The figures for the year ended March 31, 2007 are based on the provisional computation of total income prepared by the Company. Since the same has not been filed, it is subject to any changes which may be made between the date of the statement and the date of filing the Income Tax Return with the Income Tax Authority.

(3) For the year ended March 31, 2005 no provision for Minimum Alternate Tax was made in the books, which has been provided for in the year ended March 31, 2007 as taxes for earlier years.

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Religare Securities Limited

Auditors' Report

To
The Board of Directors,
Religare Securities Limited,
19, Nehru Place,
New Delhi 110 019

Dear Sirs,

1) We have examined the attached financial information of Religare Securities Limited (formerly known as Fortis Securities Limited up to December 22, 2005) ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) Financial Information of the Company

These financial information of the Company have been extracted by the Management from the financial statements for the years ended March 31, 2003, 2004, 2005, 2006 and 2007. Audit for the financial year ended March 31, 2003 was conducted by previous auditors, R.A. Patel & Co. and audit for the financial years ended March 31, 2004, 2005 and 2006 was conducted by previous auditors, Jassal Ranganathan & Associates, and accordingly reliance has been placed on the financial statements audited by them for the said years after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated Summary Statement of Assets and Liabilities and restated Summary of Profit or Loss of the Company for the respective years after incorporating:

(a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods identified by the management and examined by us for the purposes of restatement in the financial information.
(b) Adjustments for the material amounts in the respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.
(c) Extra-ordinary items, if any, that need to be disclosed separately in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information
(d) Adjustments, if any, for qualification requiring adjustments in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

The above mentioned additional procedures for the years ended March 31, 2003, 2004, 2005 and 2006 should not be construed as an audit conducted under the Generally Accepted Auditing Standards in India and accordingly we are not expressing an opinion on the individual financial statements for the years ended March 31, 2003, 2004, 2005 and 2006 in respect of which the previous auditors have expressed an unqualified opinion as to true and fair view of the financial statements for the respective years.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

(a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2003, 2004, 2005, 2006 and 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

(b) The Restated Summary Statement of Profit or Loss of the Company for the years ended March 31, 2003, 2004, 2005, 2006 and 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

(c) Based on above and also as per the reliance placed on the financial statements audited by previous auditors for the years ended March 31, 2003, 2004, 2005 and 2006 and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the respective years, we are of the opinion that the restated financial information have been made after incorporating:

(i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

(ii) adjustments for the material amounts in the respective financial years to which they relate and

(iii) there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

(d) We have also examined the following other financial information setout in Annexures (IV to VIII) prepared by the management and approved by the Board of Directors relating to the Company for the years ended March 31 2003, 2004, 2005, 2006 and 2007. In respect of the year ended March 31, 2003 these information have been included based upon the financial statements audited by the previous auditors, R.A. Patel & Co. and in respect of the years ended March 31, 2004, 2005 and 2006 these information have been included based upon the financial statements audited by the previous auditors, Jassal Ranganathan & Associates, and relied upon by us (Also refer paragraph 2 above).

(i) Statement of Restated Cash Flows for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 included in Annexure IV

(ii) Statement of Dividend paid/proposed included in Annexure V.

(iii) Statement of Accounting Ratios included in Annexure VI

(iv) Statement of Secured and Unsecured Loans included in Annexure VII.

(v) Statement of Other Income included in Annexure VIII.

In our opinion the financial information contained in Annexure I to VIII of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

4) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by any of the other Auditors.

5) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

6) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No.F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE SECURITIES LIMITED

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	766.72	291.43	69.12	31.17	16.47
Less: Depreciation	(153.73)	(38.64)	(12.23)	(6.99)	(4.11)
Net Block	612.99	252.79	56.89	24.18	12.36
Capital Work-in Progress	64.53	52.29	-	-	-
Total	**677.52**	**305.08**	**56.89**	**24.18**	**12.36**
B. Investments	**2.99**	**2.99**	**3.36**	**0.42**	**51.64**
C. Current Assets, Loans and Advances					
Stock of Securities				0.07	0.00
Interest Accrued	34.81	7.19	3.91	1.31	0.37
Sundry Debtors	2,562.43	1,248.39	1,283.80	617.24	31.82
Cash and Bank Balances	1,761.35	1,038.17	641.08	105.38	49.19
Loans and Advances	318.71	287.16	186.81	38.51	23.64
Total	**4,677.30**	**2,580.91**	**2,115.60**	**762.51**	**105.02**
Total Assets (A+B+C)	**5,357.81**	**2,888.98**	**2,175.85**	**787.11**	**169.02**
D. Liabilities and Provisions					
Secured Loans	1,000.35	599.62	311.59	377.98	6.40
UnSecured Loans	1,438.71	695.09	969.07	56.70	40.07
Current Liabilities	1,898.47	1,124.93	679.40	216.07	21.16
Provisions	31.49	54.51	27.97	3.88	0.67
Total	**4,369.02**	**2,474.15**	**1,988.03**	**654.63**	**68.30**
E. Deferred Tax Liability	27.60	16.44	7.27	3.52	1.68
F. Net Worth (A+B+C-D-E)	**961.19**	**398.39**	**180.55**	**128.96**	**99.04**
Net Worth Represented by					
G. Share Capital					
Equity Share Capital	271.43	200.00	40.00	40.00	40.00
12.5% Non-Cumulative Redeemable Preference Shares	-	-	50.00	50.00	50.00
H. Reserves and Surplus	689.76	198.39	90.55	38.96	9.04
Net Worth (G+H)	**961.19**	**398.39**	**180.55**	**128.96**	**99.04**

RELIGARE SECURITES LIMITED

Annexure- II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	For the year ended March 31,				
	2007	2006	2005	2004	2003
Income					
Income from Operations	1,514.99	964.29	338.22	116.40	26.31
Interest Income	381.56	174.41	111.91	47.14	3.18
Other Income	207.55	109.68	27.13	5.83	2.85
Sales	-	-	0.06	-	5.11
Closing Stock of Securities	-	-	-	0.07	0.01
Total Income	**2,104.10**	**1,248.38**	**477.32**	**169.44**	**37.46**
Expenditure					
Opening Stock	-	-	0.07	0.01	-
Purchases	-	-	-	0.10	5.13
Operating Expenses	500.36	371.08	133.55	30.71	6.88
Personnel Expenses	490.44	226.71	69.78	24.20	9.80
Administrative & Other Expenses	558.96	221.66	61.66	28.27	10.42
Interest and Finance Charges	237.57	83.16	87.16	44.73	3.12
Depreciation	116.52	26.31	5.58	2.76	1.46
Total Expenditure	**1,903.85**	**928.92**	**357.80**	**130.78**	**36.81**
Profit before Tax	**200.25**	**319.46**	**119.52**	**38.66**	**0.65**
Provision for Tax					
- Current Tax	57.34	98.66	41.20	10.00	0.10
- Taxes for earlier year	0.18	0.05	0.04	0.03	(0.29)
- Deferred Tax (Net)	11.21	9.50	3.43	1.80	0.73
- Fringe Benefit Tax	10.50	4.83	-	-	-
Total	**79.23**	**113.04**	**44.67**	**11.83**	**0.54**
Net Profit After Tax before Adjustments	**121.02**	**206.42**	**74.85**	**26.83**	**0.11**
Adjustments (Net) Refer (Annexure III)	4.12	(9.81)	(2.76)	4.56	3.25
Current Tax Impact of Adjustments	(0.71)	2.78	0.61	(1.43)	(0.77)
Deferred Tax Impact of Adjustments	0.05	0.33	(0.32)	(0.04)	(0.02)
Total of adjustments after tax Impact	**3.46**	**(6.70)**	**(2.47)**	**3.09**	**2.46**
Net Profit as Restated	**124.48**	**199.72**	**72.38**	**29.92**	**2.57**
Profit and Loss Amount at the beginning of the year	169.75	82.53	38.96	9.04	6.47
Profit Available for Appropriation, As Restated	**294.23**	**282.25**	**111.34**	**38.96**	**9.04**
Appropriations					
Transfer to General Reserve	12.10	20.64	8.00	-	-
Dividend on Preference Shares paid	-	-	-	-	-
Dividend on Preference Shares payable	-	1.56	6.25	-	-
Interim Dividend on Equity Shares paid	39.00	39.00	-	-	-
Interim Dividend on Equity Shares payable	15.09	40.00	12.00	-	-
Tax on Distributed Profits	7.59	11.30	2.56	-	-
Total	**73.78**	**112.50**	**28.81**	-	-
Balances Carried Forwards Restated	**220.45**	**169.75**	**82.53**	**38.96**	**9.04**

Note:

(1) The above statement should be read with the Notes on Adjustments to Restated Financials Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III

(2) The reconciliation between the audited and restated accumulated profit and loss balance as at April 01, 2002 is given in Note of Annexure III

RELIGARE SECURITIES LIMITED

ANNEXURE-III: NOTES TO RESTATED SUMMERY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE SECURITIES LIMITED.

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a. Summary

Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profit / (losses) of the company.

(Rupees in million)

Particulars	Refer Note	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
Profit After Tax (PAT) as per audited accounts		**121.02**	**206.42**	**74.85**	**26.83**	**0.11**
Adjustments For						
Change in Accounting Policies	1(b)					
Brokerage Income		-	-	(0.88)	0.79	(0.15)
Prior Period Items	1(c)(i)					
Stamp Paper Expenses		1.00	(1.00)	-	-	-
Other Expenses		2.52	(2.52)	0.20	(0.20)	
Recovery of Transaction Charges		-	(1.54)	1.54	-	-
Miscellaneous Expenses		-	0.28	(0.05)	(0.13)	(0.10)
Interest Income		(1.09)	0.30	0.22	0.16	0.41
Depreciation		1.34	(0.22)	(0.97)	(0.12)	(0.01)
Provision for Doubtful Debts	1(c)(ii)	1.20	(1.20)	-	-	-
Bad Debt Written Off	1(c)(iii)	1.15	0.24	(0.54)	4.79	-
Bad Debt Recovered	1(c)(iv)	-	(0.15)	(1.36)	(2.51)	(0.63)
Balances Written Back	1(c)(iv)	(2.00)	(4.00)	(0.92)	1.78	3.73
Net Total Adjustments		**4.12**	**(9.81)**	**(2.76)**	**4.56**	**3.25**
Current Tax Impact of Adjustments	1(d)	(0.71)	2.78	0.61	(1.43)	(0.77)
Deferred Tax Impact of Adjustments	1(d)	0.05	0.33	(0.32)	(0.04)	(0.02)
Profit After Tax (PAT) as Restated		**124.48**	**199.72**	**72.38**	**29.92**	**2.57**

b. Changes in the accounting policies

Brokerage Income has been restated from the financial year 2004 – 2005 onwards on the trade date of transaction instead of trade settlement date as a result of change in accounting policy.

c. Other Adjustments:

i. Prior Period Items

In the audited financial statements for the year ended March 31, 2007 contains items of income / expense / depreciation were identified as prior period items for the purpose of these statement. Such prior period items have been appropriately adjusted to the respective years to which they relate.

ii. Provision for Doubtful Debts

During the year ended March 31, 2007 certain provisions were made for the bad and doubtful debts, which pertains to earlier years. For the purpose of these statements the said provisions where ever required, have been appropriately adjusted to the respective year in which these debtors were accounted for.

iii. **Bad Debts**

During the year ended March 31, 2007 certain debit balances which pertain to earlier years were written off for the purpose of these statements and the said bad debts have been appropriately adjusted in the respective years to which they relate.

iv. **Bad Debts Recovered / Balances Written Back**

During the year ended March 31, 2007 certain items which were written off as bad loss in prior years were recovered and certain old credit balances were written back for the purpose of these statements the said recoveries / write backs have been appropriately adjusted in the respective years to which they relate.

d. **Current Tax and Deferred Tax Impact on Restatement**

The Profit and Loss Account of some years include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years tax liability. Also, income tax (current tax and deferred tax) has been computed on adjustments made and has been adjusted in the Profit and Loss Account for respective years. The tax rate applicable for the year ended March 31, 2007 has been used to calculate the notional current and deferred tax impacts of the adjustments.

e. Restatement of Profit & Loss reconciliation as on April 01, 2002

(Rupees in million)

	Refer Note	
Profit and Loss Account AS At April 1, 2002		**6.31**
Adjustments for earlier year		
Change in Accounting Policies	1(b)	
Brokerage Income		0.24
Prior Period Items	1(c)(i)	
Depreciation		(0.02)
Bad Debt Written Off	1(c)(iii)	(5.64)
Bad Debt Recovered	1(c)(iv)	4.65
Balances Written Back	1(c)(iv)	1.41
Current Tax Impact	1(d)	(0.48)
Profit and Loss Account As At April 1 ,2002 As Restated		**6.47**

f. **MATERIAL REGROUPINGS**

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Profit and Losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for the twelve months period ended March 31, 2007 and the requirements of the Guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

2. QUALIFICATION IN AUDITORS REPORT

a. **Other Audit qualification which do not require any corrective adjustment in the financial information are as follows**

i. CARO 2007:

- Attention is drawn to the Companies (Auditor's Report) Order 2003, where in the auditor has stated that *the internal control system needs to be strengthened to be commensurate with the* *size of the company* and nature of its business for the purchase of the fixed assets and for the sale of services.

- Attention is drawn to the Companies (Auditor's Report) Order 2003, where in the auditor has stated that the company is *generally* regular in depositing the 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 material statutory dues as applicable with the appropriate authorities.

ii. CARO 2005:

- Attention is drawn to the Companies (Auditor's Report) Order 2003, where in the auditor has stated that there are no outstanding dues of dispute on account of sales tax / wealth tax / excise duty / cess / customs duty, so far as it appears from examination of records and according to the information and explanations given to us by the company *except* a demand of Rs. 24.32 lacs raised by the Income Tax Department for the Assessment year 1992 – 93. The company has deposited the same after appropriating Rs. 2.87 lacs of refund claim and went into appeal before Bombay Tribunal against said demand. The case still pending before Tribunal.

- Attention is drawn to the Companies (Auditor's Report) Order 2003, where in the auditor has stated that *there has been a fraudulent encashment of cheques amounting Rs. 5.25 lacs by a customer, during the year*. However, the company is adequately covered by way securities worth Rs. 5.55 lacs (market value) of the said customer in its possession. Further, company has taken necessary legal action on the matter and has discontinued dealing with the said customer. The necessary controls in this regards have since been strengthened.

3. 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) 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 Broking activities is accounted for on the trade date of transaction.
2. Depository Income has been accounted for on accrual basis.
3. Portfolio Management fees are accounted on accrual basis as follows:

   (i) In case of fees based on fixed percentage of the corpus / fixed amount, income is accrued over the period of the agreement.
   (ii) In case of fees based on the returns of the portfolio, income is accounted on the termination of the portfolio agreement / on each anniversary as per the terms of the agreement.
   (iii) In case of an upfront non – refundable fee, income is accounted in the year of receipt.

4 Issue management and placement fees, underwriting commission and financial advisory fees are accrued based on stage of completion of assignments in accordance with terms of the relevant agreement.

5 Dividend for investment is accounted for as income when the right to receive dividend is established.

6 Income from trading in Stocks and Shares has been accounted as per the date of transaction.

7 Revenue excludes service tax.

d) COMMERCIAL PAPER

The difference between the redemption value and acquisition cost of Commercial Paper is amortised over the tenure of the instrument. The liability as at the Balance Sheet date in respect of such instruments is recognized at face value net of discount to be amortised.

e) FIXED ASSETS

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

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

i. Immovable assets at the leased premises including civil works, electrical items are capitalized as leasehold assets and are accordingly being amortized over the primary period of lease subject to maximum of 6 years

ii. Depreciation on fixed assets are provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 of India.

iii. Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from / up to the date the asset is put to use/ discarded.

iv. 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) STOCK IN TRADE

Stock in Trade is valued at cost or market value which ever is lower.

j) FOREIGN CURRENCY TRANSACTIONS

i) Transactions in foreign currencies are recorded at the rate of exchange in force at the time of occurrence of the transactions.

ii) Exchange differences arising on settlement of revenue transactions are recognized in the profit and Loss account.

iii) Monetary items (other than those related to acquisition of fixed assets) denominated in a foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognized in the profit and loss account.

k) RETIREMENT BENEFITS

i. Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.
ii. Company's contribution to Provident Fund and other Funds is charged to profit and loss account as incurred.

l) LEASED ASSETS

Assets acquired under Leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. The rentals and all the other expenses of assets under operating lease are treated as revenue expenditure

m) 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 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.

n) 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.

o) 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.

p) 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.

q) BORROWING COST

Ancillary costs incurred for arrangement of borrowings such as upfront fees / brokerages are period costs and are amortized over the tenure of the borrowing as per terms of sanction / agreement.

4. OTHER MATERIAL NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS

a. **CONTINGENT LIABILITIES**

i. The Guarantees given by the Banks on behalf of the Company against the equity shares pledged by the third party:

(Amount in million)

Guarantee given in favor of	Years				
	2006 - 2007	2005 - 2006	2004 - 2005	2003 - 2004	2002 - 2003
National Security Clearing Corporation Limited	685.00	1325.00	685.00	335.00	31.05

ii. Estimated amount of contracts to be executed on capital account and not provided for:

(Amount in million)

Particulars	Years				
	2006 - 2007	2005 - 2006	2004 - 2005	2003 - 2004	2002 - 2003
Capital Commitment (net of advances) exclusive of taxes	9.36	38.90	-	-	-

iii. Claims against the company not acknowledged as debts.

(Amount in million)

Particulars	Years				
	2006 - 2007	2005 - 2006	2004 - 2005	2003 - 2004	2002 - 2003
Claims against the company not acknowledged as debts	15.31	-	-	-	-

iv. In the year 2002 – 2003, the company is in appeal against the Income tax liability as per the demand of the Income tax Act, 1961 for the Assessment year 1993 – 94 for Rs. 0.39 million (net). There is no tax liability in the other relevant years.

b. Fixed Deposits with Scheduled Banks:

(Amount in million)

Particulars	Years				
	2006 – 2007	2005 - 2006	2004 - 2005	2003 - 2004	2002 - 2003
Under lien in favour of the banks as margin deposit for the guarantees/ credit facilities	693.39	333.15	166.40	81.80	-
Under Pledged with National Securities Clearing Corporation Limited, and The Stock Exchange Mumbai towards base Capital	937.50	675.00	161.00	10.00	-
Total	1630.89	1008.15	327.40	91.80	

c. Managerial Remuneration under section 198 of the Companies Act, 1956 of India (included under Personnel Expenditure) :

(Amount in million)

Particulars	Years				
	2006 – 2007	2005 - 2006	2004 – 2005	2003 - 2004	2002 - 2003
Salary & Allowances	7.94	4.91	2.85	2.85	1.65
Perquisites	0.37	0.63	0.57	0.52	-
Contribution to Provident and other funds	0.36	0.38	0.32	0.32	0.15
Provision for Gratuity	0.25	0.20	0.06	0.06	-
Total	**8.92**	**6.12**	**3.80**	**3.75**	**1.80**

As no commission is payable to Directors, the computation of the net profits in accordance with section 309(5) read with section 349 of the Companies Act, 1956 of India has not been given.

d. Employees Stock Option Scheme:

The Shareholders of the Holding Company vide their resolution dated November 6, 2006 granted approval to 'Religare Enterprises Limited Employee Stock Option Scheme 2006' (the 'Scheme'). The grant date for the Options is November 15, 2006. Under the said Scheme, 2,000,000 options of the Equity Share Capital of the Holding Company have been granted to the employees of the Holding Company and its subsidiaries at an exercise price of Rs. 140 per share. Numbers of such Options allocated to the employees of the Company are 1682,410 of which 1,674,440 Equity Shares are outstanding as on March 31, 2007 after cancellations. Employees covered by the Scheme are granted option to purchase shares of the Holding Company subject to the requirements of vesting. These options vest uniformly over a period of 3 years, whereby 33% of options vest on each vesting date as per vesting schedule at the end of first and second year and 34% of options vest at the vesting date as per vesting schedule at the end of third year. The same are exercisable within a period of 9 years from the First Vesting date. As the fair value of the shares at the date of grant of options is less than the exercise price no amount has been charged to the Profit & Loss Account.

e. **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 Broking in securities, Depository Operations and Financial Advisory Services.

iv. Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on reasonable basis.

RELIGARE SECURITIES LIMITED

SEGMENT REPORTING

(Amount in million)

	2006-07						2005-06				
Particulars	**Broking Related Activities**	**Depository Operations**	**Financial Advisory Services**	**Others/ Unallocated**	**Eliminations**	**Total**	**Broking Related Activities**	**Depository Operations**	**Financial Advisory Services**	**Others/ Unallocated**	**Total**
(i) Segment Revenue											
External Revenue	**1,837.35**	**32.74**	**84.44**	**5.62**		**1,960.15**	**1,106.87**	**13.74**	**25.81**	**-**	**1,146.42**
Inter - Segmental Revenue	-	**3.94**	**-**	**-**	**(3.94)**	**-**	(3.44)	3.44			-
Balances Written Back	-	-	-	**2.00**		**2.00**	-	-	-	**4.05**	**4.05**
Total Revenue	**1,837.35**	**36.68**	**84.44**	**7.62**	**(3.94)**	**1,962.15**	**1,103.43**	**17.18**	**25.81**	**4.05**	**1,150.47**
(ii) Segment Results											
Total Segment Results	**326.18**	**13.93**	**39.83**	**7.62**		**387.56**	**364.58**	**2.64**	**13.87**	**4.05**	**385.10**
Less: Interest expense						229.73					73.71
Add: Interest/Dividend Income						141.95					27.29
Unallocated expenses						99.53					19.26
Income Taxes (Current, Deferred and Fringe						79.23					112.95

Benefit Tax)										
Profit after tax					**121.02**					**206.47**
(iii) Segment Assets	**5,232.91**	**8.65**	**48.27**	**-**	**5,289.83**	**2,877.71**	**5.66**	**0.91**	**-**	**2,884.28**
Unallocated Corporate Assets				**67.99**	**67.99**	-	-	-	10.18	10.18
Total Assets	**5,232.91**	**8.65**	**48.27**	**67.99**	**5,357.82**	**2,877.71**	**5.66**	**0.91**	**10.18**	**2,894.46**
(iv) Segment liabilities	**4,210.17**	**134.18**	**2.92**	**-**	**4,347.27**	**2,425.64**	**0.77**	**-**	**-**	**2,426.41**
Unallocated Corporate Liabilities	**-**	**-**	**-**	**49.35**	**49.35**	-	-	-	66.20	66.20
Total liabilities	**4,210.17**	**134.18**	**2.92**	**49.35**	**4,396.62**	**2,425.64**	**0.77**	**-**	**66.20**	**2,492.61**
(v) Capital Expenditure	**452.39**	**0.95**	**22.95**	**-**	**476.29**	**222.69**	**0.17**	**0.41**	**-**	**223.27**
(vi) Depreciation/Amortisation	**111.80**	**0.30**	**4.43**	**-**	**116.53**	**25.97**	**0.30**	**0.04**	**-**	**26.31**
(vii) Non Cash Expenditure other than Depreciation	**11.81**	**0.13**	**0.95**	**4.49**	**17.38**	**4.23**	**0.11**	**0.18**	**-**	**4.52**

Note: Segment Results has not been reported in the Audited Financial Statements for the years ended March 31, 2005, 2004, 2003.

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.

f. **Related Party Disclosures:**
Name of Related Parties

1.	**Holding Company**	Fortis Financial Services Limited (Holding Company till 16[Th] May, 2005) Religare Enterprises Limited (Holding company w.e.f. 02-Jun-06)
2.	**Fellow Subsidiaries**	Religare Finvest Limited (Formerly known as Fortis Finvest Limited) Religare Commodities Limited (Formerly known as Fortis Comdex Limited) Religare Insurance Broking Limited (Formerly known as Religare Insurance Advisory Services Private Limited) Religare Venture Capital Private Limited Religare Finance Limited Religare Wealth Management Limited Religare Capital Market Limited Religare Realty Limited
3.	**Individuals owning directly or indirectly interest in voting power that gives them control**	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
4.	**Key Management personnel and Relatives**	Mr. Sunil Godhwani Ms. Radhika N Godhwani Mr. Rochiram P Godhwani Mr. Naraindas P Godhwani

		Mr. Hari R Godhwani
5.	**Enterprises over which key (2) and (3) are able to exercise significant influence with whom transactions have taken place**	Ranbaxy Holding Company RC Nursery Private Ltd Malav holdings Private Limited Trendy Exim Private Limited Religare Finvest Limited Religare Commodities Limited Religare Enterprises (P) Limited Oscar Investment Limited Oscar Holdings Private Limited Shivinder Mohan Singh (HUF) Malvinder Mohan Singh (HUF) Fortis Financial Services Limited Fortis HealthCare Limited Fortis Health Care Holding Limited Shivi Holding Private Limited

6.Following transactions were carried out with related parties in the ordinary course of business

(Rupees in Million)

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
FINANCE																						
Inter Corporate Deposits Taken	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,122.30	3,446.90	-	5,122.30	3,446.90	-
	Religare Finvest Limited	-	-	-	39,059.07	20,678.16	-	-	-	-	-	-	-	-	-	-	-	-	-	39,059.07	20,678.16	-
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.30	7.40	-	2.30	7.40	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.40	-	-	26.40	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.55	5.10	-	9.55	5.10	-
	Fortis Financial Services Limited	-	-	316.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	316.94
	Religare Insurance Broking Ltd	-	-	-	10.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-	-
Inter Corporate Deposits Taken Total		**-**	**-**	**316.94**	**39,069.07**	**20,678.16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,134.15**	**3,485.80**	**-**	**44,203.22**	**24,163.96**	**316.94**
Inter Corporate Deposits Repaid	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,446.55	3,440.15	-	5,446.55	3,440.15	-
	Religare Finvest Limited	-	-	-	39,059.07	20,680.55	-	-	-	-	-	-	-	-	-	-	-	-	-	39,059.07	20,680.55	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.10	17.30	-	9.10	17.30	-
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.35	5.35	-	4.35	5.35	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.06	1.73	-	9.06	1.73	-
	Fortis Financial Services Limited	-	-	316.94	-	-	-	-	-	-	-	-	-			-	-	-	-	-	-	316.94
	Religare Insurance Broking Ltd	-	-	-	10.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-	-
Inter Corporate		**-**	**-**	**316.94**	**39,069.07**	**20,680.55**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,469.06**	**3,464.53**	**-**	**44,538.13**	**24,145.08**	**316.94**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
Deposits Repaid Total																						
Interest Paid on Inter Corporate Deposits	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101.53	4.87	-	101.53	4.87	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.27	1.47	-	0.27	1.47	-
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.31	0.66	-	0.31	0.66	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50	0.52	-	0.50	0.52	-
	Religare Finvest Limited	-	-	-	51.53	20.01	-	-	-	-	-	-	-	-	-	-	-	-	-	51.53	20.01	-
	Fortis Financial Services Limited	-	-	3.83	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.83
	Religare Insurance Broking Ltd	-	-	-	0.11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.11	-	-
Interest Paid on Inter Corporate Deposits Total		**-**	**-**	**3.83**	**51.64**	**20.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**102.61**	**7.52**	**-**	**154.25**	**27.53**	**3.83**
Inter Corporate Deposits Given	Religare Finvest Limited	-	-	-	368.62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	368.62	-	-
	Religare Commodities Limited	-	-	-	256.14	44.86	37.18	-	-	-	-	-	-	-	-	-	-	-	-	256.14	44.86	37.18
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.24	6.00	-	1.24	6.00	-
Inter Corporate Deposits Given Total		**-**	**-**	**-**	**624.76**	**44.86**	**37.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.24**	**6.00**	**-**	**626.00**	**50.86**	**37.18**
Inter Corporate Deposits Received Back	Religare Finvest Limited	-	-	-	259.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	259.22	-	-
	Religare Commodities Limited	-	-	-	256.14	56.32	25.72	-	-	-	-	-	-	-	-	-	-	-	-	256.14	56.32	25.72
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.24	6.00	-	1.24	6.00	-
Inter Corporate Deposits Received Back Total		**-**	**-**	**-**	**515.36**	**56.32**	**25.72**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.24**	**6.00**	**-**	**516.60**	**62.32**	**25.72**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
Interest Received on Inter Corporate Deposits	Religare Finvest Limited	-	-	-	0.05	-	-	-	-	-	-	-		-	-	-	-	-	-	0.05	-	-
	Religare Commodities Limited	-	-	-	0.10	0.76	0.97	-	-	-	-	-		-	-	-	-	-	-	0.10	0.76	0.97
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.01	-	-	0.01	-	-
Interest Received on Inter Corporate Deposits Total		**-**	**-**	**-**	**0.15**	**0.76**	**0.97**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**0.01**	**-**	**-**	**0.16**	**0.76**	**0.97**
Dividend Received and Paid on Behalf	Oscar Investment Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	2.40	-	-	2.40	-	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	24.31	-	-	24.31	-	-
Dividend Received and Paid on Behalf Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**26.71**	**-**	**-**	**26.71**	**-**	**-**
Allotment of Equity Shares	Religare Enterprises Limited	500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500.00	-	-
Allotment of Equity Shares Total		**500.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**500.00**	**-**	**-**
Share Application Money Refund	Religare Enterprises Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Share Application Money Refund Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Issue of Debentures	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	200.00	-	-	200.00	-	-
Issue of Debentures Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**200.00**	**-**	**-**	**200.00**	**-**	**-**
Redemption of Debentures	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	200.00	-	-	200.00	-	-
Redemption of Debentures Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**200.00**	**-**	**-**	**200.00**	**-**	**-**
Dividend Paid / Payable	Religare Enterprises Limited	54.09	39.50	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	54.09	39.50	-
	Fortis Financial	-	-	0.29	-	-	-	-	-	-	-	-		-	-	-	-	12.00	-	-	12.00	0.29

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	**2005-2006**	**2004-2005**	**2006-2007**	**2005-2006**	**2004-2005**	**2006-2007**	**2005-2006**	**2004-2005**	**2006-2007**	**2005-2006**	**2004-2005**	**2006-2007**	**2005-2006**	**2004-2005**	**2006-2007**	**2005-2006**	**2004-2005**	**2006-2007**	**2005-2006**	**2004-2005**
	Services Limited																					
	Malvinder Mohan Singh	-	-	-	-	-	-	-	11.38	-	-	-		-	-	-	-	-	-	-	11.38	-
	Shivinder Mohan Singh	-	-	-	-	-	-	-	11.38	-	-	-		-	-	-	-	-	-	-	11.38	-
Dividend Paid / Payable Total		**54.09**	**39.50**	**0.29**	**-**	**-**	**-**	**-**	**22.76**	-	**-**	**-**		**-**	**-**	**-**	**-**	**12.00**	**-**	**54.09**	**74.26**	**0.29**
Commission Paid	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	9.84	-	-	9.84	-
Commission Paid Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**9.84**	**-**	**-**	**9.84**	**-**
Corporate Guarantee Given by Group Companies	Religare Enterprises Limited	150.00	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	150.00	-	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	300.00	-	-	300.00	-	-
Corporate Guarantee Total		**150.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**300.00**	**-**	**-**	**450.00**	**-**	**-**
Shares Pledged By Group Companies	Religare Enterprises Limited	240.11	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	240.11	-	-
Shares Pledged By Group Companies Total		**240.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	-	-	**-**	**240.11**	**-**	**-**
INVESTMENTS																						
Purchase of Shares	Fortis Financial Services Limited	-	-	2.95	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	2.95
Purchase of Shares Total		**-**	**-**	**2.95**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.95**
BROKING TRANSACTIONS (SECONDARY MARKET OPERATIONS)							**-**			-						**-**			**-**			
Secondary Market Transactions		-	-	4.47	-	-	-	-	-	-	-	-		-	-	-	176.03	10.56	-	176.03	10.56	4.47
	Fortis Financial Services																					

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
(Gross Basis)	Limited																					
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	98.91	1,813.04	-	98.91	1,813.04	-
	Religare Finvest Limited	-	-	-	353.52	-	-	-	-	-	-	-		-	-	-	-	-	-	353.52	-	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	1,696.27	1,367.67	-	1,696.27	1,367.67	-
	Malvinder Mohan Singh	-	-	-	-	-	-	139.12	-	-	-	-		-	-	-	-	-	-	139.12	-	-
	Religare Enterprises Limited	500.02	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	500.02	-	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	1.24	-	-	1.24	-	-
	Religare Commodities Limited	-	-	-	15.41	-	-	-	-	-	-	-		-	-	-	-	-	-	15.41	-	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	0.26	-	-	0.26	-
	Shivinder Mohan Singh	-	-	-	-	-	-	139.31	-	-	-	-		-	-	-	-	-	-	139.31	-	-
	Shivinder Mohan Singh (HUF)	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Trading Transaction Total		**500.02**		**4.47**	**368.93**			**278.43**									**1972.45**	**3191.53**		**3119.83**	**3191.53**	**4.47**
Brokerage Earned	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	0.54	-	-	0.54	-
	Religare Enterprises Limited	0.18	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.18	-	-
	Religare Finvest Limited	-	-	-	0.13	-	-	-	-	-	-	-		-	-	-	-	-	-	0.13	-	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.16	0.02	-	0.16	0.02	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	0.01	-	-	0.01	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.94	0.50	-	0.94	0.50	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
	Shivinder Mohan Singh	-	-	-	-	-	-	0.05	-	-	-	-		-	-	-	-	-	-	0.05	-	-
	Malvinder Mohan Singh	-	-	-	-	-	-	0.05	-	-	-	-		-	-	-	-	-	-	0.05	-	-
Brokerage Earned Total		**0.18**	**-**	**-**	**0.13**	**-**	**-**	**0.10**	**-**	-	**-**	**-**		**-**	**-**	**-**	**1.10**	**1.07**	**-**	**1.51**	**1.07**	**-**
OTHER RECEIPTS AND PAYMENTS																-			-			
Purchase of Fixed Asset	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	9.00	-	-	9.00	-	-
Purchase of Fixed Asset Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**9.00**	**-**	**-**	**9.00**	**-**	-
Purchase of Services	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	4.09	-	-	4.09	-	-
Purchase of Services Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**4.09**	**-**	**-**	**4.09**	**-**	-
Depository Charges	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.03	-	-	0.03	-	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.02	-	-	0.02	-	-
	Religare Enterprises Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Religare Finvest Limited	-	-	-	0.46	-	-	-	-	-	-	-		-	-	-	-	-	-	0.46	-	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Religare Commodities Limited	-	-	-	0.04	-	-	-	-	-	-	-		-	-	-	-	-	-	0.04	-	-
	Fortis Health Care Holdings Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Depository Charges Total		**-**	**-**	**-**	**0.50**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**0.05**	**-**	**-**	**0.55**	**-**	**-**
Financial Advisory Fees	Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	12.57	-	-	12.57	-	-
Financial Advisory Fees Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**12.57**	**-**	**-**	**12.57**	**-**	**-**
ALLOCATION OF																-			-			

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
EXPENSES TO OTHER COMPANIES																						
Rent Expenses	Religare Insurance Broking Ltd	-	-	-	1.42	-	-	-	-	-	-	-		-	-	-	-	-	-	1.42	-	-
Rent Expenses Total		**-**	**-**	**-**	**1.42**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**1.42**	**-**	**-**
Lease Rental Expenses	Religare Finvest Limited	-	-	-	10.95	-	-	-	-	-	-	-		-	-	-	-	-	-	10.95	-	-
	Religare Commodities Limited	-	-	-	2.13	-	-	-	-	-	-	-		-	-	-	-	-	-	2.13	-	-
Lease Rental Expenses Total		**-**	**-**	**-**	**13.08**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**13.08**	**-**	**-**
IT Service Expenses	Religare Commodities Limited	-	-	-	1.51	-	-	-	-	-	-	-		-	-	-	-	-	-	1.51	-	-
	Religare Enterprises Limited	0.03	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.03	-	-
	Religare Insurance Broking Ltd	-	-	-	0.13	-	-	-	-	-	-	-		-	-	-	-	-	-	0.13	-	-
IT Service Expenses Total		**0.03**	**-**	**-**	**1.64**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**1.67**	**-**	**-**
Electricity expenses	Religare Insurance Broking Ltd	-	-	-	0.62	-	-	-	-	-	-	-		-	-	-	-	-	-	0.62	-	-
	Religare Finvest Limited	-	-	-	2.13	-	-	-	-	-	-	-		-	-	-	-	-	-	2.13	-	-
Electricity expenses Total		**-**	**-**	**-**	**2.75**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**2.75**	**-**	**-**
ALLOCATION OF EXPENSES BY OTHER COMPANIES																**-**			**-**			
Rent Expenses	Religare Enterprises Limited	6.31	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	6.31	-	-
Rent Expenses Total		**6.31**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**6.31**	**-**	**-**
Electricity expenses	Religare Enterprises Limited	0.06	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.06	-	-
Electricity expenses Total		**0.06**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**0.06**	**-**	**-**
Insurance expenses	Religare Enterprises Limited	0.26	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.26	-	-
Insurance expenses Total		**0.26**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**0.26**	**-**	**-**
Repair & Maintenance expenses	Religare Enterprises Limited	0.58	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.58	-	-
Repair & Maintenance expenses Total		**0.58**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**0.58**	**-**	**-**
REIMBURSEMENT OF EXPENSES																**-**			**-**			
Expense Reimbursement to other Companies	Religare Enterprises Limited	0.41	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.41	-	-
	Fortis Financial	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	2.29	-	-	2.29	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
	Services Limited																					
	Religare Finvest Limited	-	-	-	0.17	-	-	-	-	-	-	-		-	-	-	-	-	-	0.17	-	-
	Religare Reality Limited	-	-	-	0.04	-	-	-	-	-	-	-		-	-	-	-	-	-	0.04	-	-
Expense Reimbursement to other Companies Total		**0.41**	**-**	**-**	**0.21**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**2.29**	**-**	**0.62**	**2.29**	**-**
Expense Reimbursement by other Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.02	-	-	0.02	-	-
	Religare Enterprises Limited	0.10	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	0.10	-	-
	Religare Commodities Limited	-	-	-	1.63	-	-	-	-	-	-	-		-	-	-	-	-	-	1.63	-	-
	Religare Finvest Limited	-	-	-	0.74	-	-	-	-	-	-	-		-	-	-	-	-	-	0.74	-	-
	Religare Reality Limited	-	-	-	0.14	-	-	-	-	-	-	-		-	-	-	-	-	-	0.14	-	-
	Religare Insurance Broking Ltd	-	-	-	0.41	-	-	-	-	-	-	-		-	-	-	-	-	-	0.41	-	-
Expense Reimbursement by other Companies Total		**0.10**	**-**	**-**	**2.92**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**0.02**	**-**	**-**	**3.04**	**-**	-
Remuneration to Key Management Personnel	Sunil Godhwani	-	-	-	-	-	-	-	-	-	8.92	6.12	3.80	-	-	-	-	-	-	8.92	6.12	3.80
Remuneration to Key Management Personnel Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**8.92**	**6.12**	**3.80**	**-**	**-**	**-**	**-**	**-**	**-**	**8.92**	**6.12**	**3.80**
Other Expenses (Lease Rental Paid)	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	2.19	2.10	-	2.19	2.10	-
	Religare Finvest Limited	-	-	-	1.82	0.36	-	-	-	-	-	-		-	-	-	-	-	-	1.82	0.36	-
	Radhika N Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.47	0.30	-	-	-	-	1.47	0.30	-
	Rochiram P Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.47	0.30	-	-	-	-	1.47	0.30	-
	Naraindas P Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.47	0.30	-	-	-	-	1.47	0.30	-
	Hari R Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.47	0.30	-	-	-	-	1.47	0.30	-
	Fortis Financial Services Limited	-	-	0.50	-	-	-	-	-	-	-	-		-	-	-	0.22	1.20	-	0.22	1.20	0.50
	Religare Reality Limited	-	-		0.09	-	-	-	-	-	-	-		-	-	-	-	-	-	0.09	-	-
Other Expenses		**-**	**-**	**0.50**	**1.91**	**0.36**	**-**	**-**	**-**	-	**-**	**-**		**5.88**	**1.20**	**-**	**2.41**	**3.30**	**-**	**10.20**	**4.86**	**0.50**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
(Lease Rental Paid) Total							-			-						-			-			
OUTSTANDING BALANCES Payables							-			-						-			-			
Unsecured Loan	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	215.00	549.64	-	215.00	549.64	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	9.10	-	-	9.10	-
	Fortis Financial Services Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	2.05	-	-	2.05	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	3.90	3.38	-	3.90	3.38	-
Unsecured Loan Total		**-**	**-**	**0.02**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**218.90**	**564.17**	**-**	**218.90**	**564.17**	**0.02**
Other Payables	Religare Commodities Limited	-	-	-	0.01	-	-	-	-	-	-	-		-	-	-	-	-	-	0.01	-	-
Other Payables Total		**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**	-
Dividend Payable	Religare Enterprises Limited	15.09	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	15.09	-	-
Dividend Payable Total		**15.09**	**-**	**-**	-	-	**-**	-	-	-	-	-		-	-	**-**	-	-	**-**	**15.09**	**-**	-
							-			-						-			**-**			-
Payable Total		**15.09**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**218.90**	**564.17**	**-**	**234.00**	**564.17**	**-**
Receivables							**-**			-						**-**			**-**			
Unsecured Loan	Religare Finvest Limited	-	-	-	67.99	-	-	-	-	-	-	-		-	-	-	-	-	-	67.99	-	-
	Religare Commodities Limited	-	-	-	-	-	**12.44**									-			-			12.44
Unsecured Loan Total		**-**	**-**	**-**	**67.99**	**-**	**12.44**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**67.99**	**-**	**12.44**
Other Receivables	Fortis Financial Services Limited	-	-	3.10	-	-	-	-	-	-	-	-		-	-	-	0.67	0.01	-	0.67	0.01	3.10
	Religare Finvest Limited	-	-	-	0.43	-	-	-	-	-	-	-		-	-	-		-	-	0.43	-	-
	Religare Commodities Limited	-	-	-	0.04	0.59	-	-	-	-	-	-		-	-	-	-	-	-	0.04	0.59	-
	Religare Enterprises Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-		-	-	-	68.87	-	-	68.87	-	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control			Key Management Personnel			Relatives of Key Management Personnel			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005	2006-2007	2005-2006	2004-2005
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Fortis Health Care Holdings Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	-	-		-	-	-	0.07	-	-	0.07	-	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Other Receivables Total		**-**	**-**	**3.10**	**0.47**	**0.59**	**-**	**-**	**-**	-	**-**	**-**		**-**	**-**	**-**	**69.61**	**0.01**	**-**	**70.08**	**0.60**	**3.10**
Security Deposits	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-			-	-	1.05	1.05	-	1.05	1.05	-
	Fortis Financial Services Limited	-	-	0.60	-	-	-	-	-	-	-	-			-	-	0.60	0.60	-	0.60	0.60	0.60
	Radhika N Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.44	1.44	-	-	-	-	1.44	1.44	-
	Rochiram P Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.44	1.44	-	-	-	-	1.44	1.44	-
	Naraindas P Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.44	1.44	-	-	-	-	1.44	1.44	-
	Hari R Godhwani	-	-	-	-	-	-	-	-	-	-	-		1.44	1.44	-	-	-	-	1.44	1.44	-
Security Deposits Total		**-**	**-**	**0.60**	**-**	**-**	**-**	**-**	**-**	-	**-**	**-**		**5.76**	**5.76**	**-**	**1.65**	**1.65**	**-**	**7.41**	**7.41**	**0.60**
Receivables Total		**-**	**-**	**3.70**	**68.46**	**0.59**	**12.44**	**-**	**-**	-	**-**	**-**		**5.76**	**5.76**	**-**	**71.26**	**1.66**	**-**	**145.48**	**8.01**	**16.14**

Note:

1. Fortis Financial Services Limited was Holding Company till May 16, 2005

2. No transactions has been reported with the Related Parties in the Audited Financial Statements for the Years ended March 31, 2004 and 2003.

ANNEXURE- IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	Particulars	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
A.	**Cash Flow From Operating Activities:**					
	Profit Before Tax, As Restated	204.37	309.65	116.76	43.22	3.90
	Adjustments for:					
	Depreciation	115.18	26.53	6.55	2.88	1.47
	Interest Expense	194.95	73.65	80.22	40.98	2.75
	Interest Income	(380.47)	(174.71)	(112.12)	(47.30)	(3.59)
	Income from Investment - Dividends	(1.11)	(0.05)	(0.02)	-	(0.29)
	Lease Rent - Finance Lease	0.01	0.05	0.10	0.09	-
	Loss on Fixed Assets sold	0.09	0.09	0.96	-	-
	(Profit) / Loss on sale of investments	(0.09)	0.05	-	(0.91)	-
	Bad Debts and Provision for Doubtful Debts	6.14	1.48	-	-	-
	Provision for Gratuity & Leave Encashment	8.88	3.36	1.04	0.44	0.57
	TDS on technical/service /other operating income	(10.37)	(8.71)	(6.42)	(3.56)	0.28
	Any other non cash Item					
	- Liability no longer required written back	-	-	-	-	-
	- Discount on issue of Commercial Papers	34.78	-	-	-	-
	Operating Profit before working capital changes	**172.36**	**231.39**	**87.07**	**35.84**	**5.09**
	(Increase)/Decrease in Sundry Debtors	(1,320.18)	33.91	(666.56)	(585.42)	0.45
	(Increase)/Decrease in Other Receivables	(11.97)	(100.34)	(148.30)	(17.10)	1.00
	(Increase)/Decrease in Inventories	-	-	0.07	(0.07)	-
	Increase/(Decrease) in Trade and Other Payables	1,005.96	153.67	516.07	90.27	(16.35)
	Cash generated from operations	**(153.83)**	**318.63**	**(211.65)**	**(476.48)**	**(9.81)**
	- Taxes (Paid) / Received (Net of TDS)	(48.97)	(88.10)	(30.08)	(2.21)	2.43
	Net cash from/(used in) operating activities	**(202.80)**	**230.53**	**(241.73)**	**(478.69)**	**(7.38)**
B.	**Cash Flow From Investing Activities:**					
	Purchase of Fixed Assets	(476.29)	(223.27)	(41.71)	(13.31)	(5.32)
	Capital Work in Progress	(12.25)	(52.28)	-	-	-
	Proceeds from Sale of Fixed Assets	0.82	0.74	1.50	-	0.02
	Proceeds from Sale of Investments	931.71	0.32	0.01	52.55	5.47
	Purchase of Investments	(930.56)	-	(2.95)	(0.42)	(5.43)
	Finance Lease Rent (Principal Portion)	(0.23)	(0.60)	(0.56)	-	-
	Interest Received	320.39	165.85	107.64	45.66	3.18
	Dividend Received	0.05	0.05	0.02	-	0.29
	Net cash from/(used in) investing activities	**(166.36)**	**(109.19)**	**63.95**	**84.48**	**(1.79)**
C.	**Cash Flow From Financing Activities:**					
	Proceeds form fresh issue of Equity Share Capital	500.00	160.00	-	-	-
	Redemption of Preference Share Capital	-	(50.00)	-	-	-
	Proceeds from Short term borrowings					
	- Payments to ICD's (net)	(224.17)	(265.17)	910.95	1.76	11.07
	- Receipts from Commercial Paper (net)	919.52	-	-	-	-

- Proceeds from fixed deposits (net)	(21.69)	(2.71)	2.00	(1.00)	23.40
- Proceeds from Cash Credits (net)	168.22	580.39	(117.89)	474.18	6.92
Finance Lease Rent	(0.01)	(0.05)	(0.10)	(0.09)	-
Interest Paid	(159.45)	(79.65)	(81.48)	(24.45)	(6.75)
Dividend Paid	(79.00)	(58.81)	-	-	-
Dividend Tax Paid	(11.08)	(8.25)	-	-	-
Net cash From/(used in) financing activities	**1,092.34**	**275.75**	**713.48**	**450.40**	**34.64**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**723.18**	**397.09**	**535.70**	**56.19**	**25.47**
Cash and cash equivalents at the beginning of the Year	1,038.17	641.08	105.38	49.19	23.72
Cash and cash equivalents at the end of Year	1,761.35	1,038.17	641.08	105.38	49.19
Components of cash and cash equivalents					
Cash in hand	1.47	2.31	0.71	0.88	0.09
Balance with Scheduled Banks in					
Current Account	46.75	13.29	291.95	9.44	32.05
Fixed Deposits (Refer Note No. 3)	1,713.13	1,022.57	348.42	95.06	17.05
	1,761.35	**1,038.17**	**641.08**	**105.38**	**49.19**

Notes :

1 The 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 Figures in brackets indicate cash outgo.

3 Includes deposits pledged with the banks towards credit facilities/margin requirements with banks and stock exchanges, for details refer Annexure No. III Note No. (4) (b)

RELIGARE SECURITIES LIMITED

STATEMENT OF DIVIDEND PAID / PROPOSED

Annexure- V

(Rupees in million)

Class of Shares	Face Value of Share Rupees	01.04.2006 To 31.03.2007		01.04.2005 to 31.03.2006		01.04.2004 To 31.03.2005		01.04.2003 to 31.03.2004	01.04.2002 to 31.03.2003
Equity Dividend									
Equity Share Capital as at year end	**10**		271.43		200.00		40.00	40.00	40.00
Rate of Interim Dividend		31-Mar-07	7.50%	29-Jul-05	6.00%	30-Jun-05	30.00%	-	-
		29-Jan-07	12.00%	18-Oct-05	7.50%				
		28-Aug-06	7.50%	16-Jan-06	6.00%				
				17-Apr-06	20.00%				
Aggregate amount of Equity Dividend			54.09		79.00		12.00	-	-
Preference Dividend									
Preference Share Capital as at year end	**10**		-		-		50.00	50.00	50.00
Rate of Dividend				1-Jul-05	12.5%	30-Jun-05	12.5%		
Aggregate amount of Preference Dividend			-		1.56		6.25	-	-
Total Dividend			54.09		80.56		18.25	-	-

Note

1. The rate of dividend declared on the respective date(s) relates to the paid-up capital on such date(s)

2. The interim dividend declared in each of the year is the Final Dividend for the respective years.

RELIGARE SECURITIES LIMITED

Annexure- VI

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFITS/(LOSSES))

		Year Ended				
Particulars		**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
Earning Per Share (EPS) - Basic and Diluted	Rs.	6.19	11.09	16.31	7.48	0.64
Return on Net Worth	%	12.95%	50.13%	40.09%	23.20%	2.59%
Net Asset Value (NAV) Per Share	Rs.	35.41	19.92	32.65	19.74	12.26

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = $\frac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/(loss) Per Share (Rs.) = $\frac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth (%) = $\frac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$

Net Asset Value (NAV) Per Share (Rs.) = $\frac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5 Figures in bracket indicates loss.

RELIGARE SECURITIES LIMITED

ANNEXURE- VII

STATEMENT OF SECURED AND UNSECURED LOANS

SECURED LOANS

(Rs in million)

S.No.	Particulars	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
A	**Working Capital Loan from Banks**					
	HDFC Bank Limited					
	Secured by pledge of shares from third parties	338.29	589.62	159.89	99.31	
	(Refer Note 1)					
	HDFC Bank Limited					
	Secured against Fixed Deposit Receipts	130.04	-	-	-	-
	Punjab National Bank					
	Secured against Fixed Deposit Receipts	46.25	-	-	-	-
	Oriental Bank of Commerce					
	Secured against Fixed Deposit Receipts	280.00	-	-	-	-
	Bank of Rajasthan					
	Secured against Fixed Deposit Receipts			17.50		
	SUB-TOTAL	**794.58**	**589.62**	**177.39**	**99.31**	**-**
B	**Short Term loan from Banks**					
	Punjab National Bank					
	Secured by pledge of shares from third parties	204.93	-	-	-	-
	Standard Chartered Bank					
	Secured by pledge of shares from third parties			124.20	182.99	
	(Refer Note 2)					
	Citi Bank					
	Secured by pledge of shares from third parties				84.82	-
	Citi Bank					
	(Hypothecation of vehicle - hirepurchase)				0.23	0.40
	Deutsche Bank					
	Secured by pledge of shares from third parties	-	10.00	10.00	10.00	6.00
	(Refer Note 3)					
	SUB-TOTAL	**204.93**	**10.00**	**134.20**	**278.04**	**6.40**
	Interest accrued and due	0.84	-	-	0.63	-
	TOTAL	**1,000.35**	**599.62**	**311.59**	**377.98**	**6.40**

UNSECURED LOANS

(Rs in million)

S.No.	Particulars	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
A	Commercial Paper (Refer Note 4)	954.30	-	-	-	-
B	Inter Corporate Deposits (Refer Note 5 and 6)	438.85	663.02	928.19	2.80	-
C	Fixed Deposits (Refer Note 7)	-	21.69	24.40	22.40	23.40
D	Other Loans (Refer Note 6 and 8)	-	-	-	14.44	15.48
	SUB-TOTAL	**1,393.15**	**684.71**	**952.59**	**39.64**	**38.88**
	Interest accrued and due	45.56	10.38	16.48	17.06	1.19
	TOTAL	**1,438.71**	**695.09**	**969.07**	**56.70**	**40.07**

Notes:

1 HDFC Bank has sanctioned working capital facility of Rs 80 million on overdraft against shares. As at March 31, 2004 amount outstanding as per company books of accounts including cheques issued but not presented is Rs 99.31 million.

2 Standard Chartered Bank has sanctioned working capital facility of Rs 125 million on overdraft against shares. As at March 31, 2004 amount outstanding as per company books of accounts including cheques issued but not presented is Rs 182.99 million.

3 Loan from Deutsche Bank amounting to Rs 10 million was reported as unsecured loan in Audited accounts for the year ended March 31, 2006. Now as a material regrouping, same has been reclassified as secured loan in Restated financials.

4 Details of Terms of Discount rate and repayment schedule of Commercial papers are as set out below:

Year ended March 31, 2007 **Rs in million**

Particulars of Lenders and Instrument	Principal Amount	Discount Rate	Repayment Schedule
LIC Mutual Fund Asset Management Co. (1000 commercial papers of Rs 500,000 each dated 19th Oct 2006 aggregating to Rs 500 million)	478.27	Issued at Rs 460.17 million, discount rate 8.75 % per annum	October 15, 2007
LIC Mutual Fund Asset Management Co. (50 commercial papers of Rs 10,000,000 each dated 3rd Nov 06 aggregating to Rs 500 million)	476.03	Issued at Rs 459.34 million, discount rate 8.90 % per annum	November 1, 2007
Total	**954.30**		

5 Interest on Unsecured Inter Corporate deposits was payable in the range of 11% to 12%, 9.25% to 12% and 8.50% to 12% and 12% per annum for the years ended March 31, 2007, March 31, 2006, March 31, 2005 and March 31, 2004 respectively.

6 The break up of Inter Corporate Deposits and Other loans for the years ended March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and the rates of interest are based on information furnished by the management and relied upon by us.

7 Interest on Fixed Deposits was 9% per annum for the years ended March 31, 2007, March 31, 2006 and March 31, 2005 and 11% per annum for the years ended March 31, 2004 and March 31, 2003.

8 Unsecured Other loans include loans received from Directors and their relatives. Interest was payable at the rate of 12% per annum for the years ended March 31, 2004 and March 31, 2003.

Annexure- VIII

STATEMENT OF OTHER INCOME, AS RESTATED

(Rupees in million)

PARTICULARS	For the year ended March 31,					Nature of Income	Related / Not Related To Business Activity
	2007	2006	2005	2004	2003		
Dividend	1.11	0.05	0.02	-	0.28	Non - Recurring	Non Related
Bad debt recovered	0.01	0.16	1.51	2.50	0.63	Non - Recurring	Related
Balances Written Back (Net)	2.00	4.00	1.49	-	-	Non - Recurring	Related
Profit on sale of investments	0.09	-	-	0.92	-	Non - Recurring	Non Related
Income from Private Placement, Underwriting & Advisory Services	32.70	-	4.15	1.80	1.80	Recurring	Related
Recovery of Expenses from clients	164.46	96.21	19.65	-	-	Recurring	Related
Miscellaneous Income	7.18	9.26	0.31	0.61	0.14	Recurring	Related
TOTAL	**207.55**	**109.68**	**27.13**	**5.83**	**2.85**		

Religare Finvest Limited

Auditors' Report

To
The Board of Directors,
Religare Finvest Limited,
19, Nehru Place,
New Delhi 110 019

Dear Sirs,

1) We have examined the attached financial information of Religare Finvest Limited (formerly Fortis Finvest Ltd up to April 3, 2006, Skylark Securities Private Ltd up to September 22, 2004) ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Ltd ('the holding company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) Financial Information of the Company

These financial information of the Company have been extracted by the Management from the financial statements for the years ended March 31, 2003, 2004, 2005, 2006 and 2007. Audit for the financial years ended March 31, 2003 and 2004 was conducted by previous auditors, Rajesh K.Agrawal & Associates and audit for the financial years ended March 31, 2005 and 2006 was conducted by previous auditors, Harish Gambhir & Co, and accordingly reliance has been placed on the financial statements audited by them for the said years after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated Summary Statement of Assets and Liabilities and restated Summary of Profit or Loss of the Company for the respective years after incorporating:

(a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods identified by the management and examined by us for the purposes of restatement in the financial information.

(b) Adjustments for the material amounts in the respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

(c) Extra-ordinary items, if any, that need to be disclosed separately in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

(d) Adjustments, if any, for qualification requiring adjustments in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

The above mentioned additional procedures for the years ended March 31, 2003, 2004, 2005 and 2006 should not be construed as an audit conducted under the Generally Accepted Auditing Standards in India and accordingly we are not expressing an opinion on the individual financial statements for the years ended March 31, 2003, 2004, 2005 and 2006 in respect of which the previous auditors have expressed an unqualified opinion as to true and fair view of the financial statements for the respective years.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

(a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2003, 2004, 2005, 2006 and 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

(b) The Restated Summary Statement of Profit or Loss of the Company for the years ended March 31, 2003, 2004, 2005, 2006 and 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

(c) Based on above and also as per the reliance placed on the financial statements audited by previous auditors for the years ended March 31, 2003, 2004, 2005 and 2006 and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the respective years, we are of the opinion that the restated financial information have been made after incorporating:

(i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

(ii) adjustments for the material amounts in the respective financial years to which they relate and

(iii) there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

(d) We have also examined the following other financial information setout in Annexures (IV to VIII) prepared by the management and approved by the Board of Directors relating to the Company for the years ended March 31 2003, 2004, 2005, 2006 and 2007. In respect of the years ended March 31, 2003 and 2004 these information have been included based upon the financial statements audited by the previous auditors, Rajesh K.Agrawal & Associates and in respect of the years ended March 31, 2005 and 2006 these information have been included based upon the financial statements audited by the previous auditors, Harish Gambhir & Co, and relied upon by us (Also refer paragraph 2 above).

(i) Statement of Restated Cash Flows for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 included in Annexure IV

(ii) Statement of Dividend paid/proposed included in Annexure V.

(iii) Statement of Accounting Ratios included in Annexure VI

(iv) Statement of Secured and Unsecured Loans included in Annexure VII.

(v) Statement of Other Income included in Annexure VIII.

In our opinion the financial information contained in Annexure I to VIII of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

4) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by any of the other Auditors.

5) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

6) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi

Date: May 30, 2007

RELIGARE FINVEST LIMITED
(formerly known as Fortis Finvest Limited)

Annexure I

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	61.42	38.17	0.65	-	0.11
Less: Depreciation	(10.67)	(3.97)	(0.00)	-	(0.06)
Net Block	50.75	34.20	0.65	-	0.05
Capital Work-in Progress	0.76	0.62	-	-	-
Total	**51.51**	**34.82**	**0.65**	**-**	**0.05**
B. Investments	353.54	-	-	-	-
C. Current Assets, Loans and Advances					
Sundry Debtors	89.05	3.99	-	1.17	1.11
Cash and Bank Balances	314.08	215.06	0.60	1.41	1.07
Other Current Assets	45.02	1.44	16.52	-	0.38
Loans and Advances	5,640.00	4,024.30	2,742.60	-	-
total	**6,088.15**	**4,244.79**	**2,759.72**	**2.58**	**2.56**
total Assets (A+B+C)	**6,493.20**	**4,279.61**	**2,760.37**	**2.58**	**2.61**
D. Liabilities and Provisions					
Secured Loans	1,889.69	924.72	1,267.38	-	-
Unsecured Loans	2,614.40	2,717.09	1,454.00	-	-
Current Liabilities	256.59	73.60	2.85	0.01	0.04
Provisions	40.93	1.67	5.70	-	0.00
Total	**4,801.61**	**3,717.08**	**2,729.93**	**0.01**	**0.04**
E. Deferred Tax Liability	6.46	4.24	0.07	0.00	0.00
F. Net Worth (A+B+C-D-E)	**1,685.13**	**558.29**	**30.37**	**2.57**	**2.57**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	875.00	250.00	20.00	2.50	2.50
Preference Share Capital	-	250.00	-	-	-
Total	**875.00**	**500.00**	**20.00**	**2.50**	**2.50**
H. Reserves and Surplus	810.13	58.29	10.37	0.07	0.07
Less: Miscellaneous Expenditure	**-**	**-**	**-**	**-**	**-**
(to the extent not written off or adjusted)					
Total	**810.13**	**58.29**	**10.37**	**0.07**	**0.07**
Net Worth (G+H)	**1,685.13**	**558.29**	**30.37**	**2.57**	**2.57**

Note : The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III

RELIGARE FINVEST LIMITED
(formerly known as Fortis Finvest Limited)

Annexure II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	For the year ended March 31, 2007	2006	2005	2004	2003
Income					
Income from Operations	948.72	534.89	180.29	0.06	0.10
Profit on sale of Investments (net)	12.34	0.77	1.78	-	-
Income from Investments	3.51	2.55	-	-	-
Other Income	8.68	2.83	0.02	0.01	-
Total Income	**973.25**	**541.04**	**182.09**	**0.07**	**0.10**
Expenditure					
Interest and Finance Charges	505.91	380.50	151.44	-	-
Personnel Expenses	76.94	15.88	0.57	0.04	0.04
Administrative and Other Operating Expenses	95.77	18.20	4.77	0.03	0.03
Depreciation	6.82	3.96	0.00	-	0.02
Total Expenditure	**685.44**	**418.54**	**156.78**	**0.07**	**0.09**
Profit Before Tax	**287.81**	**122.50**	**25.31**	**0.00**	**0.01**
Provision for Tax					
- Current Tax	95.37	36.10	9.25	0.00	0.00
- Deferred Tax (Net)	2.18	4.22	0.06	-	0.00
- Fringe Benefit Tax	0.83	0.13	-	-	-
Total	**98.38**	**40.45**	**9.31**	**0.00**	**0.00**
Net Profit before Adjustments	**189.43**	**82.05**	**16.00**	**0.00**	**0.01**
Adjustments (Net) (Refer Annexure-III)	(2.12)	2.12	0.00	0.00	0.00
Current Tax Impact of Adjustments	0.76	(0.76)	-	-	-
Deferred Tax Impact of Adjustments	(0.04)	0.04	-	-	-
Total of Adjustments after tax impact	**(1.40)**	**1.40**	**0.00**	**0.00**	**0.00**
Net Profit As Restated	**188.03**	**83.45**	**16.00**	**0.00**	**0.01**
Profit and Loss amount at the beginning of the year	28.86	5.56	0.06	0.06	0.05
Balance available for appropriation, As Restated	**216.89**	**89.01**	**16.06**	**0.06**	**0.06**
Appropriations					
Transfer to General Reserve	18.94	8.21	1.60	0.00	0.00
Transfer to Statutory Reserve u/s 45 IC of RBI Act	37.89	16.41	3.20	0.00	0.00
Interim Dividend on Equity Shares - paid	22.50	31.00	-	-	-
Interim Dividend on Equity Shares - payable	20.68	-	5.00	-	-
Dividend on Preference Shares	10.48	0.16	-	-	-
Tax on Distributed Profits	7.53	4.37	0.70	-	-
Balance Carried Forward Restated	**98.87**	**28.86**	**5.56**	**0.06**	**0.06**

Note : The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III

RELIGARE FINVEST LIMITED
(formerly known as Fortis Finvest Limited)

ANNEXURE-III: NOTES TO RESTATED SUMMARY OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE FINVEST LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

(a) **SUMMARY**

Below mentioned is the summary of results of restatements made in the audited accounts for the respective years and its impact on the profits of the Company :

(Rupees in million)

Particulars`	Refer Note	For the Year Ended March 31,				
		2007	**2006**	**2005**	**2004**	**2003**
Profit After Tax (PAT) as per audited accounts		189.43	82.05	16.00	0.00	0.01
Adjustments For						
Change in Accounting Policy						
Preliminary expenses written off	(c)	-	-	0.00	0.00	0.00
Prior Period Adjustments						
Prior Period Income	(d) (i)	(2.33)	2.33	-	-	-
Provision for Doubtful Debts	(d) (ii)	0.13	(0.13)	-	-	-
Amount Written Off	(d) (iii)	0.08	(0.08)	-	-	-
Net Total Adjustments		(2.12)	2.12	0.00	0.00	0.00
Current Tax Impact of Adjustments	(b)	0.76	(0.76)	-	-	-
Deferred Tax Impact of Adjustments	(b)	(0.04)	0.04	-	-	-
Profit After Tax (PAT) as per Restatement		**188.03**	**83.45**	**16.00**	**0.00**	**0.01**

(b) The Profit and Loss Account of some years include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years tax liability. Also, income tax (current tax and deferred tax) has been computed on adjustments made and has been adjusted in the Profit and Loss Account for respective years. The tax rate applicable for the year ended March 31, 2007 has been used to calculate the notional current and deferred tax impacts of the adjustments.

(c) **Changes in Accounting Policies**

For the purpose of this restatement, preliminary expenses not written off have been appropriately adjusted to the respective years in which they were incurred in compliance with Accounting Standard - 26 on Intangible Assets issued by the Institute of Chartered Accountants of India.

(d) **Other Adjustments:**

(i) **Prior Period Adjustments**

In the audited Financial Statements for the year ended March 31, 2007, certain items of income were identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted to the respective years to which they relate.

(ii) **Provision for doubtful loans and advances**

During the year ended March 31, 2007, provision has been made in respect of Non-Performing loans and advances in accordance with the prudential norms of Reserve Bank of India, out of which some part related to earlier year. For the purpose of this statement, the said provision, wherever required, has been appropriately adjusted to the respective year in which these loans and advances were accounted for.

(iii) **Bad debts written off**

During the year ended March 31, 2007, certain debit balances which pertain to earlier year were written off. For the purpose of this statement, the said bad debts written off have been appropriately adjusted to the respective year to which they relates.

(e) **MATERIAL REGROUPINGS**

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities and Profits and Losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the groupings as per the audited financials of the Company for the year ending March 31, 2007 and the requirements of the Guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

2. QUALIFICATIONS IN AUDITORS' REPORT

Other Audit Qualifications which do not require any corrective adjustment in the financial information are as follows:

CARO 2007:

(i) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is *generally* regular in depositing the 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 material statutory dues as applicable with the appropriate authorities.

(ii) In our opinion, there is a *scope for improvement of documentation and records* in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares.

3. STATEMENT OF 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) 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

i. Interest income from financing activities is recognized on an accrual basis as per Reserve Bank of India Prudential norms for Non-Banking Financial Companies.

ii. Financial advisory Fees are accrued based on stage of completion of assignments in accordance with terms of the relevant agreement.
iii. Dividend from investments is accounted for as income when the right to receive dividend is established.
iv. Brokerage from Mutual fund distribution activity is recognized on accrual basis
v. Provision for Non Performing Assets has been made as per prudential norms prescribed by Reserve Bank of India.
vi. Revenue excludes service tax

d) FIXED ASSETS

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

e) 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.

f) LEASED ASSETS

Assets acquired under leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating Leases. The rentals and all other expenses of assets under operating lease are treated as revenue expenditure.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit & Loss Account on straight – line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Profit & Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit & Loss Account.

g) DEPRECIATION

i. Immovable assets at the leased premises including civil works, electrical items are capitalized as Leasehold assets and are accordingly being amortized over the primary period of lease subject to maximum of 6 years
ii. Depreciation on fixed assets is provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 of India.
iii. Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from the date the asset is put to use/ discarded.
iv. 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) FOREIGN CURRENCY TRANSACTIONS

i) Transactions in foreign currencies are recorded at the rate of exchange in force at the time of occurrence of the transactions.

ii) Exchange differences arising on settlement of revenue transactions are recognized in the Profit and Loss account.

iii) Monetary items (other than those related to acquisition of fixed assets) denominated in a foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognized in the profit and loss account, if no forward cover is taken.

j) RETIREMENT BENEFITS

i) Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.
ii) Company's contribution to Provident Fund is charged to profit and loss account.

k) 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 recognized, 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.

l) FRINGE BENEFIT TAX

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

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

Ancillary costs incurred for arrangement of borrowings such as upfront fees / brokerages are period costs and are amortized over the tenure of the borrowing as per terms of sanction / agreement.

4. OTHER MATERIAL NOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS

a. CONTINGENT LIABILITIES

(Rs. in million)

	2006-07	**2005-06**	**2004-05**	**2003-04**	**2002-03**
Estimated amount of contracts remaining to be executed on capital	0.29	0.48	0.37	-	-

account and not provided for (net of advances)					
Undisbursed loans sanctioned	117.40	-	-	-	-
Claims against the Company not acknowledged as debts	0.09	-	-	-	-

b. Religare Finvest Limited ("the Company") was incorporated on 6th January, 1995 as Skylark Securities Private Limited The name of the Company was changed from Skylark Securities Private Limited to Fortis Finvest Private Limited on 23rd September 2004. The Company was converted into a public limited company on 07th October 2004 and the name was changed to Fortis Finvest Limited. Further on 4th April, 2006 the name of the Company has been changed to Religare Finvest Limited.

c. With effect from September 30, 2005 the Company became wholly owned subsidiary of Religare Enterprises Limited (formerly known as Vajreshwari Cosmetic Private Limited).

d. Classification of Loans and Advances and provision for Non-Performing Assets has been made in accordance with the Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by Reserve Bank of India after considering subsequent recoveries till date.

e. In the opinion of the Management of the Company, the current assets, loans and advances have a value on realisation in the ordinary course of the business at least equal to the amount at which they are stated.

f. The classification of loans into standard, sub-standard and loss assets have been disclosed at gross value and the corresponding provision against non-performing assets has been included under provisions in accordance with RBI guidelines.

g. Pursuant to RBI circular no. DNBS (PD) CC No. 84/03.10.27/2006-07, application has been made to RBI seeking approval for carrying on Mutual Fund distribution activity. The relevant approval is awaited.

h. The Shareholders of the Holding Company vide their resolution dated November 6, 2006 granted approval to 'Religare Enterprises Limited Employee Stock Option Scheme 2006' (the 'Scheme'). The grant date for the Options is November 15, 2006. Under the said Scheme, 2,000,000 Options of the Equity Share Capital of the Holding Company have been granted to the employees of the Holding Company and its subsidiaries at an exercise price of Rs. 140 per share. Number of such Options allocated to the employees of the Company and outstanding as on March 31, 2007 are 172,800. Employees covered by the Scheme are granted Option to purchase shares of the Holding Company subject to the requirements of vesting. These Options vest uniformly over a period of 3 years, whereby 33% of Options vest on each vesting date as per vesting schedule at the end of first and second year and 34% of Options vest at the vesting date as per vesting schedule at the end of third year. The same are exercisable within a period of 9 years from the First Vesting date. As the fair value of the shares at the date of grant of Options is less than the exercise price no amount has been charged to the Profit & Loss Account.

i. Segment Reporting:

(a) **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 Financing related activities (lending by way of secured and unsecured Loans to Corporate and others) and Financial Advisory Services.

(iv) Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on reasonable basis.

RELIGARE FINVEST LIMITED

RESTATED SEGMENT REPORTING: 2006-07, 2005-06, 2004-05

(Rs. in million)

		2006-07				**2005-06**				**2004-05**			
	Particulars	**Financing related activities**	**Financial Advisory related Services**	**Unallo-cated**	**Total**	**Financing related activities**	**Financial Advisory related Services**	**Unallo-cated**	**Total**	**Financing related activities**	**Financial Advisory related Services**	**Unallo-cated**	**Total**
	REVENUE												
1	**Segment Revenue**												
	External Revenue	770.64	140.08	62.53	**973.25**	517.55	19.34	4.15	**541.04**	179.78	0.53	1.78	**182.09**
	Inter-Segment Revenue	-	-	-	**-**	-	-	-	**-**	-	-		**-**
	Total Segment Revenue	770.64	140.08	62.53	**973.25**	517.55	19.34	4.15	**541.04**	179.78	0.53	1.78	**182.09**
	RESULTS												
2	**Segment Result**	164.88	99.35	23.58	**287.81**	107.44	11.09	3.97	**122.50**	24.90	(1.31)	1.72	**25.31**
	Less: Income Taxes				98.38				40.45				9.31
	Total Profit After Taxes				**189.43**				**82.05**				**16.00**
	OTHER INFORMA-TION												
3	**Segment Assets**	6,025.27	82.80	385.13	**6,493.20**	4,267.79	1.99	9.83	**4,279.61**	2,760.37	-	-	**2,760.37**
4	**Segment Liabilities**	4,750.11	4.61	53.34	**4,808.07**	3,714.01	1.26	6.04	**3,721.31**	2,724.22	0.01	5.77	**2,730.00**
5	**Capital Expenditure Addition**	6.59	1.93	16.23	**24.75**	34.39	0.34	2.79	**37.52**	0.65	-	-	**0.65**
6	**Depreciation**	2.88	2.95	0.99	**6.82**	3.81	0.03	0.13	**3.97**	0.00	-	-	**0.00**
7	**Non-cash exp other than Depreciation**	3.11	0.82	0.77	**4.70**	0.53	0.07	-	**0.60**	0.00	-	0.00	**0.00**

Note : Segment wise details are not reported in the audited financials for the year ended March 31, 2003 and March 31, 2004

(b) Geographical Segment:
The Company operates in one Geographic segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required.

j. **Related Party Disclosures:**

	Nature of Relationship	**Name of Party**
1)	Holding Company/Controlling Entity	Religare Enterprises Limited (Holding company w.e.f. 30.09. 2005)
2)	Fellow Subsidiaries	Religare Securities Limited Religare Commodities Limited Religare Insurance Broking Limited Religare Venture Capital Private Limited Religare Finance Limited Religare Wealth Management Limited Religare Capital Market Limited Religare Realty Limited
3)	Individuals owning directly or indirectly interest in voting power that gives them control	Malvinder Mohan Singh Shivinder Mohan Singh
4)	Key Management personnel	Mr. Atul Gupta Mr. Sunil Godhwani
5)	Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place	Ranbaxy Holding Company Fortis Financial Services Limited Ranbaxy Laboratories Limited Oscar Investments Limited Fortis Healthcare Limited

RELIGARE FINVEST LIMITED

Following transactions were carried out with related parties in the ordinary course of business

(Rs. in million)

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
FINANCE															
Inter Corporate Deposits Taken															
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	2,850.00	9,869.40
``	**Religare Securities Limited**	-	-	-	368.62	-	-	-	-	-	-	-	-	-	-
	Religare Commodities Limited	-	-	-	45.00	-	-	-	-	-	-	-	-	-	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	56.20	-
Inter Corporate Deposits Taken Total		-	-	-	413.62	-	-	-	-	-	-	-	-	2,906.20	9,869.40
Inter Corporate Deposits Repaid															
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	3,898.89	10,234.51
	Religare Securities Limited	-	-	-	259.22	-	-	-	-	-	-	-	-	-	-
	Religare		-	-			-							-	

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
	Commodities Limited	-			45.00	-		-	-	-	-	-	-		-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	56.20	-
Inter Corporate Deposits Repaid Total		-	-	-	304.22	-	-	-	-	-	-	-	-	3,955.09	10,234.51
Interest Paid on Inter Corporate Deposits															
	Religare Securities Limited	-	-	-	0.05	-	-	-	-	-	-	-	-	-	-
	Religare Commodities Limited	-	-	-	0.07	-	-	-	-	-	-	-	-	-	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	63.20	268.69
Interest Paid on Inter Corporate Deposits		-	-	-	0.12	-	-	-	-	-	-	-	-	63.20	268.69
Inter Corporate Deposits given															
	Religare Securities Limited	-	-	-	39,059.07	20,678.16	-	-	-	-	-	-	-	-	-
	Religare Commodities Limited	-	-	-	686.06	389.31	-	-	-	-	-	-	-	-	-
	Religare Insurance Broking Limited	-	-	-	8.35	-	-	-	-	-	-	-	-	-	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
	Religare Finance Limited	-	-	-	0.21	-	-	-	-	-	-	-	-	-	-
	Religare Realty Limited	-	-	-	9.35	-	-	-	-	-	-	-	-	-	-
	Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	85.00
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	130.00	0.30
Inter Corporate Deposits given Total		-	-	-	39,763.04	21,067.47	-	-	-	-	-	-	-	130.00	85.30
Inter Corporate Deposits received back															
	Religare Securities Limited	-	-	-	39,059.07	20,680.55	-	-	-	-	-	-	-	-	-
	Religare Commodities Limited	-	-	-	663.06	389.31	-	-	-	-	-	-	-	-	-
	Religare Insurance Broking Limited	-	-	-	8.35	-	-	-	-	-	-	-	-	-	-
	Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	85.00
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	14.60	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
Inter Corporate Deposits received back Total		**-**	**-**	**-**	**39,730.48**	**21,069.86**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14.60**	**85.00**
Interest Received on Inter Corporate Deposits															
	Religare Securities Limited	**-**	**-**	**-**	**51.53**	**20.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Commodities Limited	**-**	**-**	**-**	**0.82**	**0.97**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Insurance Broking Limited	**-**	**-**	**-**	**0.13**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Finance Limited	**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Realty Limited	**-**	**-**	**-**	**0.05**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Fortis Healthcare Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.54**
	Fortis Financial Services Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.28**	**0.001**
Interest Received on Inter Corporate Deposits Total		**-**	**-**	**-**	**52.53**	**20.98**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.28**	**0.54**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
Allotment of Shares															
	Religare Enterprises Limited (Equity)	**1,250.00**	**222.50**	-	-	-	-	-	-	-	-	-	-	-	-
	Religare Enterprises Limited (Preference)	-	**250.00**	-	-	-	-	-	-	-	-	-	-	-	-
	Oscar Investment Limited (Equity)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ranbaxy Holding Company (Equity)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of Shares Total		**1,250.00**	**472.50**	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of Optionally Convertible Debentures															
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	**1,000.00**	-
Allotment of Optionally Convertible Debentures Total		-	-	-	-	-	-	-	-	-	-	-	-	**1,000.00**	-
Redemption of Shares (Preference)															
	Religare Enterprises Limited	**250.00**	-	-	-	-	-	-	-	-	-	-	-	-	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
Redemption of Shares (Preference) Total		**250.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Redemption of Optionally Convertible Debentures															
	Ranbaxy Holding Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,000.00**	**-**
Redemption of Optionally Convertible Debentures Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,000.00**	**-**
Dividend Paid / Payable															
	Equity														
	Religare Enterprises Limited	**43.19**	**20.40**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Malvinder Mohan Singh	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.30**	**-**	**-**	**-**	**-**	**-**	**-**
	Shivinder Mohan Singh	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.30**	**-**	**-**	**-**	**-**	**-**	**-**
	Preference														
	Religare Enterprises Ltd	**10.48**	**0.16**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividend Paid / Payable Total		**53.67**	**20.56**	**-**	**-**	**-**	**-**	**-**	**6.60**	**-**	**-**	**-**	**-**	**-**	**-**
Corporate Guarantee															

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
taken															
	Religare Enterprises Limited	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Oscar Investment Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**700.00**
Corporate Guarantee taken Total		**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**700.00**
TRADING TRANSACTIONS															
	Religare Securities Limited	**-**	**-**	**-**	**353.52**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TRADING TRANSACTIONS Total		**-**	**-**	**-**	**353.52**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OTHER RECEIPTS AND PAYMENTS															
Interest Income															
	Atul Gupta	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**
Interest Income Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**
Lease rentals															
	Religare Securities Limited	**-**	**-**	**-**	**1.82**	**0.36**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Insurance Broking Limited	**-**	**-**	**-**	**0.09**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Enterprises	**0.11**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
	Limited														
	Fortis Financial Services Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.40**	**-**
	Ranbaxy Holding Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.78**
Lease rentals Total		**0.11**	**-**	**-**	**1.91**	**0.36**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.40**	**0.78**
Expense Reimbursement to other Companies															
	Religare Securities Limited	**-**	**-**	**-**	**0.74**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Enterprises Limited	**0.12**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Commodities Limited	**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Fortis Financial Services Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.29**	**-**
	Ranbaxy Laboratories Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.13**	**-**
Expense Reimbursement to other Companies Total		**0.12**	**-**	**-**	**0.75**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.42**	**-**
Expense Reimbursement by other Companies															

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
	Religare Securities Limited	-	-	-	0.17	-	-	-	-	-	-	-	-	-	-
	Religare Enterprises Limited	0.09	-	-	-	-	-	-	-	-	-	-	-	-	-
	Religare Finance Limited	-	-	-	0.03	-	-	-	-	-	-	-	-	-	-
	Religare Insurance Broking Limited	-	-	-	0.00	-	-	-	-	-	-	-	-	-	-
Expense Reimburseme nt by other Companies Total		0.09	-	-	0.20	-	-	-	-	-	-	-	-	-	-
Other Expenses															
	Ranbaxy Laboratorie s Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.11	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-	3.31
	Oscar Investment Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	7.71
	Religare Securities Limited	-	-	-	0.46	-	-	-	-	-	-	-	-	-	-
Other Expenses Total		-	-	-	0.46	-	-	-	-	-	-	-	-	0.11	11.02
Allocation of Expenses recovered															
	Religare Commoditie	-	-	-	0.23	-	-	-	-	-	-	-	-	-	-

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
	s Limited														
Allocation of Expenses recovered Total		-	-	-	0.23	-	-	-	-	-	-	-	-	-	-
Allocation of Expenses paid															
	Religare Securities Limited	-	-	-	13.08	-	-	-	-	-	-	-	-	-	-
Allocation of Expenses paid Total		-	-	-	13.08	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Asset															
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	0.16	-
Purchase of Fixed Asset Total		-	-	-	-	-	-	-	-	-	-	-	-	0.16	-
Remuneration to Key Management Personnel															
	Atul Gupta	-	-	-	-	-	-	-	-	-	1.85	-	-	-	-
Remuneration to Key Management Personnel Total		-	-	-	-	-	-	-	-	-	1.85	-	-	-	-
OUTSTANDING AS On MARCH 31, 2007															
Receivable															

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
Unsecured Loans															
	Religare Commodities Limited	**-**	**-**	**-**	**23.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Finance Limited	**-**	**-**	**-**	**0.21**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Securities Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Religare Realty Limited	**-**	**-**	**-**	**9.35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Ranbaxy Laboratories Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**
	Fortis Financial Services Limited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115.70**	**0.30**
	Atul Gupta	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.10**	**-**	**-**	**-**	**-**
Unsecured Loans Total		**-**	**-**	**-**	**32.56**	**-**	**-**	**-**	**-**	**-**	**0.10**	**-**	**-**	**115.71**	**0.30**
Current Accounts															
	Fortis Financial Services Limited (Current a/c)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.25**	**-**
Current Accounts Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.25**	**-**
Payable	**Religare Securities**	**-**	**-**	**-**	**67.99**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Individuals owning directly or indirectly interest in voting power that gives them control			Key Management Personnel			Enterprises over which Key Management Personnel/Relatives thereof are having Significant Influence	
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06
	Limited														
Unsecured Loans															
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,082.68**
	Religare Commodities Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loans Total		-	-	-	**67.99**	-	-	-	-	-	-	-	-	-	**1,082.68**
Current Accounts															
	Religare Securities Limited (Current a/c)	-	-	-	**0.43**	-	-	-	-	-	-	-	-	-	-
Current Accounts Total		-	-	-	**0.43**	-	-	-	-	-	-	-	-	-	-
Dividend Payable															
	Religare Enterprises Limited	**20.69**	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Payable Total		**20.69**	-	-	-	-	-	-	-	-	-	-	-	-	-

Related party transactions for the year 2002-03 and 2003-04 have not been been given as the Accounting Standard(AS) -18 was not applicable to the Company at that time.

RELIGARE FINVEST LIMITED

(formerly known as Fortis Finvest Limited)

Annexure IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rs. In million)

	PARTICULARS	For the Year Ended				
		31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03
A.	**Cash Flow From Operating Activities:**					
	Net Profit Before Tax	285.69	124.62	25.32	0.00	0.01
	Adjustments for:			-	-	-
	Depreciation	6.82	3.96	0.00	-	0.02
	Interest Expense	482.34	372.51	141.74	-	-
	Interest Income*	-	(0.00)	-	-	-
	Income from Investment – Dividend	(3.51)	(2.55)	-	-	-
	Lease Rent - Operating Lease	(2.23)	(0.43)			
	(Profit)/Loss on Fixed Assets sold	(0.08)	-	-	(0.00)	-
	(Profit)/Loss on sale of Investments	(12.33)	(0.77)	(1.78)	-	-
	Provision for Non-Performing Assets	2.23	0.21	-	-	-
	TDS on Interest in Operating Income/service	(47.66)	(33.00)	(17.25)	-	
	Provision for Gratuity & Leave Encashment	1.43	0.60	-	-	-
	Operating Profit before working capital changes	**712.70**	**465.15**	**148.03**	**(0.00)**	**0.03**
	Adjustments for changes in working capital :					
	(Increase)/Decrease in Sundry Debtors	(85.06)	(3.99)	1.17	(0.06)	(0.06)
	(Increase)/Decrease in Other Receivables	(1,664.16)	(1,269.82)	(2,751.12)	0.37	0.19
	Increase/(Decrease) in Trade and Other Payables	184.15	52.19	2.83	(0.02)	(0.02)
	Cash generated from operations	**(852.37)**	**(756.47)**	**(2,599.09)**	**0.29**	**0.14**
	Taxes Paid (Net of TDS)	(30.71)	(0.10)	-	(0.00)	(0.01)
	Net cash from / (used in) Operations (A)	**(883.08)**	**(756.57)**	**(2,599.09)**	**0.29**	**0.13**
B.	**Cash Flow From Investing Activities:**					
	Purchase of Fixed Assets	(24.75)	(37.52)	(0.65)	-	-
	Capital Work in Progress	(0.14)	(0.62)	-	-	-
	Proceeds from Sale of Fixed Assets	1.47	-	-	0.05	-
	Proceeds from Sale of Investments	15,468.78	42.90	4,196.78	-	-
	Purchase of Investments	(15,809.99)	(42.12)	(4,195.00)	-	-
	Operating Lease Rent Payment	2.23	0.43			

	PARTICULARS	For the Year Ended				
		31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03
	Interest Received	-	0.00	-	-	-
	Dividend Received	3.51	2.55	-	-	-
	Net cash from / (used in) investing activities (B)	**(358.89)**	**(34.38)**	**1.13**	**0.05**	**-**
C.	**Cash Flow From Financing Activities:**					
	Proceeds from fresh issue of Equity Share Capital	1,250.00	230.00	17.50	-	-
	Proceeds from fresh issue of Preference Share Capital	-	250.00			
	Redemption of Preference Share Capital	(250.00)	-	-	-	-
	Proceeds from Short term borrowings	205.69	367.70	401.61		
	Repayments / Proceeds of Inter Corporate Deposits/loans (Net)	(968.08)	(271.52)	1,454.00		
	Proceeds from issue of Debentures(Net)	900.00	1,500.00	-	-	-
	Proceeds from Working Capital loans from Banks (Net)	750.00	(713.73)	863.73	-	-
	Interest Paid	(508.82)	(315.99)	(139.69)	-	-
	Dividend Paid	(33.15)	(36.00)	-	-	-
	Dividend Tax Paid	(4.65)	(5.05)	-	-	-
	Net cash from / (used in) financing activities (C)	**1,340.99**	**1,005.41**	**2,597.15**	**-**	**-**
	Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**99.02**	**214.46**	**(0.81)**	**0.34**	**0.13**
	Cash and cash equivalents at the beginning of the Year	215.06	0.60	1.41	1.07	0.94
	Cash and cash equivalents at the end of Year	**314.08**	**215.06**	**0.60**	**1.41**	**1.07**
	Cash and cash equivalents comprises of					
	Cash in hand	0.12	0.00	0.00	1.41	1.04
	Cheques in hand	306.57	-	-	-	-
	Fixed Deposits with Scheduled Banks	0.09	0.09	-	-	-
	Balance with Scheduled Banks	7.30	214.97	0.60	0.00	0.03
		314.08	**215.06**	**0.60**	**1.41**	**1.07**

*Interest income does not include inerest from lending operation in Fiscal 2007 of Rs. 764.06 million, Fiscal 2006 of Rs. 515.04 million, Fiscal 2005 of Rs. 179.76 million, Fiscal 2004 of Rs. 0.06 million and Fiscal 2003 of Rs. 0.06 million.

Notes :

1 The 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 Figures in brackets indicate cash outgo.

3 Fixed Deposits of Rs. 0.09 million is pledged with VAT authorities as security.

RELIGARE FINVEST LIMITED
(formerly known as Fortis Finvest Ltd.)

ANNEXURE V

STATEMENT OF DIVIDENDS DECLARED

The dividends declared by the Company in respect of the five financial years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 are as under:

(Rs. In million)

Class of Shares	**Face Value of Share (Rupees)**	**01.04.2006 to 31.03.2007**		**01.04.2005 to 31.03.2006**		**01.04.2004 to 31.03.2005**		**01.04.2003 To 31.03.2004**	**01.04.2002 To 31.03.2003**
Equity Dividend									
Equity Share Capital (as at year end)	**10**		**875.00**		**250.00**		**20.00**	**2.50**	**2.50**
Rate of Interim Dividend									
		8/28/2006	2%	7/29/2005	30%	7/2/2005	25%	-	-
		1/29/2007	2%	10/10/2005	45%	-	-	-	-
		3/31/2007	5%	1/17/2006	12%	-	-	-	-
		-	-	3/22/2006	20%	-	-	-	-
Aggregate amount of Equity Dividend			43.18		31.00		5.00	-	-
Preference Dividend									
Preference Share Capital (as at year end)	**10**		-		**250.00**		-	-	-
Rate of Dividend			6%		6%		-	-	-
Aggregate amount of Preference Dividend			10.48		0.16		-	-	-
Total Dividend			**53.66**		**31.16**		**5.00**	-	-

Note:

1. The rate of dividend declared on the respective date(s) relates to the paid up capital on such date(s).

2 The interim dividend declared in each of the year is the Final Dividend for the respective years.

RELIGARE FINVEST LIMITED

(formerly known as Fortis Finvest Ltd.)

ANNEXURE VI

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFITS/(LOSSES)

Particulars		Year ended March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Earnings Per Share (EPS) - Basic and Diluted	Rs.	4.26	22.37	64.01	0.01	0.03
Return on Net Worth		11.16%	14.95%	52.69%	0.12%	0.30%
Net Asset Value (NAV) Per Share	Rs.	19.26	12.33	15.19	10.28	10.26
Ratios have been computed as per the following formulas:						

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$

Net Asset Value (NAV) Per Share (Rs.) = $\dfrac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$

1 Weighted average no. of equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5 A figure in bracket indicates loss.

RELIGARE FINVEST LIMITED

(formerly known as Fortis Finvest Limited)

Annexure VII

STATEMENT OF SECURED AND UNSECURED LOANS

SECURED LOANS

(Rs. In million)

S.No.	Particulars	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
A	**Working Capital Demand Loan from Bank**					
	HDFC Bank Limited					
	Secured by (1) hypothecation of book debts/receivables (2) Collateral security in form of pledge of shares from third parties- Refer Note.1			763.73		
B	**Short Term Loan from Banks**					
	DBS Bank Limited					
	Secured by (1) hypothecation, on first pari-passu floating charge basis, of loan receivables.(2) Corporate guarantee of Oscar Investment Limited for a sum of Rs 200 million	195.00	150.00			
	Secured by (1) hypothecation, on first pari-passu floating charge basis, of loan receivables.(2) Personal Guarantee of Mr. Malvinder Mohan Singh & Mr. Shivinder Mohan Singh for Rs 750 million	705.00	-	-		
	Yes Bank Limited					
	Secured by (1) floating charge on loan receivables, (2) corporate guarantee from Ranbaxy Holding Company			100.00		
	SUB-TOTAL	**900.00**	**150.00**	**863.73**	**-**	**-**
C	**Short Term Loan from Bodies Corporate**					
	DSP Merrill Lynch					
	Secured by pledge of shares from third parties	375.00	480.00			
	IL&FS Limited					
	Secured by (1) pledge of shares from third parties (2) corporate guarantee of Religare Enterprises Limited	100.00				
	Secured by (1) pledge of shares from third parties (2) corporate guarantee of Ranbaxy Holding Company		90.01	98.60		
	Citicorp Finance (India) Limited					
	Secured by pledge of shares from third parties	500.00	199.30	200.00		
	Kotak Mahindra Investments Limited					
	Secured by pledge of shares from third parties	-	-	103.00		
	SUB-TOTAL	**975.00**	**769.31**	**401.60**	**-**	**-**
	Interest accrued and due	**14.69**	**5.41**	**2.05**		

	GRAND TOTAL	1,889.69	924.72	1,267.38	-	-

UNSECURED LOANS

S.No.	Particulars	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
A	**Inter Corporate Deposits-Refer Note.5 & 6**	214.40	1,182.49	1,454.00	-	-
B	**Short Term Redeemable Non-Convertible Debentures, privately placed with various Mutual Funds -Refer Note.7**	2,400.00	1,500.00	-	-	-
	Interest accrued and due		**34.60**			
	TOTAL	**2,614.40**	**2,717.09**	**1,454.00**	**-**	**-**

Details of terms including interest rate and\ repayment schedule of Short term Redeemable Non-Convertible Debentures privately placed with various Mutual Funds are as set out below:

Particulars of Lenders and Instrument	Principal Amount (Rs million)	Interest Rate	Repayment Schedule
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each, allotted on April 13, 2006)	500.00	Mibor + 400 basis points with 8.60% per annum as Floor and 8.70% per annum as Cap, payable quarterly	Maturity date on 10th April, 2007 (Redeemed on April 09, 2007)
LIC Mutual Fund (40 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on April 19, 2006)	400.00	Mibor + 400 basis points with 8.60% per annum as Floor and 8.70% per annum as Cap, payable quarterly	Maturity date on 17th April, 2007
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on November 28, 2006)	500.00	Mibor +450 basis points with 8.90% per annum as Floor and 9% per annum as Cap, payable quarterly in arrears	Maturity date on 23rd November, 2007
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on March 15, 2007)	500.00	Mibor +700 basis points with 11.45% per annum as Floor and 11.50% per annum as Cap, payable quarterly	Maturity date on 13th March, 2008
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on 09th February, 2007)	500.00	11% per annum, payable on maturity	Maturity date on 09th May, 2007
Total	**2,400.00**		

Year ended March 31, 2006

Particulars of Lenders and Instrument	Principal Amount (Rs million)	Interest Rate	Repayment Schedule
LIC Mutual Fund (50 debentures of Rs 1 crore each allotted on 15th February, 2006)	500.00	Mibor + 300 basis points with 8.10% per annum as Cap and 8% per annum as Floor, payable quarterly	Maturity on 10th February, 2007 (early redeemed on 09th February, 2007)
LIC Mutual Fund (50 debentures of Rs 1 crore each allotted on 20th March, 2006)	500.00	Mibor + 300 basis points with 8.70% per annum as Cap and 8.60% per annum as Floor, payable quarterly	Maturity on 15th March, 2007
LIC Mutual Fund (20 debentures of Rs 1 crore each allotted on 07th October, 2005)	200.00	Mibor+300 basis points with 6.95% per annum as Floor and 7% per annum as Cap, payable quarterly in arrears	Maturity date 06th October, 2006 (redeemed on 04th October 2006)
LIC Mutual Fund (20 debentures of Rs 1 crore each allotted on 15th December, 2005)	200.00	7.50% per annum, payable quarterly	Maturity on 14th December, 2006 (early redeemed on 13th December, 2006)
LIC Mutual Fund (10 debentures of Rs 1 crore each allotted on 23rd December, 2005)	100.00	7.50% per annum, payable quarterly	Maturity on 22nd December, 2006 (early redeemed on 15th December, 2006)
Total	**1500.00**		

Notes:

1 HDFC Bank had sanctioned working capital facility of Rs 500 million against hypothecation of book debts. Amount outstanding as per company books of accounts as at March 31, 2005 was Rs.765.73 million which includes cheques issued but not presented.

2 Interest on Working capital Demand loan from Bank was payable 8.50% per annum for the year ended March 31, 2005.

3 Interest on Short term loan from Banks was payable in the range of 11% to 12%, 8.45% and 9.20% per annum for the years ended March 31, 2007, March 31, 2006 and March 31, 2005.

4 Interest on Short term loan from body corporate was payable in the range of 11% to 12.40%, 8.50% to 10.50% and 9% per annum for the years ended March 31, 2007, March 31, 2006 and March 31, 2005.

5 Interest on Unsecured Inter Corporate deposits was payable in the range of 10% to 11%, 8.50% to 11% and 7% to 12% per annum for the years ended March 31, 2007, March 31, 2006 and March 31, 2005.

6 The break up of Inter Corporate Deposits for the year ended March 31, 2005 and 2006 and rates of interest are based on information furnished by the management and relied upon by us.

7 The Company has created as per terms of Trust Deed security in respect of certain unsecured debentures.

RELIGARE FINVEST LIMITED
(formerly known as Fortis Finvest Limited)

ANNEXURE VIII

STATEMENT GIVING DETAILS OF OTHER INCOME

(Rupees in million)

Particulars	01.04.2006 to 31.03.2007	01.04.2005 To 31.03.2006	01.04.2004 to 31.03.2005	01.04.2003 to 31.03.2004	01.04.2002 to 31.03.2003	Nature of Income	Related / Not Related To Business Activity
Interest on Fixed Deposits with Banks	0.00	0.00	-	-	-	Recurring	Non Related
Interest from Others	0.00	0.00	-	-	-	Non - Recurring	Non Related
Profit on sale/disposal of Assets	0.12	-	-	0.00	-	Non - Recurring	Non Related
Others	8.56	2.83	0.02	0.01	-	Non - Recurring	Non Related
	8.68	**2.83**	**0.02**	**0.01**	**-**		

The classification of income into recurring and non recurring is based on the current operations and business activity of the Company.

Religare Commodities Limited

Auditors' Report

To
The Board of Directors,
Religare Commodities Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Commodities Limited (formerly Fortis Comdex Limited up to January 11, 2006 and Religare Comdex Limited up to June 01, 2006) ('the Company), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) Financial Information of the Company

These financial information of the Company have been extracted by the Management from the financial statements for the period November 25, 2003 to March 31, 2004 and for the years ended March 31, 2005, 2006 and 2007. Audit for the financial period November 25, 2003 to March 31, 2004 and for the years ended March 31, 2005 and 2006 was conducted by previous auditors, Jassal Ranganathan & Associates, and accordingly reliance has been placed on the financial statements audited by them for the said years after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated Summary Statement of Assets and Liabilities and restated Summary of Profit or Loss of the Company for the respective years after incorporating:

(a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods identified by the management and examined by us for the purposes of restatement in the financial information.

(b) Adjustments for the material amounts in the respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

(c) Extra-ordinary items, if any, that needs to be disclosed separately in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

(d) Adjustments, if any, for qualification requiring adjustments in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

The above mentioned additional procedures for the period November 25, 2003 to March 31, 2004 and for the years ended March 31, 2005 and 2006 should not be construed as an audit conducted under the Generally Accepted Auditing Standards in India and accordingly we are not expressing an opinion on the individual financial statements for the period November 25, 2003 to March 31, 2004 and for the years ended March 31, 2005 and 2006 in respect of which the previous auditors have expressed an unqualified opinion as to true and fair view of the financial statements for the respective years.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

(a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2004, 2005, 2006 and 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

(b) The Restated Summary Statement of Profit or Loss of the Company for the period November 25, 2003 to March 31, 2004 and for the years ended 2005, 2006 and 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

(c) Based on above and also as per the reliance placed on the financial statements audited by previous auditors for the period November 25, 2003 to March 31, 2004 and for the years ended March 31, 2005 and 2006 and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the respective years, we are of the opinion that the restated financial information have been made after incorporating:

(i) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
(ii) Adjustments for the material amounts in the respective financial years to which they relate and
(iii) there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

(d) We have also examined the following other financial information setout in Annexures (IV to VII) prepared by the management and approved by the Board of Directors relating to the Company for the period November 25, 2003 to March 31, 2004 and for the years ended March 31, 2005, 2006 and 2007. In respect of the period November 25, 2003 to March 31, 2004 and for the years ended 2005 and 2006 these information have been included based upon the financial statements audited by the previous auditors, Jassal Ranganathan & Associates and relied upon by us (Also refer paragraph 2 above).
(i) Statement of Restated Cash Flows for the period November 25, 2003 to March 31, 2004 and for the years ended 2005, 2006 and 2007 included in Annexure IV
(ii) Statement of Accounting Ratios included in Annexure V
(iii) Statement of Secured and Unsecured Loans included in Annexure VI
(iv) Statement of Other Income included in Annexure VII

In our opinion the financial information contained in Annexure I to VII of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

4) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by any of the Other Auditors.

5) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

6) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE COMMODITIES LIMITED
(Formerly known as Religare Comdex Limited)

Annexure – I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	30.81	1.53	1.14	-	N.A.
Less: Depreciation	(4.69)	(0.39)	(0.12)	-	N.A.
Net Block	26.12	1.14	1.02	-	N.A.
Capital Work-in Progress	1.88	1.24	-	-	N.A.
Total	**28.00**	**2.38**	**1.02**	**-**	**-**
B. Investments	**0.03**	**-**	**-**	**-**	**N.A.**
C. Deferred Tax Asset	**1.76**	**2.04**	**0.09**	**0.07**	**N.A.**
D. Current Assets, Loans and Advances					
Interest Accrued	1.23	0.13	0.08	-	N.A.
Sundry Debtors	28.55	14.45	0.64	-	N.A.
Cash and Bank Balances	292.35	57.94	20.51	3.30	N.A.
Loans and Advances	40.86	23.51	12.18	3.63	N.A.
Total	**362.99**	**96.03**	**33.41**	**6.93**	**-**
Total Assets (A+B+C+D)	**392.78**	**100.45**	**34.52**	**7.00**	
E. Liabilities and Provisions					
Unsecured Loans	23.00	0.02	12.24	-	N.A.
Current Liabilities	328.20	98.53	17.25	0.01	N.A.
Provisions	1.10	0.23	0.00	-	N.A.
Total	**352.30**	**98.78**	**29.49**	**0.01**	-
F. Net Worth (A+B+C+D-E)	**40.48**	**1.67**	**5.03**	**6.99**	**-**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	7.50	7.50	7.50	7.50	N.A.
Share Application Money	30.00	-	-	-	N.A.
Total	**37.50**	**7.50**	**7.50**	**7.50**	**-**
H. Reserves and Surplus	2.98	-	-	-	N.A.
Less: Debit Balance in Profit and Loss Account	-	(5.83)	(2.47)	(0.51)	N.A.
Total	**2.98**	**(5.83)**	**(2.47)**	**(0.51)**	**-**
Net Worth (G+H)	**40.48**	**1.67**	**5.03**	**6.99**	**-**

Notes:

(1) The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on November 25, 2003, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE COMMODITIES LIMITED
(Formerly known as Religare Comdex Limited)

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	For the year / period ended March 31,				
	2007	2006	2005	From period November 25, 2003 to March 31, 2004	2003
Income					
Income From Operations	118.53	22.18	1.35	-	N.A.
Other Income	25.18	7.32	0.53	-	N.A.
Total Income	**143.71**	**29.50**	**1.88**	**-**	
Expenditure					
Operating Expenses	37.38	10.36	0.81	-	N.A.
Personnel Expenses	51.50	10.26	0.57	-	N.A.
Administrative & Other expenses	40.43	3.56	1.67	-	N.A.
Interest & Finance Charges	2.16	3.79	1.12	-	N.A.
Depreciation	4.32	0.27	0.11	-	N.A.
Total Expenditure	**135.79**	**28.24**	**4.28**	**-**	
Net Profit/ (Loss) before Tax	**7.92**	**1.26**	**(2.40)**	-	**-**
Provision for Tax					
- Current Tax	(4.57)	(0.28)	-	-	N.A.
- Taxes for earlier year	0.00	-	-	-	-
- Deferred Tax (Net)	1.87	(0.78)	0.67	-	N.A.
- Fringe Benefit Tax	(0.58)	(0.13)	-	-	N.A.
Total	**(3.28)**	**(1.19)**	**0.67**	**-**	**-**
Net Profit/ (Loss) before Adjustments	**4.64**	**0.07**	**(1.73)**	**-**	**-**
Adjustments (Net) (Refer Annexure - III)	6.32	(6.15)	0.41	(0.58)	N.A.
Current Tax Impact of Adjustments	-	-	-	-	N.A.
Deferred Tax Impact of Adjustments	(2.15)	2.72	(0.64)	0.07	N.A.
Total of adjustments after Tax Impact	**4.17**	**(3.43)**	**(0.23)**	**(0.51)**	**-**
Net Profit/ (Loss) As Restated	**8.81**	**(3.36)**	**(1.96)**	**(0.51)**	**-**
Profit and Loss amount at the beginning of the year	(5.83)	(2.47)	(0.51)	-	N.A.
Balance Available for Appropriation, As Restated	**2.98**	**(5.83)**	**(2.47)**	**(0.51)**	**-**
Balance Carried Forward Restated	**2.98**	**(5.83)**	**(2.47)**	**(0.51)**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on November 25, 2003, accordingly disclosure of figures for period prior to the date of incorporation does not arise

RELIGARE COMMODITIES LIMITED
(Formerly known as Religare Comdex Limited)

ANNEXURE III: NOTES TO RESTATED SUMMARY OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE COMMODITIES LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a. **Summary**
Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits / losses of the company.

(Rupees in million)

Particulars	Refer Note	For the year /period ended March 31,				
		2007	2006	2005	From November 25, 2003 to March 31, 2004	2003
Profit After Tax (PAT) as per Audited Accounts		4.64	0.07	(1.73)	-	-
<u>**Adjustments For**</u>						
Change in Accounting Policy						
Preliminary expenses written off	d	0.12	0.04	0.42	(0.58)	-
Prior Period Adjustments - Depreciation	e (i)	0.01	0.00	(0.01)	-	-
Provision for Doubtful Debts	e (ii)	6.19	(6.19)	-	-	-
Net Total Adjustments		**6.32**	**(6.15)**	**0.41**	**(0.58)**	**-**
Current Tax Impact of adjustments		-	-	-	-	-
Deferred Tax Impact of adjustments		(2.15)	2.72	(0.64)	0.07	-
Profit After Tax (PAT) as per Restatement		**8.81**	**(3.36)**	**(1.96)**	**(0.51)**	**-**

b. No profit and loss account has been prepared for the period ended March 31, 2004 due to non commencement of the commercial operation of the Company. Accordingly, no Profit After Tax (PAT) has been reported.

c. **Current Tax and Deferred Tax Impact on Restatement**

The Profit and Loss Account of some years include amounts paid/ provided for or refunded / written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years tax liability. Also, income tax (current tax and deferred tax) has been computed on adjustments made and has been adjusted in the Profit and Loss Account for respective years. The tax rate applicable for the year ended March 31, 2007 has been used to calculate the notional current and deferred tax impacts of the adjustments.

d. **Changes In Accounting Policies**

For the purpose of this restatement preliminary expenses not written off have been appropriately adjusted to the respective years in which they were incurred in compliance with Accounting Standard - 26 on Intangible Assets issued by Institute of Chartered Accountants of India.

e. **Other Adjustments**

i. **Prior Period Adjustments**

In the audited Financial Statement for the year ended March 31, 2007, certain items of depreciation were identified as prior period item. For the purpose of this restatement, such prior period items have been appropriately adjusted to the respective years to which they relate.

ii. **Provision for Doubtful Debts**

During the year ended March 31, 2007, certain provisions were made for bad and doubtful debts which pertain to earlier year. For the purpose of this restatement, the said provision, wherever required, has been appropriately adjusted to the respective year in which these debtors were accounted for.

f. **Material Regroupings**

Appropriate adjustments have been made in the Restated Unconsolidated Summary Statements of Assets and Liabilities and Profits and Losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited Financial Statements of the Company for the year ended March 31, 2007 and the requirements of the Guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

2. QUALIFICATIONS IN AUDITORS' REPORT

a. Other Audit qualification matters for emphasis which does not require any corrective adjustment in the financial information are as follows:

CARO 2007:

i. In our opinion and according to the information and explanations given to us, *the internal control system needs to be strengthened to be commensurate with the size of the Company* and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

ii. In our opinion, the Company has an internal audit system which is *generally* commensurate with its size and nature of its business. *However, the scope & coverage of internal audit system needs to be enlarged.*

iii. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is *generally* regular in depositing the 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 material statutory dues as applicable with he appropriate authorities.

3. 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) 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

i. Revenue from Broking activities is accounted for on the trade date of transaction.
ii. Interest income on Fixed Deposits is recognized on an accrual basis.
iii. Advisory Fees are accrued based on stage of completion of assignments in accordance with terms of the relevant agreement.
iv. Revenue excludes service tax.

d) FIXED ASSETS

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

e) 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.

f) DEPRECIATION

i. Immovable assets at the leased premises including civil works, electrical items are capitalized as leasehold assets and are accordingly being amortized over the primary period of lease subject to maximum of 6 years.
ii. Depreciation on fixed assets is provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 of India.
iii. Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from/up to the date the asset is put to use/ discarded.
iv. Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

g) 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.

h) RETIREMENT BENEFITS

i. Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.
ii. Company's contribution to Provident Fund and other funds is charged to Profit and Loss account as incurred.

i) 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 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.

j) FRINGE BENEFIT TAX

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

k) 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.

l) 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.

m) LEASED ASSETS

Assets acquired under Leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. The rentals and all the other expenses of assets under operating lease are treated as revenue expenditure.

4. OTHER MATERIALNOTES FORMING PART OF AUDITED FINANCIAL STATEMENTS

a. **CONTINGENT LIABILITIES**

i. Bank Guarantee secured against bank fixed deposits, securities pledged by third party and corporate guarantee given by Religare Enterprises Limited & Oscar Investment Limited.

(Rs. In million)

PARTICULARS	2006-07	2005-06	2004-05	2003-04
Multi Commodities Exchange (MCX)	50.00	30.00	-	-
National Commodities Exchange (NCDEX)	50.00	20.00	-	-

ii. Advances paid towards the acquisition of fixed assets not put to use are disclosed under capital work-in-progress. Estimated amount of Contract (net of advances) remaining to be executed on capital account and not provided for:

(Rs. In million)

PARTICULARS	2006-07	2005-06	2004-05	2003-04
Capital Commitment	0.78	0.45	-	-

iii. Claims against the company not acknowledged as debts amounting:-

(Rs. In million)

PARTICULARS	2006-07	2005-06	2004-05	2003-04
Claims	5.88	-	-	-

b. Fixed Deposits with Schedule Banks:

(Rs. In million)

PARTICULARS	2006-07	2005-06	2004-05	2003-04
Pledged against Bank Guarantees	37.50	5.00	-	-
Pledged with Multi Commodities Exchange (MCX)	108.40	5.40	-	-
Pledged with National Commodities Exchange (NCDEX)	60.70	21.00	7.50	-
Pledged under Delhi Value Added tax	0.10	-	-	-

c. Religare Commodities Limited ("the company") was incorporated on November 25, 2003 as Fortis Comdex Limited. The name of the Company was changed from Fortis Comdex Limited to Religare Comdex Limited on January 12, 2006. Further on June 02, 2006 the name of the company has been changed to Religare Commodities Limited.

d. With effect from June 02, 2006 the company became wholly owned subsidiary of Religare Enterprises Limited.

e. Employee stock option scheme details are as under:

The Shareholders of the Holding Company vide their resolution dated November 6, 2006 granted approval to 'Religare Enterprises Limited Employee Stock Option Scheme 2006' (the 'Scheme'). The grant date for the Options is November 15, 2006. Under the said Scheme, 2,000,000 Options of the Equity Share Capital of the Holding Company have been granted to the employees of the Holding Company and its subsidiaries at an exercise price of Rs. 140 per share. Number of such Options allocated to the employees of the Company and outstanding as on March 31, 2007 are 48,900. Employees covered by the Scheme are granted Option to purchase shares of the Holding Company subject to the requirements of vesting. These Options vest uniformly over a period of 3 years, whereby 33% of Options vest on each vesting date as per vesting schedule at the end of first and second year and 34% of Options vest at the vesting date as per vesting schedule at the end of third year. The same are exercisable within a period of 9 years from the First Vesting date. As the fair value of the shares at the date of grant of Options is less than the exercise price no amount has been charged to the Profit & Loss Account.

f. **Related Party Disclosures:**

Nature of Relationship	**Name of Party**
1) Holding Company/Controlling Entity	Fortis Financial Services Limited (till 16, MAY, 2005) Religare Enterprises Limited (From June 02, 2006)
2) Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Insurance Broking Limited Religare Venture Capital Private Limited Religare Finance Limited Religare Wealth Management Limited Religare Capital Market Limited Religare Realty Limited
3) Individuals owning directly or indirectly interest in voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh

4)	Key Management personnel and Relatives	Mr. Sunil Godhwani
5)	Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place	Ranbaxy Holding Company Fortis Financial Services Limited Oscar Investments Limited

Following transactions were carried out with related parties in the ordinary course of business as extracted from audited financial statements for the respective years

(Rupees in million)

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05
FINANCE													
Inter Corporate Deposits Taken	Ranbaxy Holding Company							20.00	170.80	-	20.00	170.80	-
	Religare Finvest Limited				686.06	389.30	-				686.06	389.30	-
	Religare Securities Limited				256.14	44.86	37.18				256.14	44.86	37.18
	Fortis Financial Services Limited	-	-	2.50							-	-	2.50
Inter Corporate Deposits Taken Total		**-**	**-**	**2.50**	**942.20**	**434.16**	**37.18**	**20.00**	**170.80**	**-**	**962.20**	**604.96**	**39.68**
Inter Corporate Deposits Repaid	Ranbaxy Holding Company							20.00	170.80	-	20.00	170.80	-
	Religare Finvest Limited				663.06	389.30	-				663.06	389.30	-
	Religare Securities Limited				256.14	56.32	25.72				256.14	56.32	25.72
	Fortis Financial Services Limited	-	-	2.50							-	-	2.50
Inter Corporate Deposits Repaid Total		**-**	**-**	**2.50**	**919.20**	**445.62**	**25.72**	**20.00**	**170.80**	**-**	**939.20**	**616.42**	**28.22**
Interest Paid on Inter Corporate Deposits	Ranbaxy Holding Company							0.04	1.85	-	0.04	1.85	-
	Religare Finvest Limited				0.82	0.97	-				0.82	0.97	-
	Religare Securities Limited				0.10	0.76	0.97				0.10	0.76	0.97
	Fortis Financial Services Limited	-	-	0.15							-	-	0.15
Interest Paid on Inter Corporate Deposits Total		**-**	**-**	**0.15**	**0.92**	**1.73**	**0.97**	**0.04**	**1.85**	**-**	**0.96**	**3.58**	**1.12**
Inter Corporate Deposits Given	Religare Finvest Limited				45.00	-	-				45.00	-	-
Inter Corporate Deposits Given Total		**-**	**-**	**-**	**45.00**	**-**	**-**	**-**	**-**	**-**	**45.00**	**-**	**-**
Inter Corporate Deposits Received Back	Religare Finvest Limited				45.00	-	-				45.00	-	-
Inter Corporate Deposits Received Back Total		**-**	**-**		**45.00**	**-**		**-**	**-**		**45.00**	**-**	**-**
Interest Received on Inter Corporate Deposits	Religare Finvest Limited				0.07	-	-				0.07	-	-
Interest Received on Inter Corporate Deposits Total		**-**	**-**	**-**	**0.07**	**-**	**-**	**-**	**-**	**-**	**0.07**	**-**	**-**
Share Application Money	Religare Enterprises Limited	30.00	-	-							30.00	**-**	-
Share Application Money Total		**30.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30.00**	**-**	**-**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05
Corporate Guarantee Taken	Religare Enterprises Limited	50.00	-	-							50.00	-	-
	Oscar Investments Limited							50.00	50.00	-	50.00	50.00	-
Corporate Guarantee Taken Total		**50.00**	**-**	**-**	**-**	**-**	**-**	**50.00**	**50.00**	**-**	**100.00**	**50.00**	**-**
BROKING TRANSACTIONS (SECONDARY MARKET OPERATIONS)													
Sales on Customer A/c	Religare Securities Limited				15.40	-	-				15.40	-	-
Sales Total		**-**	**-**	**-**	**15.40**	**-**	**-**	**-**	**-**	**-**	**15.40**	**-**	**-**
OTHER RECEIPTS AND PAYMENTS													
Purchase of Fixed Asset	Fortis Financial Services Limited							0.60	-	-	0.60	-	-
Purchase of Fixed Asset Total		**-**	**-**	**-**	**-**	**-**	**-**	**0.60**	**-**	**-**	**0.60**	**-**	**-**
Advance Paid Towards Purchase of Property	Ranbaxy Holding Company							80.00	-	-	80.00	-	
Advance Paid Towards Purchase of Property Total		**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**-**	**-**	**80.00**	**-**	**-**
Advance Paid Towards Purchase of Property Received Back	Ranbaxy Holding Company							80.00	-	-	**80.00**	-	-
Advance Paid Towards Purchase of Property Received Back Total		**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**-**	**-**	**80.00**	**-**	**-**
ALLOCATION OF EXPENSES BY OTHER COMPANIES													
Lease Rental Expenses	Religare Securities Limited				2.13	-	-				2.13	-	-
Lease Rental Expenses Total		**-**	**-**	**-**	**2.13**	**-**	**-**	**-**	**-**	**-**	**2.13**	**-**	**-**
Insurance Expense	Religare Enterprises Limited	0.01	-	-							0.01	-	-
Insurance Expense Total		**0.01**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**	**-**
IT Service Expenses	Religare Finvest Limited				0.23	-	-				0.23	-	-
	Religare Securities Limited				1.51	-	-				1.51	-	-
IT Services Expenses Total		**-**	**-**	**-**	**1.74**	**-**	**-**	**-**	**-**	**-**	**1.74**	**-**	**-**
REIMBURSEMENT OF EXPENSES													
Expense Reimbursement to other Companies	Religare Securities Limited				1.62	-	-				1.62	-	-
Expense Reimbursement to other Companies		**-**	**-**	**-**	**1.62**	**-**	**-**	**-**	**-**	**-**	**1.62**	**-**	**-**

Nature of Transactions	Name of the Related Party	Holding Company			Fellow Subsidiary Companies			Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence			Total		
		2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05	2006-07	2005-06	2004-05
Total													
Expense Reimbursement by other Companies	Religare Finvest Limited.				0.00	-	-				0.00	-	-
Expense Reimbursement by other Companies Total		**-**	**-**	**-**	**0.00**	**-**	**-**	**-**	**-**	**-**	**0.00**	**-**	**-**
Other Expenses	Religare Reality Limited				0.02	-	-				0.02	-	-
	Religare Securities Limited				0.04	-	-				0.04	-	-
Other Expenses Total		**-**	**-**	**-**	**0.06**	**-**	**-**	**-**	**-**	**-**	**0.06**	**-**	**-**
OUTSTANDING BALANCES													
Receivables													
Other Receivables	Religare Securities Limited				0.01	-	-				0.01	-	-
Other Receivables Total		**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**	**-**
Receivables Total		**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**		**0.01**	**-**	**-**
Payables													
Unsecured Loan	Ranbaxy Holding Company							-	0.02	-	-	0.02	-
	Religare Finvest Limited				23.00	-	-				23.00	-	-
	Religare Securities Limited				-	-	12.24				-	-	12.24
Unsecured Loan Total		**-**	**-**	**-**	**23.00**	**-**	**12.24**	**-**	**0.02**	**-**	**23.00**	**0.02**	**12.24**
Other Payables	Fortis Financial Services Limited							0.28	-	-	0.28	-	-
	Religare Securities Limited				0.04	-	-				0.04	-	-
Other Payables Total		**-**	**-**	**-**	**0.04**	**-**	**-**	**0.28**	**-**	**-**	**0.32**	**-**	**-**
Payable Total		**-**	**-**	**-**	**23.04**	**-**	**12.24**	**0.28**	**0.02**	**-**	**23.32**	**0.02**	**12.24**

g. The Company acts as a broking and clearing member of the National Commodity and Derivative Exchange (NCDEX) and Multi Commodity Exchange of India Limited (MCX). As the Company is engaged in one business segment and there is no geographical segment, segmental information is not disclosed.

RELIGARE COMMODITIES LIMITED
(Formerly known as Religare Comdex Limited)

Annexure-IV

STATEMENT OF CASH FLOW , AS RESTATED

(Rupees in million)

	PARTICULARS	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	For the period ended March 31, 2004
A.	**Cash flow from Operating Activities:**				
	Net Profit before tax	14.24	(4.89)	(1.99)	(0.58)
	Adjustments for:				
	Depreciation	4.31	0.27	0.12	-
	Interest Expense	2.16	3.79	1.12	-
	Interest Income	(8.24)	(2.98)	(0.10)	-
	Provision for Doubtful Debts	0.14	6.19	-	-
	Provision for Gratuity & Leave Encashment	0.87	0.23	-	-
	Operating profit before working capital changes	**13.48**	**2.61**	**(0.85)**	**(0.58)**
	Adjustments for changes in working capital :				
	(INCREASE)/DECREASE in Sundry Debtors	(14.24)	(20.00)	(0.64)	-
	(INCREASE)/DECREASE in Other Receivables	(15.26)	(10.20)	(8.54)	(3.63)
	INCREASE/(DECREASE) in Trade and Other Payables	229.67	81.28	17.24	0.01
	Cash generated from operations	**213.65**	**53.69**	**7.21**	**(4.20)**
	Taxes Paid (Net of TDS)	(7.26)	(1.55)	(0.02)	-
	Net cash used in operation (A)	**206.39**	**52.14**	**7.19**	**(4.20)**
B.	**Cash flow from Investing Activities:**				
	Purchase of fixed assets	(29.28)	(0.39)	(1.14)	-
	Capital Work in Progress	(0.64)	(1.24)	-	-
	Purchase of Investments	(0.03)	-	-	-
	Interest Received (Revenue)	7.14	2.92	0.03	-
	Net cash used in investing activities (B)	**(22.81)**	**1.29**	**(1.11)**	**-**
C.	**Cash flow from financing activities:**				
	Proceeds form Fresh Share Capital	-	-	-	7.50
	Proceeds from Share Application Money	30.00	-	-	-
	Payments of ICD's (net)	-	(11.46)	-	-
	Proceeds from short term borrowings	23.00	-	11.46	-
	Interest Paid	(2.17)	(4.54)	(0.33)	-
	Net cash used in financing activities (C)	**50.83**	**(16.00)**	**11.13**	**7.50**
	Net Increase in Cash & Cash Equivalents (A+B+C)	**234.41**	**37.43**	**17.21**	**3.30**
	Cash and cash equivalents at the beginning of the Year	57.94	20.51	3.30	-
	Cash and cash equivalents at the end of Year	**292.35**	**57.94**	**20.51**	**3.30**
	Cash and cash equivalents comprises of				
	Cash and Cheques on hand	30.06	0.04	0.03	-
	Fixed Deposit with Scheduled Bank	206.69	31.40	7.50	-
	Balance with Scheduled Bank	55.60	26.50	12.98	3.30
		292.35	**57.94**	**20.51**	**3.30**

Notes:

1 The above cash flow statement has been prepared under the "Indirect Method" as setout in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 A figure in the bracket indicates loss.

3 The Company was incorporated on November 25, 2003, accordingly disclosure of figure for the period prior to date of incorporation does not arise.

RELIGARE COMMODITIES LIMITED
(Formerly known as Religare Comdex Limited)

Annexure-V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFIT /LOSSES)

Particulars		For the year ended			For the period ended
		March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Earnings Per Share (EPS)- Basic and Diluted	Rs.	11.75	(4.48)	(2.61)	(0.68)
Return on Net Worth	%	21.76%	-201.20%	-38.97%	-7.30%
Net Asset Value (NAV) Per Share	Rs.	53.97	2.23	6.71	9.32

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = $\frac{\text{Net Profit/(loss) after Tax as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/(loss) Per Share (Rs.) = $\frac{\text{Net Profit/(loss) after Tax as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Return on Net Worth (%) = $\frac{\text{Net Profit/(loss) after Tax as restated}}{\text{Net worth as restated, at the end of the year}}$

Net Asset Value (NAV) Per Share (Rs.) = $\frac{\text{Net worth as restated at the end of the year (excluding preference share capital)}}{\text{Number of Equity Share Outstanding at the end of the year}}$

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Net worth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Net worth.

5 A figure in bracket indicates loss.

6 The Company was incorporated on November 25, 2003, accordingly disclosure of figure for the period prior to date of incorporation does not arise.

RELIGARE COMMODITIES LIMITED
(Formerly known as Religare Comdex Limited)

Annexure-VI

STATEMENT OF SECURED AND UNSECURED LOANS

(Rupees in million)

PARTICULARS	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004
SECURED LOANS (A)	**-**	**-**	**-**	**-**
UNSECURED LOANS (B)				
Inter Corporate Loans	23.00	**-**	11.46	-
Interest due on Unsecured Loans	-	0.02	0.78	
TOTAL (B)	**23.00**	**0.02**	**12.24**	**-**
TOTAL (A+B)	**23.00**	**0.02**	**12.24**	**-**

Notes:

(1) Interest on unsecured inter corporate loans was payable @ 11% per annum for the years ended March 31, 2005, March 31, 2006 and March 31, 2007, respectively.

(2) Unsecured Inter Corporate Loans is repayable within 360 days with a option for prematurity with mutual consent And provision for renewal.

(3) The rate of interest and other terms of the loans in respect of years ended March 31, 2003, 2004, 2005 and 2006 are as per the information and explanations furnished by the management of the company and relied upon by the auditor.

(4) The Company was incorporated on November 25, 2003, accordingly disclosure of figure for the period prior to Date of incorporation does notarise.

RELIGARE COMMODITIES LIMITED
(Formerly Known as Religare Comdex Limited)

Annexure-VII

STATEMENT OF OTHER INCOME, AS RESTATED

(Rupees in million)

Particulars	For the year ended			For the period ended	Nature of Income	Related / Not Related To Business Activity
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004		
Interest Income	8.24	2.98	0.10	-	Recurring	Non Related
Advisory fees and Research Income	0.43	0.22	-	-	Recurring	Related
Recovery of Transaction Fees from Clients	16.47	4.12	0.43	-	Recurring	Related
Income From Mutual Fund	0.02	-	-	-	Non - Recurring	Non Related
Miscellaneous Income	0.02	-	-	-	Non - Recurring	Non Related
	25.18	**7.32**	**0.53**	**-**		

Note: The Company was incorporated on November 25, 2003, accordingly disclosure of figure for the period prior to date of incorporation does not arise.

Religare Insurance Broking Limited

Auditors' Report

To
The Board of Directors,
Religare Insurance Broking Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Insurance Broking Limited (formerly known as Religare Insurance Advisory Services Private Limited up to August 3, 2006) ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) Financial Information of the Company

These financial information of the Company have been extracted by the Management from the financial statements for the period January 10, 2006 (date of incorporation) to March 31, 2006 and for the year ended March 31, 2007. Audit for the period January 10, 2006 to March 31, 2006 was conducted by previous auditors, Jassal Ranganathan & Associates and accordingly reliance has been placed on the financial statements audited by them for the said period after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated Summary Statement of Assets and Liabilities and restated Summary of Profit or Loss of the Company for the respective years after incorporating:

(a) Adjustments, if any, for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods identified by the management and examined by us for the purposes of restatement in the financial information.
(b) Adjustments for the material amounts in the respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.
(c) Extra-ordinary items, if any, that need to be disclosed separately in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information
(d) Adjustments, if any, for qualification requiring adjustments in the accounts in respective financial years to which they relate identified by the management and examined by us for the purposes of restatement in the financial information.

The above mentioned additional procedures for the period January 10, 2006 to March 31, 2006 should not be construed as an audit conducted under the Generally Accepted Auditing Standards in India and accordingly we are not expressing an opinion on the individual financial statements for the period January 10, 2006 to March 31, 2006 of which the previous auditors have expressed an unqualified opinion as to true and fair view of the financial statements for the respective years.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

(a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2006 and 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant

Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

(b) The Restated Summary Statement of Profit or Loss of the Company for the year then ended, including for the period January 10, 2006 to March 31, 2006 and March 31, 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

(c) Based on above and also as per the reliance placed on the financial statements audited by previous auditors for the period January 10, 2006 to March 31, 2006 and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the respective years, we are of the opinion that the restated financial information have been made after incorporating:

(i) adjustments, if any, for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
(ii) adjustments for the material amounts in the respective financial years to which they relate and
(iii) there are no extra-ordinary items that need to be disclosed separately in the accounts.
(iv) there are no qualifications requiring adjustments *except what is stated in paragraph 4 below*.

(d) We have also examined the following other financial information set out in Annexures (IV to V) prepared by the management and approved by the Board of Directors relating to the Company for the period January 10, 2006 to March 31, 2006 and March 31, 2007. In respect of the period January 10, 2006 to March 31, 2006 these information have been included based upon the financial statements audited by the previous auditors, Jassal Ranganathan & Associates and relied upon by us (Also refer paragraph 2 above).

(i) Statement of Restated Cash Flows for the period January 10, 2006 to March 31, 2006 and March 31, 2007 included in Annexure IV
(ii) Statement of Accounting Ratios included in Annexure V

In our opinion the financial information contained in Annexure I to V of this report read along with the Significant Accounting Policies, prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

4) As stated in Note 2 (a) (i) of Annexure III, *Provision made for remuneration payable to the Wholetime Director of the Company is in excess of the limits prescribed under Schedule XIII of the Act by Rs. 60,420, which is subject to the approval from the Central Government, for which an application has been made by the Company and consent whereof is awaited. No adjustment for the same has been made in the Restated Summary Statement of Assets and Liabilities of the Company and Restated Summary Statement of Profit or Loss of the Company. As a result the loss for the year is higher by Rs. 60,420 and its consequential impact on excess of assets over liabilities by Rs. 60,420 as at March 31, 2007.*

5) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by any of the other Auditors.

6) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

7) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

Religare Insurance Broking Limited
(Formerly known as Religare Insurance Advisory Services Limited)

Annexure – I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	1.56	-	-	-	-
Less: Depreciation	(0.17)	-	-	-	-
Net Block	1.39	-	-	-	-
Capital Work-in Progress	0.48	-	-	-	-
Total	**1.87**	**-**	**-**	**-**	**-**
B. Deferred Tax Asset	**3.91**	**0.08**	**-**	**-**	**-**
C. Current Assets, Loans and Advances					
Interest Accrued	0.12	0.06	-	-	-
Sundry Debtors	6.96	-	-	-	-
Cash and Bank Balances	8.23	24.64	-	-	-
Loans and Advances	1.11	0.01	-	-	-
Total	**16.42**	**24.71**	**-**	**-**	**-**
Total Assets (A+B+C)	**22.20**	**24.79**	**-**	**-**	**-**
D. Liabilities and Provisions					
Current Liabilities	4.57	0.01	-	-	-
Provisions	0.42	0.02	-	-	-
Total	**4.99**	**0.03**	**-**	**-**	**-**
E. Net Worth (A+B+C-D)	**17.21**	**24.76**	**-**	**-**	**-**
Net worth represented by					
F. Share Capital					
Equity Share Capital	25.00	25.00	-	-	-
G. Reserves and Surplus	-	-	-	-	-
Less: Debit Balance in Profit and Loss Account	(7.79)	(0.24)	-	-	-
Total	(7.79)	(0.24)	-	-	-
Net Worth (F+G)	**17.21**	**24.76**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on January 10, 2006, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

Religare Insurance Broking Limited
(Formerly known as Religare Insurance Advisory Services Limited)

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	**For the year ended March 31,**				
	2007	**For the Period January 10, 2006 to March 31, 2006**	**2005**	**2004**	**2003**
Income					
Income From Operations	8.95	-			
Other Income	1.41	0.07			
Total Income	**10.36**	**0.07**	**-**	**-**	**-**
Expenditure					
Operating Expenses	0.14	-	-	-	-
Personnel Expenses	14.60	0.12	-	-	-
Administrative and Other Expenses	6.59	0.25	-	-	-
Interest on Inter Corporate Loans	0.13	-	-	-	-
Depreciation	0.17	-	-	-	-
Total Expenditure	**21.63**	**0.37**	**-**	**-**	**-**
Loss before Tax	**(11.27)**	**(0.30)**	**-**	**-**	**-**
Provision for Tax					
- Current Tax	-	-	-	-	-
- Taxes for Earlier Year	(0.02)	-	-	-	-
- Deferred Tax (Net)	3.82	0.09	-	-	-
- Fringe Benefit Tax	(0.11)	(0.00)	-	-	-
Total	**3.69**	**0.09**			
Net Loss before Adjustments	**(7.58)**	**(0.21)**	**-**	**-**	**-**
Adjustments (Net) (Refer Annexure III)	0.01	(0.01)	**-**	**-**	**-**
Current Tax Impact of Adjustments	0.02	(0.02)	**-**	**-**	**-**
Total of adjustments after Tax Impact	**0.03**	**(0.03)**			
Net Loss As Restated	**(7.55)**	**(0.24)**	**-**	**-**	**-**
Profit and Loss amount at the beginning of the year	(0.24)	-	-	-	-
Balance Available for Appropriation, As Restated	**(7.79)**	**(0.24)**	**-**	**-**	**-**
Balance Carried Forward Restated	**(7.79)**	**(0.24)**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on January 10, 2006, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

ANNEXURE-III: NOTES TO RESTATED SUMMERY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE INSURANCE BROKING LIMITED

1. NOTES ON ADJUSTMENT FOR RESTATED FINANCIAL STATEMENT

a. Summary

Below mention is a summary of result of restatement made in the audited accounts for the period January 10, 2006 to March 31, 2006 and for the year ended March 31, 2007 and its impact on the profit/loss of the company.

(Rupees in million)

Particulars	Refer Note	For the year ended March 31,				
		2007	From January 10, 2006 to March 31, 2006	2005	2004	2003
Loss After Tax as per Audited Accounts		(7.58)	(0.21)	-	-	-
<u>Adjustments For</u>						
<u>Prior Period item</u>						
Interest Income	(c)(i)	0.01	(0.01)	-	-	-
Net Total Adjustments		0.01	(0.01)	-	-	-
Current Tax Impact of Adjustments	(b)	0.02	(0.02)	-	-	-
Loss After Tax as per Restatement		(7.55)	(0.24)	-	-	-

b. Current Tax and Deferred Tax Impact on Restatement

The Profit and Loss Account of some years include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years tax liability. Also, income tax (current tax and deferred tax) has been computed on adjustments made and has been adjusted in the Profit and Loss Account for respective years. The tax rate applicable for the year ended March 31, 2007 has been used to calculate the notional current and deferred tax impacts of the adjustments.

c. Other Adjustments

(i) Prior Period Item

In the audited financial statement for the year ended March 31, 2007, certain items of income/expenses were identified as prior period item. For the purpose of this statement, such prior period items have been appropriately adjusted to respective years to which they relate.

d. Material Regroupings

Appropriate adjustments have been made in the restated summary statement of assets and liabilities, Profit and Losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the company for the year ended March 31, 2007 and the requirements of the guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

2. a. Qualification in Auditors Report

(i) Managerial Remuneration

The statutory auditors have qualified their opinion on the financial statement for the year ended March 31, 2007, regarding *Provision made for remuneration payable to the Wholetime Director of the Company in excess of the limits prescribed under Schedule XIII of the Act by Rs. 60,420, which is subject to the approval from the Central Government, for which an application has been made by the Company and consent whereof is awaited, as a result the loss for the year is higher by Rs. 60,420 and its consequential impact on excess of assets over liabilities by Rs. 60,420 as at March 31, 2007*. This qualification has not been considered for adjustments to the financial statement for the year ended March 31, 2007 as this is a matter of procedure and regulatory requirement.

b. Other Audit qualification matters for emphasis which does not require any corrective adjustment in the financial information are as follows

(i) The statutory auditors have drawn attention regarding *non-compliance with Insurance Regulatory and Development Authority (Insurance Brokers) Regulations 2002*, pertaining to concentration of business. These do not require any corrective adjustment in the financial statement for the year ended March 31, 2007.

(ii) CARO 2007:
Attention is drawn to the Companies (Auditor's Report) Order 2003, where in the auditor has stated that the company is *generally* regular in depositing the 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 material statutory dues as applicable with the appropriate authorities

3. 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. 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

Commission from Insurance Broking is accounted for on Accrual Basis.

d. Fixed Assets

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

e. 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.

f. Depreciation

(i) Depreciation on Fixed Assets is provided on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956 of India.

(ii) Depreciation on additions / deletions to fixed assets is provided on pro - rata basis from / up to the date the asset is put to use / discarded.

(iii) Assets costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

g. Retirement Benefits

(i) Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.

(i) Company's contribution to Provident Fund is charged to profit and loss account.

h. Taxes on Income

(i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.

(i) 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.

i. Fringe Benefit Taxes

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 Benefit Tax issued by the Institute of Chartered Accountants of India.

j. 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.

k. 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.

l. Preliminary Expenses

Preliminary Expenses are written off in full during the first financial year.

m. Leased Assets

Assets acquired under Leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. The rentals and all the other expenses of assets under operating lease are treated as revenue expenditure.

4. NOTES ON ACCOUNTS

a. Contingent Liabilities:

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for during the financial year 2006 – 2007, Rs. 0.72 million (previous year Rs. Nil).

b. Fixed Deposits with scheduled Banks of Rs. 5 million has been made for 5 years and the lien has been marked in the favour of Insurance Regulatory & Development Authorities (previous year Rs. Nil).

c. (i) Religare Insurance Broking Limited ("the Company") was incorporated on January 10, 2006 as Religare Insurance Advisory Services Private Limited. The Company was converted into public limited company on May 17, 2006. Further, on August 4, 2006, the name of the Company was changed to Religare Insurance Broking Limited.

(ii) The Company is a wholly owned subsidiary of M/s. Religare Enterprises Limited.

d. The company got registered with Insurance Regulation and Development Authority (IRDA) as Composite Insurance Broker vides license code no. CB 341/06 dated November 17, 2006 and started its commercial operations w.e.f. November 17, 2006.

e. The Company has obtained Professional Indemnity Insurance as required by Regulation 24 of the Insurance Regulatory and development authority (Insurance Brokers) Regulations, 2002 with effect from January 18, 2007.

f. Related Party Disclosures:

1.	Holding Company	Religare Enterprise Limited
2.	Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Commodities Limited Religare Venture Capital Private Limited Religare Realty Limited Religare Finance Limited Religare Capital Markets Limited Religare Wealth Management Services Limited
3.	Individuals owing directly or indirectly Interest in voting power that give them Control or Significant influence over Enterprise	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
4.	Key Management Personnel	Mr. Chandan Kumar Sinha
5.	Enterprise over which (3) and (4) are Able to exercise significant influence and with whom transactions have taken place	-

6. **Following transactions were carried out with related parties in the ordinary course of business as extracted from Audited Financial Statements**

(Amount in million)

Nature of Transactions	Name of the Related Party	Holding Company		Fellow Subsidiary Companies		Key Management Personnel		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
FINANCE									
Inter Corporate Deposits Taken	Religare Finvest Limited	-	-	8.35	-	-	-	8.35	-
Inter Corporate Deposits Taken Total		**-**	**-**	**8.35**	**-**	**-**	**-**	**8.35**	**-**
Inter Corporate Deposits Repaid	Religare Finvest Limited	-	-	8.35	-	-	-	8.35	-
Inter Corporate Deposits Repaid Total		**-**	**-**	**8.35**	**-**	**-**	**-**	**8.35**	**-**
Interest Paid on Inter Corporate Deposits	Religare Finvest Limited	-	-	0.13	-	-	-	0.13	-
Interest Paid on Inter Corporate Deposits Total		**-**	**-**	**0.13**	**-**	**-**	**-**	**0.13**	**-**
Inter Corporate Deposits Given	Religare Securities Limited	-	-	10.00	-	-	-	10.00	-
Inter Corporate Deposits Given Total		**-**	**-**	**10.00**	**-**	**-**	**-**	**10.00**	**-**
Inter Corporate Deposits Received Back	Religare Securities Limited	-	-	10.00	-	-	-	10.00	-
Inter Corporate Deposits Received Back Total		**-**	**-**	**10.00**	**-**	**-**	**-**	**10.00**	**-**
Interest Received on Inter Corporate Deposits	Religare Securities Limited	-	-	0.11	-	-	-	0.11	-
Interest Received on Inter Corporate Deposits Total		**-**	**-**	**0.11**	**-**	**-**	**-**	**0.11**	**-**
ALLOCATION OF EXPENSES BY OTHER COMPANIES									
Rent Expenses	Religare Securities Limited	-	-	1.42	-	-	-	1.42	**-**
Rent Expenses Total		-	-	**1.42**	-	-	-	**1.42**	**-**
Electricity Expenses	Religare Securities Limited	-	-	0.62	-	-	-	0.62	**-**
Electricity Expenses Total		-	-	**0.62**	-	-	-	**0.62**	**-**
Insurance Charges	Religare Enterprises Limited	0.00	**-**	**-**					
Insurance Charges Total		**0.00**	**-**	**-**					

Nature of Transactions	Name of the Related Party	Holding Company		Fellow Subsidiary Companies		Key Management Personnel		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
IT Service Expenses	Religare Securities Limited	-	-	0.13	-	-	-	0.13	-
IT Services Expenses Total		**-**	**-**	**0.13**	**-**	**-**	**-**	**0.13**	**-**
EXPENSES REIMBURSEMENT									
Expense Reimbursement to other Companies	Religare Securities Limited	-	-	0.41	-			0.41	-
	Religare Finvest Limited	-	-	0.00				0.00	
Expense Reimbursement to other Companies Total		**-**	**-**	**0.41**	**-**	**-**	**-**	**0.41**	**-**
Remuneration to Key Management Personnel	Mr. Chandan Kumar Sinha					0.09		0.09	-
Remuneration to Key Management Personnel Total						**0.09**		**0.09**	**-**
Other Expenses:									
Lease Rentals	Religare Finvest Limited	-	-	0.09	-			0.09	-
Other Expenses Total		**-**	**-**	**0.09**	**-**			**0.09**	**-**

g. Managerial Remuneration under section 198 of the Companies Act, 1956 of India (included under Personnel Expenditure):

(Amount in Rs million)

Particulars	2006 - 2007	2005 - 2006
Salary & Allowances	0.08	-
Perquisites	0.00	-
Contribution to Provident Fund	0.00	-
Provision for Gratuity	0.00	-
Total	**0.08**	**-**

Managerial Remuneration is for the period commencing from March 26, 2007 being the date of appointment of whole time director. The same includes remuneration in excess of the limits prescribed under Schedule XIII to the Companies Act, 1956 of India, of Rs. 60,420 which is subject to approval of Central Government for which an application has been made by the Company and the consent whereof is awaited.

h. The Shareholders of the Holding Company vide their resolution dated November 6, 2006 granted approval to 'Religare Enterprises Limited Employee Stock Option Scheme 2006' (the 'Scheme'). The grant date for the Options is November 15, 2006. Under the said Scheme, 2,000,000 Options of the Equity Share Capital of the Holding Company have been granted to the employees of the Holding Company and its subsidiaries at an exercise price of Rs. 140 per share. Numbers of such Options allocated to the employees of the Company and outstanding as on March 31, 2007 are 28,890 Equity Shares. Employees covered by the Scheme are granted option to purchase shares of the Holding Company subject to the requirements of vesting. These Options vest uniformly over a period of 3 years, whereby 33% of Options vest on each vesting date as per vesting schedule at the end of first and second year and 34% of Options vest at the vesting date as per vesting schedule at the end of third year. The same are exercisable within a period of 9 years from the First Vesting date. As the fair value of the shares at the date of grant of Options is less than the exercise price no amount has been charged to the Profit & Loss Account.

i The financial statements for the previous period January 10, 2006 to March 31, 2006 used are not comparable with the figures of March 31, 2007.

Religare Insurance Broking Limited
(Formerly known as Religare Insurance Advisory Services Limited)

Annexure - IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	PARTICULARS	For the year ended March 31, 2007	From January 10, 2006 to March 31, 2006
A.	**Cash Flow From Operating Activities:**		
	Profit Before Tax, As Restated	(11.26)	(0.31)
	Adjustments for:		
	Depreciation on Fixed Assets	0.17	-
	Interest Expense	0.13	-
	Interest Income	(1.33)	(0.07)
	Provision for Gratuity & Leave Encashment	0.42	0.01
	TDS on technical/service /other operating income	(0.28)	-
	Operating Loss before working capital changes	**(12.15)**	**(0.37)**
	Adjustments for Changes in working capital:		
	- (Increase) / Decrease in Sundry Debtors	(6.96)	-
	- (Increase) / Decrease in Loans and Advances	(0.55)	-
	- Increase / (Decrease) in Current Liabilities and Provisions	4.56	0.01
	Cash generated from operations	**(15.10)**	**(0.36)**
	- Taxes (Paid) / Received	(0.11)	-
	Net Cash from / (used in) Operating Activities	**(15.21)**	**(0.36)**
B.	**Cash Flow From Investing Activities:**		
	Purchase of Fixed Assets	(1.58)	-
	Capital Work in Progress	(0.48)	-
	Proceeds from Sale of fixed assets	0.02	-
	Interest Received	0.97	-
	Net Cash from / (used in) Investing Activities	**(1.07)**	**-**
C.	**Cash Flow From Financing Activities:**		
	Proceeds form Share Capital	-	25.00
	Loans / Inter Corporate Deposits Given	(10.00)	-
	Loans / Inter Corporate Deposits received back	10.00	-
	Loans / Inter Corporate Deposits taken	8.35	-
	Loans / Inter Corporate Deposits repaid	(8.35)	-
	Interest Paid	(0.13)	-
	Net Cash from/(used in) Financing Activities	**(0.13)**	**25.00**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**(16.41)**	**24.64**
	Cash and cash equivalents at the beginning of the Year	24.64	-
	Cash and Cash Equivalents at the end of Year	**8.23**	**24.64**
	Cash and Cash Equivalents comprises of		
	Cash in hand	0.01	-
	Fixed Deposits with Scheduled Bank	5.00	24.00
	Balance with Schedule Bank	3.22	0.64
		8.23	**24.64**

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 The Company was incorporated on January 10, 2006, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

3 Figures in brackets indicates losses.

Religare Insurance Broking Limited

(Formerly known as Religare Insurance Advisory Services Limited)

Annexure - V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFITS/(LOSSES))

Particulars		For the year ended March 31,				
		2007	For the Period January 10, 2006 to March 31, 2006	2005	2004	2003
Earning Per Share (EPS) - Basic and Diluted	Rs.	(3.02)	(0.10)	-	-	-
Return on Net Worth	%	-43.87%	-0.97%	-	-	-
Net Asset Value (NAV) Per Share	Rs.	6.88	9.90	-	-	-

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$

Net Asset Value (NAV) Per Share (Rs.) = $\dfrac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5 Figures in bracket indicates loss.

Religare Capital Markets Limited

Auditors' Report

To
The Board of Directors,
Religare Capital Markets Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Capital Markets Limited ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

   (a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

   (b) The Restated Summary Statement of Profit or Loss of the Company for the period February 9, 2007 (date of incorporation) to March 31, 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

   (c) Based on above and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the period February 9, 2007 to March 31, 2007, we are of the opinion that this being the first financial year, no adjustments for changes in accounting policies for prior period are required to be made and that there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

   (d) We have also examined the following other financial information set out in Annexures (IV to V) prepared by the management and approved by the Board of Directors relating to the Company for the period February 9, 2007 to March 31, 2007.
      (i) Statement of Restated Cash Flows for the period February 9, 2007 to March 31, 2007 included in Annexure IV
      (ii) Statement of Accounting Ratios included in Annexure V

   In our opinion the financial information contained in Annexure I to V of this report read along with the Significant Accounting Policies and Notes thereon (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

3) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us.

4) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the

sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

5) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE CAPITAL MARKETS LIMITED

Annexure – I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	-	-	-	-	-
Less: Depreciation	-	-	-	-	-
Net Block	-	-	-	-	-
Capital Work-in Progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
B. Investments	**-**	**-**	**-**	**-**	**-**
C. Deferred Tax Asset	**-**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances					
Interest Accrued	-	-	-	-	-
Sundry Debtors	-	-	-	-	-
Cash and Bank Balances	0.47	-	-	-	-
Loans and Advances	-	-	-	-	-
Total	**0.47**	**-**	**-**	**-**	**-**
Total Assets (A+B+C+D)	**0.47**	**-**	**-**	**-**	**-**
E. Liabilities and Provisions					
Unsecured Loans	-	-	-	-	-
Current Liabilities	0.10	-	-	-	-
Provisions	-	-	-	-	-
Total	**0.10**	**-**	**-**	**-**	-
F. Net Worth (A+B+C+D-E)	**0.37**	**-**	**-**	**-**	**-**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	0.50	-	-	-	-
Total	**0.50**	**-**	**-**	**-**	**-**
H. Reserves and Surplus	-	-	-	-	-
Less: Debit Balance in Profit and Loss Account	(0.13)	-	-	-	-
Total	**(0.13)**	**-**	**-**	**-**	**-**
Net Worth (G+H)	**0.37**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on February 9, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE CAPITAL MARKETS LIMITED

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	**From February 9, 2007 to March 31, 2007**	**For the year ended March 31,**			
		2006	**2005**	**2004**	**2003**
Income					
Income From Operations	-	-	-	-	-
Other Income	-	-	-	-	-
Total Income	**-**	**-**	**-**	**-**	**-**
Expenditure					
Operating Expenses	-	-	-	-	-
Personnel Expenses	-	-	-	-	-
Administrative & Other expenses	0.13	-	-	-	-
Interest & Finance Charges	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenditure	**0.13**	**-**	**-**	**-**	**-**
Loss before Tax	**(0.13)**	**-**	**-**	-	**-**
Provision for Tax					
- Current Tax	-	-	-	-	-
- Taxes for earlier year	-	-	-	-	-
- Deferred Tax (Net)	-	-	-	-	-
- Fringe Benefit Tax	-	-	-	-	-
- Wealth Tax	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Net Loss before Adjustments	**(0.13)**	**-**	**-**	**-**	**-**
Adjustments (Net) (Refer Annexure - III)	-	-	-	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	-	-	-	-	-
Total of adjustments after Tax Impact	**-**	**-**	**-**	**-**	**-**
Net Loss As Restated	**(0.13)**	**-**	**-**	**-**	**-**
Profit and Loss amount at the beginning of the period	-	-	-	-	-
Balance Available for Appropriation, As Restated	**(0.13)**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**(0.13)**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on February 9, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE CAPITAL MARKETS LIMITED

ANNEXURE-III: NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE CAPITAL MARKETS LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company.

(Rupees in million)

Particulars	Refer Note	From February 9, 2007 to March 31, 2007	For the year ended March 31 2006	2005	2004	2003
Loss after Tax as per Audited Accounts		(0.13)	-	-	-	-
Adjustments For						
Changes in Accounting Policies						
Preliminary Expenses written off in the year incurred		-	-	-	-	-
Prior Period Adjustments – Depreciation		-	-	-	-	-
Provision for Doubtful Debts		-	-	-	-	-
Net Total adjustments		-	-	-	-	-
Current Tax Impact of Adjustments		-	-	-	-	-
Deferred Tax Impact of Adjustments		-	-	-	-	-
Loss after Tax as per Restatement		(0.13)	-	-	-	-

b) Material Regroupings

The Company was incorporated on February 9, 2007. The current year being the first accounting year of the Company there are no material restatements or material regroupings in the Restated Summary Statement of Assets and Liabilities and Profits and Losses.

2. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007

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

Revenue is recognized on accrual basis.

d) PRELIMINARY EXPENSES

Preliminary Expenses have been written off in the period in which these expenses are incurred.

e) 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 differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

f) 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.

3. OTHER MATERIAL NOTES FROM AUDITED FINANCIAL STATEMENT

a) Religare Capital Markets Limited ("the Company") was incorporated on February 9, 2007 to carry on business of Merchant Banking, Portfolio Management and other financial and advisory services.

b) The Company became a wholly owned subsidiary of M/s. Religare Enterprises Limited w.e.f. February 9, 2007.

c) Related Party Disclosures:

	Nature of Relationship	**Name of Party**
1.	Holding Company/ Controlling Entity	Religare Enterprises Limited
2.	Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Commodities Limited Religare Insurance Broking Limited Religare Venture Capital Private Limited Religare Finance Limited Religare Realty Limited Religare Wealth Management Services Limited
3.	Individuals owning directly or indirectly interest in the voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
4.	Key management personnel and relatives	-
5.	Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place	None

Following transactions were carried out with related parties in the ordinary course of business

(Rupees in million)

Nature of Transactions	Name of Related Party	Holding Company		Fellow Subsidiary Companies		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
FINANCE									
Allotment of Equity Shares	Religare Enterprises Limited	0.50	-	-	-	-	-	0.50	-
Allotment of Equity Shares Total		**0.50**	**-**	**-**	**-**	**-**	**-**	**0.50**	**-**
Share Application Money Refunded	Religare Enterprises Limited	0.50	**-**	**-**	**-**	**-**	**-**	0.50	-
Share Application Money Refunded Total		**0.50**	**-**	**-**	**-**	**-**	**-**	**0.50**	**-**
OTHER RECEIPTS AND PAYMENTS									
Expenses Reimbursement to Other Companies	Religare Enterprises Limited	0.05	-	-	-	-	-	0.05	-
Expenses Reimbursement to Other Companies Total		**0.05**	**-**	**-**	**-**	**-**	**-**	**0.05**	**-**

d) The financial statements have been prepared for the period February 9, 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.

RELIGARE CAPITAL MARKETS LIMITED

Annexure - IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	PARTICULARS	**For the period ended March 31, 2007**
A.	**Cash flow from operating activities:**	
	Net (loss)/profit before tax but after exceptional/extraordinary items	(0.13)
	Adjustments for:	
	Depreciation	-
	Interest Expense	-
	Interest Income	-
	Operating profit before working capital changes	**(0.13)**
	Adjustments for changes in working capital :	
	- (Increase)/Decrease in Sundry Debtors	-
	- (Increase)/Decrease in Other Receivables	-
	- Increase/(Decrease) in Trade and Other Payables	0.10
	Cash generated from operations	**(0.03)**
	- Taxes (Paid) / Received (Net of TDS)	-
	- Prior Period (Expenses)/Income (Net)	-
	- Extraordinary /exceptional Item (Expense)/ Income	-
	Net cash used in operating activities (A)	**(0.03)**
B.	**Cash flow from investing activities:**	
	Purchase of fixed assets	-
	Proceeds from Sale of fixed assets	-
	Interest Received (Revenue)	-
	Net cash from/ (used in) investing activities (B)	**-**
C.	**Cash flow from financing activities:**	
	Proceeds from fresh issue of Share Capital	0.50
	Proceeds from long term borrowings	
	Proceeds from short term borrowings	
	Net cash from financing activities (C)	**0.50**
	Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	**0.47**
	Cash and cash equivalents at the beginning of the year	**-**
	Cash and cash equivalents at the end of the year	**0.47**
	Cash and cash equivalents comprise of	
	Cash in hand	-
	Fixed Deposits (with banks)	-
	Balance with scheduled banks	0.47
	Total	**0.47**

Notes:

1 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

2 Figures in brackets indicate cash outgo.

3 The Company was incorporated on February 9, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE CAPITAL MARKETS LIMITED

Annexure - V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFIT/(LOSSES))

Particulars		For the period ended March 31, 2007
Earnings Per Share (EPS) - Basic and Diluted	Rs.	(2.60)
Return on Net Worth		-35.14%
Net Asset Value (NAV) Per Share	Rs.	7.40

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$

Net Asset Value (NAV) Per Share (Rs.) = $\dfrac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5 A figure in bracket indicates loss.

6 The Company was incorporated on February 9, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

Religare Finance Limited

Auditors' Report

To
The Board of Directors,
Religare Finance Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Finance Limited ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

   (a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

   (b) The Restated Summary Statement of Profit or Loss of the Company for the period February 15, 2007 (date of incorporation) to March 31, 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

   (c) Based on above and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the period February 15, 2007 to March 31, 2007, we are of the opinion that this being the first financial year, no adjustments for changes in accounting policies for prior period are required to be made and that there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

   (d) We have also examined the following other financial information set out in Annexures (IV to VI) prepared by the management and approved by the Board of Directors relating to the Company for the period February 15, 2007 to March 31, 2007.
      (i) Statement of Restated Cash Flows for the period February 15, 2007 to March 31, 2007 included in Annexure IV
      (ii) Statement of Accounting Ratios included in Annexure V
      (iii) Statement of Unsecured Loans included in Annexure VI

   In our opinion the financial information contained in Annexure I to VI of this report read along with the Significant Accounting Policies and notes thereon (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

3) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us.

4) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

5) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE FINANCE LIMITED

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	**As at 31.03.2007**	**As at 31.03.2006**	**As at 31.03.2005**	**As at 31.03.2004**	**As at 31.03.2003**
A. Fixed Assets					
Gross Block	-	-	-	-	-
Less: Depreciation	-	-	-	-	-
Net Block	-	-	-	-	-
Capital Work-in Progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
B. Investments	**-**	**-**	**-**	**-**	**-**
C. Deferred Tax Asset	**-**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances					
Interest Accrued	0.04	-	-	-	-
Sundry Debtors	-	-	-	-	-
Cash and Bank Balances	20.00	-	-	-	-
Loans and Advances	-	-	-	-	-
Total	**20.04**	**-**	**-**	**-**	**-**
Total Assets (A+B+C+D)	**20.04**	**-**	**-**	**-**	**-**
E. Liabilities and Provisions					
Unsecured Loans	0.21	-	-	-	-
Current Liabilities	0.14	-	-	-	-
Provisions	0.01	-	-	-	-
Total	**0.36**	**-**	**-**	**-**	-
F. Net Worth (A+B+C+D-E)	**19.68**	**-**	**-**	**-**	**-**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	20.00	-	-	-	-
Total	**20.00**	-	-	-	-
H. Reserves and Surplus	-	-	-	-	-
Less: Debit Balance in Profit and Loss Account	(0.32)	-	-	-	-
Total	**(0.32)**	**-**	**-**	**-**	**-**
Net Worth (G+H)	**19.68**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies And Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on February 15, 2007, accordingly disclosure of figures for period prior to the date of incorporation does Not arise.

RELIGARE FINANCE LIMITED

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	**From February 15, 2007 to March 31, 2007**	**For the year ended March 31,** 2006	2005	2004	2003
Income					
Income From Operations	-	-	-	-	-
Other Income	0.04	-	-	-	-
Total Income	**0.04**	**-**	**-**	**-**	**-**
Expenditure					
Operating Expenses	-	-	-	-	-
Personnel Expenses	-	-	-	-	-
Administrative & Other expenses	0.35	-	-	-	-
Interest & Finance Charges	0.00	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenditure	**0.35**	**-**	**-**	**-**	**-**
Loss before Tax	**(0.31)**	**-**	**-**	-	**-**
Provision for Tax					
- Current Tax	0.01	-	-	-	-
- Taxes for earlier year	-	-	-	-	-
- Deferred Tax (Net)	-	-	-	-	-
- Fringe Benefit Tax	-	-	-	-	-
Total	**0.01**	**-**	**-**	**-**	**-**
Net Loss before Adjustments	**(0.32)**	**-**	**-**	**-**	**-**
Adjustments (Net) (Refer Annexure - III)	-	-	-	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	-	-	-	-	-
Total of adjustments after Tax Impact	**-**	**-**	**-**	**-**	**-**
Net Loss As Restated	**(0.32)**	**-**	**-**	**-**	**-**
Profit and Loss amount at the beginning of the period	-	-	-	-	-
Balance Available for Appropriation, As Restated	**(0.32)**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**(0.32)**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on February 15, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE FINANCE LIMITED

ANNEXURE-III: NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE FINANCE LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company.

(Rupees in million)

Particulars	Refer Note	From February 15, 2007 to March 31, 2007	For the year ended March 31,			
			2006	2005	2004	2003
Loss after Tax as per Audited Accounts		(0.32)	-	-	-	-
Adjustments For						
Changes in Accounting Policies						
Preliminary Expenses written off in the year incurred		-	-	-	-	-
Prior Period Adjustments – Depreciation		-	-	-	-	-
Provision for Doubtful Debts		-	-	-	-	-
Net Total adjustments		-	-	-	-	-
Current Tax Impact of Adjustments		-	-	-	-	-
Deferred Tax Impact of Adjustments		-	-	-	-	-
Loss after Tax as per Restatement		(0.32)	-	-	-	-

b) Material Regroupings

The Company was incorporated on February 15, 2007. The current year being the first accounting year of the Company there are no material restatements or material regroupings in the Restated Summary Statement of Assets and Liabilities and Profits and Losses.

2. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007

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

Revenue is recognized on accrual basis.

d) PRELIMINARY EXPENSES

Preliminary Expenses have been written off in the period in which these expenses are incurred.

e) 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 differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

f) 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.

3. OTHER MATERIAL NOTES FROM AUDITED FINANCIAL STATEMENT

a) Religare Finance Limited ("the Company") was incorporated on February 15, 2007 to carry on investing and financing business. An application has also been filed by the Company with Reserve Bank of India for registration as a Non – Banking Financial Company in terms of Section 45 -1A of the Reserve Bank of India Act, 1934 vide its application dated May 9, 2007.

b) The Company became a wholly owned subsidiary of M/s. Religare Enterprises Limited w.e.f. February 15, 2007.

c) The Authorised Share Capital of the Company has been revised from Rs. 20,000,000 (i.e. 2,000,000 equity shares of Rs. 10 each) to Rs. 25,000,000 (i.e. 2,500,000 equity shares of Rs. 10 each) on March 30, 2007.

d) Related Party Disclosures:

	Nature of Relationship	**Name of Party**
1.	Holding Company/ Controlling Entity	Religare Enterprises Limited
2.	Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Commodities Limited Religare Insurance Broking Limited Religare Venture Capital Private Limited Religare Capital Markets Limited Religare Realty Limited Religare Wealth Management Services Limited
3.	Individuals owning directly or indirectly nterest in the voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
4.	Key management personnel and relatives	-
5.	Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place	None

Following transactions were carried out with related parties in the ordinary course of business

(Rupees in million)

Nature of Transactions	Name of Related Party	Holding Company		Fellow Subsidiary Companies		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
FINANCE									
Inter Corporate Deposit Taken	Religare Finvest Limited			0.21				0.21	-
Inter Corporate Deposit Taken Total				**0.21**				**0.21**	**-**
Interest on Inter Corporate Deposit	Religare Finvest Limited			0.00				0.00	-
Interest on Inter Corporate Deposit Total				**0.00**				**0.00**	**-**
Allotment of Equity Shares	Religare Enterprises Limited	20.00	-			-	-	20.00	-
Allotment of Equity Shares Total		**20.00**	**-**			**-**	**-**	**20.00**	**-**
OTHER RECEIPTS AND PAYMENTS									
Expenses Reimbursement to Other Companies	Religare Enterprises Limited	0.02	-	-	-	-	-	0.02	-
	Religare Finvest Limited	-	-	0.03	-	-	-	0.03	-
Expenses Reimbursement to Other Companies Total		**0.02**	**-**	**0.03**	**-**	**-**	**-**	**0.05**	**-**
OUTSTANDING BALANCES AS ON MARCH 31, 2007									
Payable									
Unsecured Loans	Religare Finvest Limited	-	-	0.21	-	-	-	0.21	-
Unsecured Loans Total		**-**	**-**	**0.21**	**-**	**-**	**-**	**0.21**	**-**

e) The financial statements have been prepared for the period February 15, 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.

RELIGARE FINANCE LIMITED

Annexure – IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	PARTICULARS	For the period ended March 31, 2007
A.	**Cash flow from operating activities:**	
	Net (loss)/profit before tax but after exceptional/extraordinary items	(0.31)
	Adjustments for:	
	Depreciation	-
	Interest Expense	0.00
	Interest Income	(0.04)
	Operating profit before working capital changes	**(0.35)**
	Adjustments for changes in working capital :	
	- (Increase)/Decrease in Sundry Debtors	-
	- (Increase)/Decrease in Other Receivables	-
	- Increase/(Decrease) in Trade and Other Payables	0.14
	Cash generated from operations	**(0.21)**
	- Taxes (Paid) / Received (Net of TDS)	-
	- Prior Period (Expenses)/Income (Net)	-
	- Extraordinary /exceptional Item (Expense)/ Income	-
	Net cash used in operating activities (A)	**(0.21)**
B.	**Cash flow from investing activities:**	
	Purchase of fixed assets	-
	Loans/ICDs given	-
	Loans/ICDs refunds received	0.21
	Finance Lease Rent Payment (Principal Portion)	-
	Deposits with bank	-
	Interest Received (Revenue)	-
	Net cash from investing activities (B)	**0.21**
C.	**Cash flow from financing activities:**	
	Proceeds from fresh issue of Share Capital	20.00
	Proceeds from long term borrowings	
	Proceeds from short term borrowings	
	Finance Lease Rent (Interest Part only)	-
	Interest Paid	(0.00)
	Net cash from financing activities (C)	**20.00**
	Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	**20.00**
	Cash and cash equivalents at the beginning of the year	**-**
	Cash and cash equivalents at the end of the year	**20.00**
	Cash and cash equivalents comprise of	
	Cash in hand	-
	Fixed Deposits (with banks)	20.00
	Balance with scheduled banks	-
	Total	**20.00**

Notes:

1 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

2 Figures in brackets indicate cash outgo.

3 The Company was incorporated on February 15, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE FINANCE LIMITED

Annexure - V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFIT/(LOSSES))

Particulars		For the period ended March 31, 2007
Earnings Per Share (EPS) - Basic and Diluted	Rs.	(0.16)
Return on Net Worth	%	-1.63%
Net Asset Value (NAV) Per Share	Rs.	9.84

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = Net Profit/(loss) after Tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year

Diluted Earnings/(loss) Per Share (Rs.) = Net Profit/(loss) after Tax, as restated attributable to equity shareholders / Weighted average number of dilutive equity shares outstanding during the year

Return on Net Worth (%) = Net Profit/(loss) after Tax, as restated / Networth, as restated, at the end of the year

Net Asset Value (NAV) Per Share (Rs.) = Net worth, as restated, at the end of the year (excluding preference share capital) / Number of equity shares outstanding at the end of the year

1. Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2. Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4. Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5. A figure in bracket indicates loss.
6. The Company was incorporated on February 15, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE FINANCE LIMITED

ANNEXURE -VI

STATEMENT OF SECURED AND UNSECURED LOANS

(Rupees in million)

	As at March 31, 2007
SECURED LOANS	
Secured Loans Total (A)	-
UNSECURED LOANS	
Inter Corporate Loans	0.21
Unsecured Loans Total (B)	**0.21**
TOTAL (A) + (B)	**0.21**

Notes:

(1) Interest on unsecured inter corporate loans from group company was payable @ 11% per annum for the period ended March 31, 2007.

(2) Unsecured Inter Corporate Loans from group company is repayable within 360 days with a option for prematurity with mutual consent and provision for renewal.

(3) The Company was incorporated on February 15 , 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

Religare Realty Limited

Auditors' Report

To
The Board of Directors,
Religare Realty Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Realty Limited ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

   (a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

   (b) The Restated Summary Statement of Profit or Loss of the Company for the period February 7, 2007 (date of incorporation) to March 31, 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

   (c) Based on above and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the period February 7, 2007 to March 31, 2007, we are of the opinion that this being the first financial year, no adjustments for changes in accounting policies for prior period are required to be made and that there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

   (d) We have also examined the following other financial information set out in Annexures (IV to VI) prepared by the management and approved by the Board of Directors relating to the Company for the period February 7, 2007 to March 31, 2007.
      (i) Statement of Restated Cash Flows for the period February 7, 2007 to March 31, 2007 included in Annexure IV
      (ii) Statement of Accounting Ratios included in Annexure V
      (iii) Statement of Unsecured Loans included in Annexure VI

   In our opinion the financial information contained in Annexure I to VI of this report read along with the Significant Accounting Policies and Notes thereon (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

3) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us.

4) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

5) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE REALTY LIMITED

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	-	-	-	-	-
Less: Depreciation	-	-	-	-	-
Net Block	-	-	-	-	-
Capital Work-in Progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
B. Investments	**-**	**-**	**-**	**-**	**-**
C. Deferred Tax Asset	**-**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances					
Interest Accrued	-	-	-	-	-
Sundry Debtors	-	-	-	-	-
Cash and Bank Balances	1.01	-	-	-	-
Loans and Advances	8.81	-	-	-	-
Total	**9.82**	**-**	**-**	**-**	**-**
Total Assets (A+B+C+D)	**9.82**	**-**	**-**	**-**	**-**
E. Liabilities and Provisions					
Unsecured Loans	9.35	-	-	-	-
Current Liabilities	0.13	-	-	-	-
Provisions	-	-	-	-	-
Total	**9.48**	**-**	**-**	**-**	-
F. Net Worth (A+B+C+D-E)	**0.34**	**-**	**-**	**-**	**-**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	0.50	-	-	-	-
Total	**0.50**	**-**	**-**	**-**	**-**
H. Reserves and Surplus	-	-	-	-	-
Less: Debit Balance in Profit and Loss Account	(0.16)	-	-	-	-
Total	**(0.16)**	**-**	**-**	**-**	**-**
Net Worth (G+H)	**0.34**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on February 7, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE REALTY LIMITED

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	From February 7, 2007 to March 31, 2007	For the year ended March 31,			
		2006	2005	2004	2003
Income					
Income From Operations	0.11	-	-	-	-
Other Income	-	-	-	-	-
Total Income	**0.11**	**-**	**-**	**-**	**-**
Expenditure					
Operating Expenses	0.10	-	-	-	-
Personnel Expenses	-	-	-	-	-
Administrative & Other expenses	0.12	-	-	-	-
Interest & Finance Charges	0.05	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenditure	**0.27**	**-**	**-**	**-**	**-**
Loss before Tax	**(0.16)**	**-**	**-**	-	**-**
Provision for Tax					
- Current Tax	-	-	-	-	-
- Taxes for earlier year	-	-	-	-	-
- Deferred Tax (Net)	-	-	-	-	-
- Fringe Benefit Tax	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Net Loss before Adjustments	**(0.16)**	**-**	**-**	**-**	**-**
Adjustments (Net) (Refer Annexure - III)	-	-	-	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	-	-	-	-	-
Total of adjustments after Tax Impact	**-**	**-**	**-**	**-**	**-**
Net Loss As Restated	**(0.16)**	**-**	**-**	**-**	**-**
Profit and Loss amount at the beginning of the period	-	-	-	-	-
Balance Available for Appropriation, As Restated	**(0.16)**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**(0.16)**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The Company was incorporated on February 7, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE REALTY LIMITED

ANNEXURE-III: NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE REALTY LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company

(Rupees in million)

Particulars	Refer Note	From February 7, 2007 to March 31, 2007	For the year ended March 31,			
			2006	2005	2004	2003
Loss after Tax as per Audited Accounts		(0.16)	-	-	-	-
Adjustments For						
Changes in Accounting Policies						
Preliminary Expenses written off in the year incurred		-	-	-	-	-
Prior Period Adjustments - Depreciation		-	-	-	-	-
Provision for Doubtful Debts		-	-	-	-	-
Net Total adjustments		-	-	-	-	-
Current Tax Impact of Adjustments		-	-	-	-	-
Deferred Tax Impact of Adjustments		-	-	-	-	-
Loss after Tax as per Restatement		(0.16)	-	-	-	-

b) Material Regroupings

The Company was incorporated on February 7, 2007. The current year being the first accounting year of the Company there are no material restatements or material regroupings in the Restated Summary Statement of Assets and Liabilities and Profits and Losses.

2. QUALIFICATIONS IN AUDITORS REPORT

a. Other audit qualification which do not require any corrective adjustment in the financial information, are as follows

i. Attention is drawn to the Companies (Auditor's Report) Order 2003, where the auditor has stated that*, Rs. 93.50 Lacs raised on a short term have been used for long term investments.*

3. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007

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**

Rental income is recognized on accrual basis.

d) **PRELIMINARY EXPENSES**

Preliminary Expenses have been written off in the period in which these expenses are incurred.

e) **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 differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

f) **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.

g) **LEASED ASSETS**

Assets acquired under Leases where a significant portion of the risks and rewards of the ownership are retained by the Lessor are classified as Operating Leases. The rentals and all the other expenses of assets under operating lease are treated as revenue expenditure.

4. OTHER MATERIAL NOTES FROM AUDITED FINANCIAL STATEMENT

a) Religare Realty Limited ("the Company") was incorporated on February 7, 2007 to carry on the business of real estate management.

b) The Company became a wholly owned subsidiary of M/s. Religare Enterprises Limited w.e.f. February 7, 2007.

c) Disclosures of transactions as required by Accounting Standard 19 on 'Leases' issued by the Institute of Chartered Accountants of India.

The Company is engaged in the business of real estate management and has taken office premises at various locations on operating lease. The lease rentals in respect of the said premises have been charged under "Rent" in the Profit and Loss Account. The Lease Agreements with various landlords are executed for a period ranging between 1 to 5 years and are not in the nature of non–cancellable leases. The office premises taken on lease are subleased to the fellow subsidiaries of the Company and such subleases are as per the original lease agreements entered into by the Company with respective landlords. The Company is recovering the rentals and maintenance expenses from its fellow subsidiary Companies, as per mutually agreed terms.

d) Related Party Disclosures:

	Nature of Relationship	**Name of Party**
1.	Holding Company/ Controlling Entity	Religare Enterprises Limited
2.	Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Commodities Limited

		Religare Insurance Broking Limited Religare Venture Capital Private Limited Religare Finance Limited Religare Capital Markets Limited Religare Wealth Management Services Limited
3.	Individuals owning directly or indirectly interest in the voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
4.	Key management personnel and relatives	-
5.	Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place	None

Following transactions were carried out with related parties in the ordinary course of business

(Rupees in million)

Nature of Transactions	Name of Related Party	Holding Company		Fellow Subsidiary Companies		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
FINANCE									
Inter Corporate Deposit Taken	Religare Finvest Limited			9.35				9.35	-
Inter Corporate Deposit Taken Total				**9.35**				**9.35**	**-**
Interest on Inter Corporate Deposit	Religare Finvest Limited			0.05				0.05	-
Interest on Inter Corporate Deposit Total				**0.05**				**0.05**	**-**
Allotment of Equity Shares	Religare Enterprises Limited	0.50	-			-	-	0.50	-
Allotment of Equity Shares Total		**0.50**	**-**			**-**	**-**	**0.50**	**-**
OTHER RECEIPTS AND PAYMENTS									
Rental Income	Religare Securities Limited	-	-	0.09	-	-	-	0.09	-
	Religare Commodities Limited	-	-	0.02	-	-	-	0.02	-
Rental Income Total		-	-	**0.11**	-	-	-	**0.11**	**-**
Expenses Reimbursement to Other Companies	Religare Enterprises Limited	0.02	-	-	-	-	-	0.02	-
	Religare Securities Limited	-	-	0.14	-	-	-	0.14	-
Expenses Reimbursement to Other		**0.02**		**0.14**	**-**	**-**	**-**	**0.16**	**-**

Nature of Transactions	Name of Related Party	Holding Company		Fellow Subsidiary Companies		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Companies Total									
Expenses Reimbursement by Other Companies	Religare Securities Limited	-	-	0.04	-	-	-	0.04	-
Expenses Reimbursement by Other Companies Total		**-**	**-**	**0.04**	**-**	**-**	**-**	**0.04**	**-**
OUTSTANDING BALANCES AS ON MARCH 31, 2007									
Payable									
Unsecured Loans	Religare Finvest Limited	-	-	9.35	-	-	-	9.35	-
Unsecured Loans Total		**-**	**-**	**9.35**	**-**	**-**	**-**	**9.35**	**-**

e) The financial statements have been prepared for the period February 7, 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.

RELIGARE REALTY LIMITED

Annexure - IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	PARTICULARS	For the period ended March 31, 2007
A.	**Cash flow from operating activities:**	
	Net (loss)/profit before tax but after exceptional/extraordinary items	(0.16)
	Adjustments for:	
	Interest and other finance charges	0.05
	Operating profit before working capital changes	**(0.11)**
	Adjustments for changes in working capital :	
	- (Increase)/Decrease in Sundry Debtors	-
	- (Increase)/Decrease in Other Receivables	(8.81)
	- Increase/(Decrease) in Trade and Other Payables	0.13
	Cash generated from operations	**(8.79)**
	- Taxes (Paid) / Received (Net of TDS)	(0.00)
	Net cash used in operating activities (A)	**(8.79)**
B.	**Cash flow from investing activities:**	
	Net cash from/ (used in) investing activities (B)	**-**
C.	**Cash flow from financing activities:**	
	Proceeds from fresh issue of Share Capital	0.50
	Proceeds from long term borrowings	
	Proceeds from short term borrowings	9.35
	Interest Paid	(0.05)
	Net cash from financing activities (C)	**9.80**
	Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	**1.01**
	Cash and cash equivalents at the beginning of the year	**-**
	Cash and cash equivalents at the end of the year	**1.01**
	Cash and cash equivalents comprise of	
	Cash in hand	-
	Fixed Deposits (with banks)	-
	Balance with scheduled banks	1.01
	Total	**1.01**

Notes:

1 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

2 Figures in brackets indicate cash outgo.

3 The Company was incorporated on February 7, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE REALTY LIMITED

Annexure - V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFIT/(LOSSES))

Particulars		For the period ended March 31, 2007
Earnings Per Share (EPS) - Basic and Diluted	Rs.	(3.20)
Return on Net Worth	%	-47.06%
Net Asset Value (NAV) Per Share	Rs.	6.80

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Diluted Earnings/(loss) Per Share (Rs.) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$

Net Asset Value (NAV) Per Share (Rs.) = $\dfrac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5 Figures in bracket indicates loss.

6 The Company was incorporated on February 7, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE REALTY LIMITED

ANNEXURE -VI

STATEMENT OF UNSECURED LOANS

(Rupees in million)

	As at 31.03.2007
UNSECURED LOANS	
Inter Corporate Loans	9.35
Unsecured Loans Total (B)	**9.35**
TOTAL (A) + (B)	**9.35**

Notes:

(1) Interest on unsecured inter corporate loans from group company was payable @ 12% per annum for the period ended March 31, 2007.

(2) Unsecured Inter Corporate Loans from group company is repayable within 360 days with a option for prematurity with mutual consent and provision for renewal.

(3) The Company was incorporated on February 7, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

Religare Venture Capital Private Limited

Auditors' Report

To
The Board of Directors,
Religare Venture Capital Private Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Venture Capital Private Limited ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:

   (a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

   (b) The Restated Summary Statement of Profit or Loss of the Company for the period July 26, 2006 (date of incorporation) to March 31, 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

   (c) Based on above and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the period July 26, 2006 to March 31, 2007, we are of the opinion that this being the first financial year, no adjustments for changes in accounting policies for prior period are required to be made and that there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

   (d) We have also examined the following other financial information set out in Annexures (IV to V) prepared by the management and approved by the Board of Directors relating to the Company for the period July 26, 2006 to March 31, 2007.
      (i) Statement of Restated Cash Flows for the period July 26, 2006 to March 31, 2007 included in Annexure IV
      (ii) Statement of Accounting Ratios included in Annexure V

   In our opinion the financial information contained in Annexure I to V of this report read along with the Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

3) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us.

4) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

5) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE VENTURE CAPITAL PRIVATE LIMITED

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	-	-	-	-	-
Less: Depreciation	-	-	-	-	-
Net Block	-	-	-	-	-
Capital Work-in Progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
B. Investments	**-**	-	-	-	-
C. Deferred Tax Asset	**-**	-	-	-	-
D. Current Assets, Loans and Advances					
Interest Accrued	-	-	-	-	-
Sundry Debtors	-	-	-	-	-
Cash and Bank Balances	0.46	-	-	-	-
Loans and Advances	-	-	-	-	-
Total	**0.46**	**-**	**-**	**-**	**-**
Total Assets (A+B+C+D)	**0.46**	**-**	**-**	**-**	**-**
E. Liabilities and Provisions					
Unsecured Loans	-	-	-	-	-
Current Liabilities	0.10	-	-	-	-
Provisions	-	-	-	-	-
Total	**0.10**	**-**	**-**	**-**	**-**
F. Net Worth (A+B+C+D-E)	**0.36**	**-**	**-**	**-**	**-**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	0.50	-	-	-	-
Total	**0.50**	**-**	**-**	**-**	**-**
H. Reserves and Surplus	-	-	-	-	-
Less: Debit Balance in Profit and Loss Account	(0.14)	-	-	-	-
Total	**(0.14)**	**-**	**-**	**-**	**-**
Net Worth (G+H)	**0.36**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The company was incorporated on July 26, 2006, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE VENTURE CAPITAL PRIVATE LIMITED

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	Form July 26, 2006 to March 31, 2007	For the year ended March 31, 2006	2005	2004	2003
Income					
Income From Operations	-	-	-	-	-
Other Income	-	-	-	-	-
Total Income	**-**				
Expenditure					
Operating Expenses	-	-	-	-	-
Personnel Expenses	-	-	-	-	-
Administrative & Other expenses	0.14	-	-	-	-
Interest & Finance Charges	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenditure	**0.14**	**-**	**-**	**-**	**-**
Loss before Tax	**(0.14)**	**-**	**-**	**-**	**-**
Provision for Tax					
- Current Tax	-	-	-	-	-
- Taxes for earlier year	-	-	-	-	-
- Deferred Tax (Net)	-	-	-	-	-
- Fringe Benefit Tax	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Net Loss before Adjustments	**(0.14)**	**-**	**-**	**-**	**-**
Adjustments (Net) (Refer Annexure - III)	-	-	-	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	-	-	-	-	-
Total of adjustments after Tax Impact	**-**	**-**	**-**	**-**	**-**
Net Loss As Restated	**(0.14)**	**-**	**-**	**-**	**-**
Profit and Loss amount at the beginning of the period	-	-	-	-	-
Balance Available for Appropriation, As Restated	**(0.14)**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**(0.14)**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure – III

(2) The company was incorporated on July 26, 2006, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE VENTURE CAPITAL PRIVATE LIMITED

ANNEXURE-III: NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE VENTURE CAPITAL PRIVATE LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company

(Rupees in million)

Particulars	Refer Note	From July 26, 2006 to March 31, 2007	For the year ended March 31, 2006	2005	2004	2003
Loss after Tax as per Audited Accounts		(0.14)	-	-	-	-
Adjustments For						
Changes in Accounting Policies						
Preliminary Expenses written off in the year incurred		-	-	-	-	-
Prior Period Adjustments - Depreciation		-	-	-	-	-
Provision for Doubtful Debts		-	-	-	-	-
Net Total adjustments		-	-	-	-	-
Current Tax Impact of Adjustments		-	-	-	-	-
Deferred Tax Impact of Adjustments		-	-	-	-	-
Loss after Tax as per Restatement		(0.14)	-	-	-	-

b) Material Regroupings

The Company was incorporated on July 26, 2006. The current year being the first accounting year of the Company there are no material restatements or material regroupings in the Restated Summary Statement of Assets and Liabilities and Profits and Losses.

2. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007

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

Income from Advisory Fees is recognized on accrual basis.

d) 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.

e) 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.

f) FRINGE BENEFIT TAX

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

g) 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.

3. OTHER MATERIAL NOTES FROM AUDITED FINANCIAL STATEMENT

a) Religare Venture Capital Private Limited (‘the Company’) is incorporated on July 26, 2006.

b) The Company became a wholly owned subsidiary of M/s. Religare Enterprises Limited w.e.f. September 11, 2006.

c) No commercial activity has been undertaken during the period from July 26, 2006 to March 31, 2007.

d) Related Party Disclosures:

Nature of Relationship	Name of Party
1. Holding Company/ Controlling Entity	Religare Enterprises Limited
2. Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Commodities Limited Religare Insurance Broking Limited Religare Capital Markets Limited Religare Finance Limited Religare Realty Limited Religare Wealth Management Services Limited
3. Individuals owning directly or indirectly interest in the voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh

4. Key management personnel and relatives -

5. Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place None

Transactions carried out with Related Parties in the Ordinary Course of Business during the period July 26, 2006 to March 31, 2007.

(Rupees in million)

Nature of Transaction	Name of Related Party	Holding Company
INVESTMENTS		
Allotment of Equity Shares	Religare Enterprises Limited	0.40
Allotment of Equity Shares Total		**0.40**
OTHER RECEIPTS AND PAYMENTS		
Expenses Reimbursements to other companies	Religare Enterprises Limited	0.00
Expenses Reimbursements to other companies Total		**0.00**

e) The financial statements have been prepared for the period July 26, 2006, 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.

RELIGARE VENTURE CAPITAL PRIVATE LIMITED

Annexure - IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	Particulars	Form July 26, 2006 to March 31, 2007	For the year ended March 31,			
			2006	2005	2004	2003
A.	**Cash flow from Operating Activities:**					
	Net (loss)/profit before tax	(0.14)				
	Adjustments for					
	Operating profit before working capital changes	**(0.14)**				
	- Increase / (Decrease) in Trade and Other Payables	0.10				
	Cash generated from operations	**(0.04)**				
	- Taxes (Paid) / Received (Net of TDS)	-				
	Net cash from/(used in) operating activities	**(0.04)**				
B.	**Cash flow from Investing Activities:**					
	Net cash from/(used in) investing activities	**-**				
C.	**Cash flow from Financing Activities:**					
	Proceeds form fresh issue of Share Capital	0.50				
	Net cash from/(used in) financing activities	**0.50**				
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**0.46**				
	Cash and cash equivalents at the beginning of the year	**-**				
	Cash and cash equivalents at the end of the year	**0.46**				
	Cash and cash equivalents comprise of					
	Cash in hand	-				
	Balance with Scheduled Banks	0.46				
		0.46	**-**			

Notes :

1 The cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Figure in the bracket indicates loss.

3 The Company was incorporated on July 26, 2006, accordingly disclosure of figure for the period prior to date of incorporation does not arise.

RELIGARE VENTURE CAPITAL PRIVATE LIMITED

Annexure - V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFIT/(LOSSES))

Particulars		For the period ended March 31, 2007
Earnings Per Share (EPS) - Basic and Diluted	Rs.	(2.80)
Return on Net Worth	%	-38.89%
Net Asset Value (NAV) Per Share	Rs.	7.20

Ratios have been computed as per the following formulas:

Basic Earnings/(loss) Per Share (Rs.) = Net Profit/(loss) after Tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year

Diluted Earnings/(loss) Per Share (Rs.) = Net Profit/(loss) after Tax, as restated attributable to equity shareholders / Weighted average number of dilutive equity shares outstanding during the year

Return on Net Worth (%) = Net Profit/(loss) after Tax, as restated / Networth, as restated, at the end of the year

Net Asset Value (NAV) Per Share (Rs.) = Net worth, as restated, at the end of the year (excluding preference share capital) / Number of equity shares outstanding at the end of the year

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Net worth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Net worth.

5 Figures in bracket indicates loss.

6 The Company was incorporated on July 26, 2006, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

Religare Wealth Management Services Limited

Auditors' Report

To
The Board of Directors,
Religare Wealth Management Services Limited,
19, Nehru Place,
New Delhi 110019

Dear Sirs,

1) We have examined the attached financial information of Religare Wealth Management Services Limited ('the Company'), as approved by the Board of Directors of the Company, prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 of India ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and in terms of our engagement agreed upon with Religare Enterprises Limited ('the Holding Company') in accordance with our engagement letter dated November 15, 2006 and May 20, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Holding Company, we further report that:
   (a) The Restated Summary Statement of Assets and Liabilities of the Company, as at March 31, 2007 as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

   (b) The Restated Summary Statement of Profit or Loss of the Company for the period March 15, 2007 (date of incorporation) to March 31, 2007, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

   (c) Based on above and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the period March 15, 2007 to March 31, 2007, we are of the opinion that this being the first financial year, no adjustments for changes in accounting policies for prior period are required to be made and that there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

   (d) We have also examined the following other financial information set out in Annexures (IV to V) prepared by the management and approved by the Board of Directors relating to the Company for the period March 15, 2007 to March 31, 2007.
      (i) Statement of Restated Cash Flows for the period March 15, 2007 to March 31, 2007 included in Annexure IV
      (ii) Statement of Accounting Ratios included in Annexure V

   In our opinion the financial information contained in Annexure I to V of this report read along with the Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

3) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us.

4) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the

sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

5) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

6) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: New Delhi
Date: May 30, 2007

RELIGARE WEALTH MANAGEMENT SERVICES LIMITED

Annexure - I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006	As at 31.03.2005	As at 31.03.2004	As at 31.03.2003
A. Fixed Assets					
Gross Block	-	-	-	-	-
Less: Depreciation	-	-	-	-	-
Net Block	-	-	-	-	-
Capital Work-in Progress	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
B. Investments	**-**	**-**	**-**	**-**	**-**
C. Deferred Tax Asset	**-**	**-**	**-**	**-**	**-**
D. Current Assets, Loans and Advances					
Interest Accrued	-	-	-	-	-
Sundry Debtors	-	-	-	-	-
Cash and Bank Balances	-	-	-	-	-
Loans and Advances	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Total Assets (A+B+C+D)	**-**	**-**	**-**	**-**	**-**
E. Liabilities and Provisions					
Unsecured Loans	-	-	-	-	-
Current Liabilities	0.34	-	-	-	-
Provisions	-	-	-	-	-
Total	**0.34**	**-**	**-**	**-**	-
F. Net Worth (A+B+C+D-E)	**(0.34)**	**-**	**-**	**-**	**-**
Net Worth represented by					
G. Share Capital					
Equity Share Capital	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
H. Reserves and Surplus	-	-	-	-	-
Less: Debit Balance in Profit and Loss Account	(0.34)	-	-	-	-
Total	**(0.34)**	**-**	**-**	**-**	**-**
Net Worth (G+H)	**(0.34)**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure - III

(2) The Company was incorporated on March 15, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE WEALTH MANAGEMENT SERVICES LIMITED

Annexure - II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	From March 15, 2007 to March 31, 2007	For the year ended March 31, 2006	2005	2004	2003
Income					
Income From Operations	-	-	-	-	-
Other Income	-	-	-	-	-
Total Income	**-**	**-**	**-**	**-**	**-**
Expenditure					
Operating Expenses	-	-	-	-	-
Personnel Expenses	-	-	-	-	-
Administrative & Other expenses	0.34	-	-	-	-
Interest & Finance Charges	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenditure	**0.34**	**-**	**-**	**-**	**-**
Loss before Tax	**(0.34)**	**-**	**-**	-	**-**
Provision for Tax					
- Current Tax	-	-	-	-	-
- Taxes for earlier year	-	-	-	-	-
- Deferred Tax (Net)	-	-	-	-	-
- Fringe Benefit Tax	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Net Loss before Adjustments	**(0.34)**	**-**	**-**	**-**	**-**
Adjustments (Net) (Refer Annexure – III)	-	-	-	-	-
Current Tax Impact of Adjustments	-	-	-	-	-
Deferred Tax Impact of Adjustments	-	-	-	-	-
Total of adjustments after Tax Impact	**-**	**-**	**-**	**-**	**-**
Net Loss As Restated	**(0.34)**	**-**	**-**	**-**	**-**
Profit and Loss amount at the beginning of the period	-	-	-	-	-
Balance Available for Appropriation, As Restated	**(0.34)**	**-**	**-**	**-**	**-**
Balance Carried Forward Restated	**(0.34)**	**-**	**-**	**-**	**-**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Restated Financial Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure - III

(2) The Company was incorporated on March 15, 2007, accordingly disclosure of figures for period prior to the date of incorporation does not arise

RELIGARE WEALTH MANAGEMENT SERVICES LIMITED

ANNEXURE-III: NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR RELIGARE WEALTH MANAGEMENT SERVICES LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS

a) Summary

Below mentioned is a summary of results of restatement made in the audited accounts for the respective years and its impact on the profits/ losses of the Company

(Rupees in million)

Particulars	Refer Note	From March 15, 2007 to March 31, 2007	For the year ended March 31, 2006	2005	2004	2003
Loss after Tax as per Audited Accounts		(0.34)	-	-	-	-
Adjustments For						
Changes in Accounting Policies						
Preliminary Expenses written off in the year incurred		-	-	-	-	-
Prior Period Adjustments – Depreciation		-	-	-	-	-
Provision for Doubtful Debts		-	-	-	-	-
Net Total adjustments		-	-	-	-	-
Current Tax Impact of Adjustments		-	-	-	-	-
Deferred Tax Impact of Adjustments		-	-	-	-	-
Loss after Tax as per Restatement		(0.34)	-	-	-	-

b) Material Regroupings

The Company was incorporated on March 15, 2007. The current year being the first accounting year of the Company there are no material restatements or material regroupings in the Restated Summary Statement of Assets and Liabilities and Profits and Losses.

2. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007

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

Revenue is recognized on accrual basis.

d) PRELIMINARY EXPENSES

Preliminary Expenses have been written off in the period in which these expenses are incurred.

e) 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 differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

f) 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.

3. OTHER MATERIAL NOTES FROM AUDITED FINANCIAL STATEMENT

a) Religare Wealth Management Services Limited ("the Company") was incorporated on March 15, 2007, to carry on business of Portfolio management, Portfolio Advisory and Corporate Advisory services including wealth management services.

b) The Company is formed as a wholly owned subsidiary of M/s. Religare Enterprises Limited w.e.f. March 15, 2007. The subscribers to the Memorandum of Association have agreed to take 2,000,000 equity shares of Rs. 10 each at par.

c) Related Party Disclosures:

	Nature of Relationship	Name of Party
1.	Holding Company/ Controlling Entity	Religare Enterprises Limited
2.	Fellow Subsidiaries	Religare Securities Limited Religare Finvest Limited Religare Commodities Limited Religare Insurance Broking Limited Religare Venture Capital Private Limited Religare Finance Limited Religare Realty Limited Religare Capital Markets Limited
3.	Individuals owning directly or indirectly interest in the voting power that gives them control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
4.	Key management personnel and relatives	-
5.	Enterprises over which key (3) and (4) are able to exercise significant influence with whom transactions have taken place	None

Following transactions were carried out with related parties in the ordinary course of business

Nature of Transaction	Name of Related Party	Holding Company		Fellow Subsidiary Companies		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
FINANCE									
OTHER RECEIPTS AND PAYMENTS									
Expenses Reimbursement to Other Companies	Religare Enterprises Limited	0.24	-	-	-	-	-	0.24	-
Expenses Reimbursement to Other Companies Total		**0.24**	**-**	**-**	**-**	**-**	**-**	**0.24**	**-**
OUTSTANDING BALANCES AS ON MARCH 31, 2007									
Other Payables	Religare Enterprises Limited	0.24	-	-	-	-	-	0.24	-
Other Payables Total		**0.24**	**-**	**-**	**-**	**-**	**-**	**0.24**	**-**

d) The financial statements have been prepared for the period March 15, 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.

RELIGARE WEALTH MANAGEMENT SERVICES LIMITED

Annexure - IV

STATEMENT OF CASH FLOW, AS RESTATED

(Rupees in million)

	PARTICULARS	For the period March 15, 2007 to March 31, 2007
A.	**Cash flow from operating activities:**	
	Net (loss)/profit before tax but after exceptional/extraordinary items	(0.34)
	Adjustments for:	
	Depreciation	-
	Interest Expense	-
	Interest Income	-
	Operating profit before working capital changes	**(0.34)**
	Adjustments for changes in working capital :	
	- (Increase)/Decrease in Sundry Debtors	-
	- (Increase)/Decrease in Other Receivables	-
	- Increase/(Decrease) in Trade and Other Payables	0.34
	Cash generated from operations	**-**
	- Taxes (Paid) / Received (Net of TDS)	-
	- Prior Period (Expenses)/Income (Net)	-
	- Extraordinary /exceptional Item (Expense)/ Income	-
	Net cash from operating activities (A)	-
B.	**Cash flow from investing activities:**	
	Purchase of fixed assets	-
	Proceeds from Sale of fixed assets	-
	Proceeds from Sale of Investments	-
	Purchase of investments	-
	Net cash from/ (used in) investing activities (B)	**-**
C.	**Cash flow from financing activities:**	
	Proceeds from fresh issue of Share Capital	-
	Proceeds from long term borrowings	
	Proceeds from short term borrowings	
	Net cash from/ (used in) financing activities (C)	**-**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)	**-**
	Cash and cash equivalents at the beginning of the year	**-**
	Cash and cash equivalents at the end of the year	**-**
	Cash and cash equivalents comprise of	
	Cash in hand	-
	Fixed Deposits (with banks)	-
	Balance with scheduled banks	-
	Total	**-**

Notes:

1 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

2 Figures in brackets indicate cash outgo.

3 The Company was incorporated on March 15, 2007; accordingly disclosure of figures for period prior to the date of incorporation does not arise.

RELIGARE WEALTH MANAGEMENT SERVICES LIMITED

Annexure - V

STATEMENT OF ACCOUNTING RATIOS (ON RESTATED PROFIT/(LOSSES))

Particulars		For the period ended March 31, 2007
Earnings Per Share (EPS) - Basic and Diluted	Rs.	-
Return on Net Worth	%	-100.00%
Net Asset Value (NAV) Per Share	Rs.	-

Ratios have been computed as per the following formulas:

$$\text{Basic Earnings/(loss) Per Share (Rs.)} = \frac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted Earnings/(loss) Per Share (Rs.)} = \frac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$$

$$\text{Net Asset Value (NAV) Per Share (Rs.)} = \frac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$$

1 Weighted average no. equity shares is the no. of equity shares outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.

2 Net profits/(losses), as appearing in the restated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.

3 Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

4 Networth as appearing in the restated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

5 A figure in bracket indicates loss.

6 The Company was incorporated on March 15, 2007; accordingly disclosure of figures for period prior to the date of incorporation does not arise.

Religare Enterprises Limited

(Consolidated)

Auditors' Report

To
The Board of Directors,
Religare Enterprises Limited,
19, Nehru Place,
New Delhi 110 019

Dear Sirs,

1) We have examined the attached consolidated financial information of Religare Enterprises Limited (formerly Vajreshwari Cosmetics Private Limited up to January 30, 2006 and Religare Enterprises Private Limited up to August 10, 2006) ('the Company), as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B (1), Part II of Schedule II of the Companies Act, 1956 (the Act) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended to date (SEBI Guidelines) and terms of our engagement agreed with you in accordance with our engagement letters dated November 15, 2006, May 20, 2007 and June 4, 2007 in connection with the proposed initial public offer of Equity shares of the Company.

2) These financial information of the Company have been extracted by the Management from the consolidated financial statements for the year ended March 31, 2006 and March 31, 2007. Audit for the financial year ended March 31, 2006 was conducted by previous auditors, M. S. Sekhon & Co., Chartered Accountants (the 'Previous auditors) and accordingly reliance has been placed on the consolidated financial information examined by them for the said year after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated Summary Statement of Assets and Liabilities and restated Summary of Profit or Loss of the Company.
The previous auditors have confirmed that the restated consolidated financial information for the year ended March 31, 2006 has been made after incorporating:

   (a) Adjustments, if any, for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
   (b) Adjustments for the material amounts in the respective financial years to which they relate.
   (c) Extra-ordinary items, if any, that need to be disclosed separately in the accounts for financial year ended March 31, 2006 have been disclosed appropriately.
   (d) Adjustments, if any, for qualification requiring adjustments in the accounts in respective financial years to which they relate.

   The above mentioned additional procedures conducted by us for the year ended March 31, 2006 should not be construed as an audit conducted under the Generally Accepted Auditing Standards in India and accordingly we are not expressing an opinion on the individual consolidated financial statements for the year ended March 31, 2006 in respect of which the previous auditors have expressed an unqualified opinion as to true and fair view of the financial statements.

3) In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you; we further report that:

   (a) The Consolidated Restated Summary Statement of Assets and Liabilities of the Company as at March 31, 2007 examined by us and as at March 31, 2006 examined by the previous auditors who have submitted their report on which reliance has been placed by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant

Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures I and III).

(b) The Consolidated Restated Summary Statement of Profit or Loss of the Company for the year ended March 31, 2007 examined by us and for the year ended March 31, 2006 examined by the previous auditors who have submitted their report on which reliance has been placed by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Refer Annexures II and III).

(c) Based on above and also as per the reliance placed on the reports submitted by the previous auditors, M S Sekhon & Co., for the year ended March 31, 2006, and after conducting such additional procedures as deemed appropriate by us for the purpose of expressing our opinion on the restated financial statements for the respective years we confirm that that the restated financial information has been made after incorporating:

(i) adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
(ii) adjustments for the material amounts in the respective financial years to which they relate;
(iii) there are no extra-ordinary items that need to be disclosed separately in the accounts; and
(iv) there are no qualifications requiring adjustments *except what is stated in paragraph 4 below.*

(d) We have also examined the following consolidated other financial information setout in Annexures (IV to VIII) prepared by the management and approved by the Board of Directors relating to the Company for the year ended March 31, 2007. In respect to the year ended March 31, 2006 these information have been included based upon the reports submitted by the previous auditors, M S Sekhon & Co. and relied upon by us (Also refer paragraph 2 above).
(i) Statement of Restated Cash Flows for the years ended March 31, 2006 and 2007 included in Annexure IV
(ii) Statement of Dividend paid/proposed included in Annexure V
(iii) Statement of Accounting Ratios included in Annexure VI
(iv) Statement of Secured and Unsecured Loans included in Annexure VII
(v) Statement of Other Income included in Annexure VIII

In our opinion the financial information contained in Annexure I to VIII of this report read along with the Significant Accounting Policies, Changes in Significant Accounting Policies and Notes (Annexure III) after making adjustments and regrouping as considered appropriate have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines and stamped by us for identification.

4) *As stated in Note 2 (a) (i) of Annexure III, Provision made for remuneration payable to the Wholetime Director of Religare Insurance Broking Limited, one of the subsidiaries of the Company, is in excess of the limits prescribed under Schedule XIII of the Act by Rs. 60,420, which is subject to approval from the Central Government, for which an application has been made by the Company and consent whereof is awaited. No adjustment for the same has been made in the Consolidated Restated Summary Statement of Assets and Liabilities of the Company and Consolidated Restated Summary Statement of Profit or Loss of the Company. As a result the profit for the year is lower by Rs. 60,420 and its consequential impact on Reserves and Surplus by Rs, 60,420 as at March 31, 2007.*

5) This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports by us or by any of the Other Auditors.

6) The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

7) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

8) Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed initial public offer of equity shares of the Company and should not be used for any other purpose except with our consent in writing.

Partha Ghosh
Partner
Membership No. F55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: June 12, 2007

RELIGARE ENTERPRISES LIMITED

Annexure - I

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITES, AS RESTATED

(Rupees in million)

Particulars	As at 31.03.2007	As at 31.03.2006
A. Fixed Assets		
Gross Block	861.66	38.38
Less: Depreciation	(169.47)	(3.97)
Net Block	692.19	34.41
Capital Work-in-Progress	67.65	0.62
Total	**759.84**	**35.03**
B. Investments	**856.37**	**261.80**
C. Current Assets, Loans and Advances		
Interest Accrued	35.87	0.08
Sundry Debtors	2,689.78	4.43
Cash and Bank Balances	2,428.22	239.71
Loans and Advances	5,861.96	4,025.42
Total	**11,015.83**	**4,269.64**
Total Assets (A+B+C)	**12,632.04**	**4,566.47**
D. Liabilities and Provisions		
Secured Loans	2,890.04	924.72
Unsecured Loans	3,935.05	2,905.59
Current Liabilities	2,518.91	74.17
Provisions	49.83	1.43
Total	**9,393.83**	**3,905.91**
E. Deferred Tax Liability	**28.33**	**4.16**
F. Minority Interest	**-**	**21.58**
G. Net Worth (A+B+C-D-E-F)	**3,209.88**	**634.82**
Net Worth Represented by		
H. Share Capital		
Equity Share Capital	643.97	500.00
I. Reserves and Surplus	2,565.91	134.82
Net Worth (H + I)	**3,209.88**	**634.82**

Notes:

(1) The above statement should be read with the Notes on Adjustments to Consolidated Restated Financials Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III.

(2) The consolidated restated summary statement of assets and liabilities of the Company are not furnished for the financial years ended March 31, 2005, 2004 and 2003 as the Company has acquired the subsidiary companies for the first time during the financial year 2005-06.

RELIGARE ENTERPRISES LIMITED

Annexure - II

SUMMARY STATEMENT OF CONSOLIDATED PROFITS AND LOSSES, AS RESTATED

(Rupees in million)

Particulars	Year Ended March 31, 2007	Year Ended March 31, 2006
Income		
Income from Operations	2,835.72	261.28
Interest Income	150.46	0.16
Other Income	215.00	49.83
Total Income	**3,201.18**	**311.27**
Expenditure		
Operating Expenses	537.88	-
Personnel Expenses	637.57	13.55
Administrative and Other Expenses	706.53	15.32
Interest and Finance Charges	709.20	192.28
Depreciation, Amortisation of Goodwill	128.04	1.98
Total Expenditure	**2,719.22**	**223.13**
Profit before Tax and Prior Period Adjustments	**481.96**	**88.14**
Provision for Taxation		
- Current Tax	166.02	15.95
- Taxes for earlier year	0.23	-
- Deferred Tax (Net)	7.63	4.13
- Fringe Benefit Tax	12.06	0.07
- Dividend Distribution Tax	15.11	2.27
Total	**201.05**	**22.42**
Profit before Prior Period Adjustments	**280.91**	**65.72**
Prior Period Adjustments (Net of Tax)	(6.00)	-
Profit after Tax before Minority Interest	**274.91**	**65.72**
Share of Minority Interest for the year	(26.18)	(12.84)
Add : Share of Profit from Associates	-	59.58
Total	**(26.18)**	**46.74**
Profit after Minority Interest before adjustments	**248.73**	**112.46**
Adjustments Refer Annexure (III)	5.73	(5.13)
Current Tax Impact of Adjustments	0.80	(0.78)
Deferred Tax Impact of Adjustments	(0.04)	0.04
Total of adjustments after Tax Impact	**6.49**	**(5.87)**
Profit as Restated	**255.22**	**106.59**
Profit and (Loss) Amount at the beginning of the year	104.72	(1.87)
Balance Available for Appropriation, As Restated	**359.94**	**104.72**
Appropriations		
Interim Dividend on Equity Shares paid	45.93	-
Interim Dividend on Equity Shares payable	21.45	-
Tax on Distributed Profits	9.45	-
Transfer to General Reserve	5.90	-
Total	**82.73**	**-**
Balance Carried Forward Restated	**277.21**	**104.72**

Note:

(1) The above statement should be read with the Notes on Adjustments to Consolidated Restated Financials Statements, Significant Accounting Policies and Notes to Accounts as appearing in Annexure III.

(2) The consolidated restated summary statement of profit and loss of the Company are not furnished for the financial years ended March 31, 2005, 2004 and 2003 as the Company has acquired the subsidiary companies for the first time during the financial year 2005-06.

(3) The reconciliation between the audited and restated accumulated profit and loss balance as at April 01, 2005 is given in Note 1 (f) of Annexure III.

ANNEX III: NOTES TO RESTATED SUMMARY OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES AS RESTATED UNDER INDIAN GAAP, FOR CONSOLIDATED RELIGARE ENTERPRISES LIMITED

1. NOTES ON ADJUSTMENTS FOR RESTATED CONSOLIDATED FINANCIAL STATEMENTS

(a) SUMMARY

Below mentioned is the summary of results of restatements made in the audited accounts for the respective years and its impact on the consolidated profits of the Company:

(Rupees in million)

Particulars	Refer Note	For the year ended March 31	
		2007	2006
Profit after Tax and Minority Interest		**248.73**	**112.46**
Adjustments for:			
Provision for Doubtful Debts	d (i)	0.13	(0.13)
Bad Debts Written Off	d (ii)	0.07	(0.07)
Preliminary Expenses written off in the year incurred	d (iii)	1.85	(1.25)
Prior Period Adjustments:			
Rectification of Income on Cum Dividend shares	e (i)	6.00	(6.00)
Prior Period Income	e (ii)	(2.32)	2.32
Net Total Adjustments		**5.73**	**(5.13)**
Current Tax Impact of Adjustments	C	0.80	(0.78)
Deferred Tax Impact of Adjustments	C	(0.04)	0.04
Profit After Tax as per Restatement		**255.22**	**106.59**

(b) The adjustments made in the year ended March 31, 2007 in respect of prior years in the standalone restated information of Religare Securities Limited and Religare Commodities Limited have no impact on restated consolidated profit for the year as these companies have become subsidiaries during the year ended March 31, 2007 only and accordingly are not included in the above statement of adjustments.

(c) Current Tax and Deferred Tax Impact on Restatements

The Profit and Loss Account of the year include amounts paid/ provided for or refunded/written back, in respect of shortfall/ excess income tax arising out of assessments, appeals etc. which has now been adjusted in the opening profit and loss account . Also, income tax (current tax and deferred tax) has been computed on adjustments made and has been adjusted in the Profit and Loss Account. The tax rate applicable for the year ended March 31, 2007 has been used to calculate the notional current and deferred tax impacts of the adjustments.

(d) Other Adjustments

(i) **Provision for doubtful debts**

During the year ended March 31, 2007, provision has been made in respect of Non-Performing loans and advances in accordance with the prudential norms of Reserve Bank of India, out of which some part related to earlier year. For the purpose of this statement, the said provision, wherever required, has been appropriately adjusted to the respective year in which these loans and advances were accounted for.

(ii) **Bad debts written off**

During the year ended March 31, 2007, certain debit balances which pertain to earlier year were written off. For the purpose of this statement, the said bad debts written off have been appropriately adjusted to the respective year to which they relate.

(iii) **Preliminary Expenses**

During the year ended March 31, 2005 and 2006, Preliminary Expenses incurred were amortised over a period of five years from the year in which they were incurred. For the purposes of this statement, such preliminary expenses were appropriately adjusted in the year in which expenses in which they were incurred as per the requirements Accounting Standard - 26 on Intangible Assets issued by the Institute of Chartered Accountants of India.

(e) Prior Period Adjustments:

(i) **Rectification of dividend income on cum-dividend shares**

In the financial statements of the year ended March 31, 2007, the Company has made rectification to the cost of investments acquired on cum-dividend basis in earlier year towards dividend received thereon which had been accounted for as income in the year ended March 31, 2006. For the purposes of this statement, the same has been adjusted in the respective years.

(ii) **Prior Period Income**

In the audited Financial Statements for the year ended March 31, 2007, certain items of income were identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted to the respective years to which they relate.

(f) Restatement of Profit and Loss reconciliation as on April 01, 2005

	Amount (Rs. in million)
Profit and Loss Account As At April 01, 2005	(1.25)
Preliminary Expenses Written off in the year incurred	(0.60)
Current Tax Impact of adjustments	(0.02)
Profit and Loss Account As At April 01, 2005, As Restated	**(1.87)**

(g) MATERIAL REGROUPINGS

Appropriate adjustments have been made in the Restated Summary Statements of Consolidated Assets and Liabilities and Consolidated Profits and Losses, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the groupings as per the audited consolidated financials of the Company for the year ending March 31, 2007 and the requirements of the Guidelines issued by the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines 2000) as amended from time to time.

2. AUDITORS QUALIFICATION

a) Qualifications in Auditors Report

The auditors have drawn attention in the Auditor's Report on Consolidated Financial Statement for the year ended March 31, 2007 regarding:

Provision made for remuneration payable to the Wholetime Director of Religare Insurance Broking Limited, one of the subsidiaries of the Company, is in excess of the limits prescribed under Schedule XIII to the Companies Act, 1956 of India by Rs. 60,420, which is subject to the approval from Central Government, for which an application has been made by the Company and consent where of is awaited, as a result the profit for the year is lower by Rs. 60,420 and its consequential impact on Reserves and Surplus by Rs, 60,420 as at March 31, 2007.

This qualification has not been considered for adjustments to the consolidated financial statements for the year ended March 31, 2007 as this is a matter of procedure and regulatory requirement

b) Other Audit qualification matters for emphasis which do not require any corrective adjustment in the financial information are as follows:

The auditors have drawn attention in the Auditor's Report on Consolidated Financial Statement for the year ended March 31, 2007 regarding *non-compliance with Insurance Regulatory and Development Authority (Insurance Broking) Regulations 2002,* pertaining to concentration of business by Religare Insurance Broking Limited, one of the subsidiaries of the Company.

3. PRINCIPLES OF CONSOLIDATION

A. The restated consolidated financial statements are presented after taking into the consideration the consolidated financial statements for the year ended March 31, 2007 and March 31, 2006 and the relevant adjustments for restatement of standalone financial information of the group

B. The consolidated financial statements relate to Religare Enterprises Limited ('the Company') and its subsidiary entities ('the Group'). The consolidated financial statements have been prepared on the following basis:

a) In respect of Subsidiary companies, the financial statements have been consolidated 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.

b) The excess of cost over the Company's investment in a subsidiary company is recognised in the consolidated financial statements as Goodwill which is amortized over a period of five years from the date 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.

c) 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.

d) 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.

e) 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.

f) 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	Proportion of ownership Interest March 31, 2006
Religare Finvest Limited* (Formerly known as Fortis Finvest Limited)	100.00%	93.00%

Religare Insurance Broking Limited** (Formerly known as Religare Insurance Advisory Services Private Limited)	100.00%	99..60%
Religare Securities Limited*** (Formerly known as Fortis Securities Limited)	100.00%	50.00%
Religare Commodities Limited*** (Formerly known as Fortis Comdex Limited)	100.00%	50.00%
Religare Venture Capital Private Limited	100.00%	-
Religare Realty Limited	100.00%	-
Religare Capital Markets Limited	100.00%	-
Religare Finance Limited	100.00%	-
Religare Wealth Management Services Limited	100.00%	-

*acquired 100% on June 1, 2006; ** acquired 100% on July 5, 2006; *** acquired 100% on June 2, 2006

D) a. Pursuant to tripartite 'Shareholders Agreements' dated April 1, 2006, between shareholders, Religare Securities Limited (RSL) and Religare Enterprises Limited (‘the Company’), the said shareholders of RSL had given authority to exercise their right with regard to appointment of directors of RSL to the Company w. e. from April 1, 2006 and control the composition of the directors within the meaning of Section 4 (1) (a) of the Companies Act, 1956. Accordingly, the accounts of RSL have been consolidated on a line by line basis for the full year as per Accounting Standard 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India since the economic benefits from RSL are vested with the Company w. e. from April 1, 2006, though it has actually become 100% subsidiary during the year.

b. Pursuant to tripartite 'Shareholders Agreements' dated April 1, 2006, between shareholders, Religare Commodities Limited (RCL) and Religare Enterprises Limited (‘the Company’), the said shareholders of RCL had given authority to exercise their right with regard to appointment of directors of RCL to the Company w. e. from April 1, 2006 and control the composition of the directors within the meaning of Section 4 (1) (a) of the Companies Act, 1956. Accordingly, the accounts of RCL have been consolidated on a line by line basis for the full year as per Accounting Standard 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India since the economic benefits from RCL are vested with the Company w. e. from April 1, 2006, though it has actually become 100% subsidiary during the year.

E) During the year ended March 31, 2007, fully owned new subsidiaries Religare Venture Capital Private Limited, Religare Realty Limited, Religare Capital Markets Limited, Religare Finance Limited and Religare Wealth Management Services Limited were incorporated. The operations of these subsidiaries from the date of incorporation till the period end have been incorporated in these consolidated financial statements. Subsequent to the year end, Religare Insurance Holding Company Limited (incorporated on April 2, 2007) has become subsidiary of the Company on June 7, 2007.

F) Religare Finvest Limited and Religare Insurance Broking Limited became the subsidiaries of the company on September 30, 2005 and March 17, 2006 respectively. Accordingly financial information of these entities from the said dates has been consolidated on a line-by-line basis for the year ended March 31, 2006. Pursuant to acquisition of 50% share in Religare Securities Limited and Religare Commodities during the year ended March 31, 2006, the share of profit/ (loss) of these entities has been considered as income from associates in the consolidated financial statements for the year ended March 31, 2006.

4. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2007 FOR 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 Broking activities is accounted for on the trade date of transaction.
b) Interest income from financing activities is recognized on an accrual basis.
c) Issue management and placement fees, underwriting commission and financial advisory fees are accrued based on stage of completion of assignments in accordance with terms of the relevant agreements.
d) Dividend from investments is accounted for as income when the right to receive dividend is established.
e) Depository Income has been accounted for on accrual basis.
f) Portfolio Management fees are accounted on accrual basis as follows:

    (i) In case of fees based on fixed percentage of the corpus / fixed amount, income is accrued over the period of the agreement.
    (ii) In case of fees based on the returns of the portfolio, income is accounted on the termination of the portfolio agreement / on each anniversary as per the terms of the agreement.
    (iii) In case of an upfront non – refundable fee, income is accounted in the year of receipt.

g) Interest on deposits and loans is recognized on an accrual basis.
h) Income from commission on Insurance Broking activity is recognized on an accrual basis.
i) Brokerage from Mutual Fund distribution activity is recognized on accrual basis.
j) Provision for Non Performing Assets has been made as per prudential norms prescribed by Reserve Bank of India.
k) Revenue excludes service tax.

D. COMMERCIAL PAPER

In case of Subsidiaries, the difference between the redemption value and acquisition cost of Commercial Paper is amortized over the tenure of the instrument. The liability as at the Balance Sheet date in respect of such instruments is recognized at face value net of discount to be amortized.

E. FIXED ASSETS

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

F. LEASED ASSETS

Assets acquired under leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as operating leases. The rentals and all other expenses of assets under operating lease are treated as revenue expenditure.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on straight – line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Profit & Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

G. INTANGIBLE ASSETS

Intangible Assets are recognized 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.

H. DEPRECIATION

i. Immovable assets at the leased premises including civil works, electrical items are capitalized as Leasehold assets and are accordingly being amortized over the primary period of lease subject to maximum of 6 years.
ii. Depreciation on fixed assets is provided on straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 of India.
iii. Depreciation on additions/ deletions to fixed assets is provided on pro-rata basis from /up to the date the asset is put to use/ discarded.
iv. Assets costing less than Rs.5,000 are fully depreciated in the year of acquisition.

I. 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.

J. 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.

K. FOREIGN CURRENCY TRANSACTIONS

i) Transactions in foreign currencies are recorded at the rate of exchange in force at the time of occurrence of the transactions.
ii) Exchange differences arising on settlement of revenue transactions are recognized in the profit and Loss account.
iii) Monetary items (other than those related to acquisition of fixed assets) denominated in a foreign currency are restated using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognized in the profit and loss account.

L. RETIREMENT BENEFITS

i) Provision for Gratuity and Leave Encashment liability to the employees is made on the basis of actuarial valuation.

ii) Company's contribution to Provident Fund is charged to profit and loss account as incurred.

M. 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 recognized, 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.

N. 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.

O. 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.

P. BORROWING COSTS

Ancillary costs incurred for arrangement of borrowings such as upfront fees / brokerages are period costs and amortized over the tenure of the borrowing as per terms of sanction / agreement.

5. OTHER MATERIAL NOTES FORMING PART OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1) **CONTINGENT LIABILITIES**

a. Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for: Rs. 11.15 million (Previous year Rs. 39.72 million)

b. Claims against the Company and subsidiaries, not acknowledged as debts: Rs. 21.28 million (Previous year Rs. Nil)

c. Guarantees by the Company, subsidiaries and associates in favour of banks, exchanges and others: for the credit facilities availed by certain subsidiaries Rs. 1,085.00 million (Previous year Rs. 1,375.00 million).

d. Undisbursed sanctioned loans by a subsidiary Rs. 117.40 million (March 31, 2006 Rs. Nil)

2) **Pledge of / Lien on Assets**

a) Fixed deposits under lien with banks, exchanges and regulatory authorities: Rs. 1,842.67 million (Previous year Rs. 0.09 million)

b) In respect of margin requirements to be maintained with the Exchanges, the Company, subsidiaries and group company have pledged 3.25 million equity shares of Karnataka Bank Limited held by the Company and a group Company and 2.81 million equity shares of Ranbaxy Laboratories Limited held by subsidiary and group companies.

3) The premium income collected by one of the subsidiary Company, Religare Insurance Broking Limited, for its insurance broking activity from the date of obtaining the Insurance Broking license i.e. November 17, 2006 till the year ended March 31, 2007 marginally exceeds the 50% limit specified in Clause 20 of Insurance Regulation and Development Authority (Insurance Brokers) Regulations, 2002 for the ceiling on business from single client.

4) Employee Stock Option Plans

a. The Shareholders of the Company vide their resolution dated November 6, 2006 granted approval to 'Religare Enterprises Limited Employee Stock Option Scheme 2006' (the 'Scheme'). The grant date for the Options is November 15, 2006. Under the said Scheme, 2,000,000 options of the Equity Share Capital of the Company have been granted to the employees of the Company and its subsidiaries at an exercise price of Rs. 140 per share. Employees covered by the Scheme are granted option to purchase shares of the Company subject to the requirements of vesting. These options vest uniformly over a period of 3 years, whereby 33% of options vest on each vesting date as per vesting schedule at the end of first and second year and 34% of options vest at the vesting date as per vesting schedule at the end of third year. The same are exercisable within a period of 9 years from the First Vesting date. As the fair value of the shares at the date of grant of options is less than the exercise price no amount has been charged to the Profit and Loss Account.

b. Total Options granted, cancelled and outstanding on March 31, 2007 are as under:

Name of the Subsidiary	**Number of Options**		
	Granted	**Cancelled**	**Outstanding as on March 31, 2007**
Religare Enterprises Limited	67,000		67,000
Religare Securities Limited	1,682,410	7,970	1,674,440
Religare Finvest Limited	172,800	-	172,800
Religare Commodities Limited	48,900	-	48,900
Religare Insurance Broking Limited	28,890	-	28,890
Total	2,000,000	7,970	1,992,030

5) Funds received by subsidiary of the Company, Religare Securities Limited, from portfolio customers for its portfolio management operations and corresponding investments made on their behalf are not forming part of these accounts.

6) The Company did not have a 'Manager' or a 'Managing Director' during the year as required under Section 269 of the Companies Act, 1956 of India. However, Managing Director has been appointed subsequent to the year end.

7) a. One of the subsidiaries of the Company has Privately Placed Unsecured Redeemable Non Convertible Debentures the balance of which on March 31, 2007 is Rs. 24,000 lacs (Previous year Rs. 15,000 lacs). These debentures carry varying coupon rates and are due for redemption within one year. As per terms of the trust deed security has been created for the said debentures. As these debentures are privately placed with Mutual Funds governed by Securities and Exchange Board of India no Debenture Redemption Reserve is required to be made.

b .In respect of loans given by a subsidiary, the same have been classified as Standard, Substandard and Loss assets and provisions for Non-Performing Assets (NPA) has been made in accordance with the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India after considering subsequent recoveries till date. The NPA provision has been shown under 'Provisions' as per said directions. These loans are secured either against tradable and listed securities held by the subsidiary in its depositories accounts or by way of pledge of shares held in the depository account of the clients for which Power of Attorneys are held by the subsidiary.

8) Application to Reserve Bank of India:

a. Pursuant to circular issued by the Reserve Bank of India (RBI) applicable to Non-Banking Finance Companies, one of the subsidiaries of the Company, Religare Finvest Limited has made an application to the RBI seeking approval for continuing Mutual Fund distribution activity. The relevant approval is awaited.

b. Religare Finance Limited, a subsidiary of the Company, incorporated on February 15, 2007 made an application to the Reserve Bank of India (RBI) for carrying on activities of a Non-Banking Financial Company. The application is pending with the RBI.

9) Provision made for managerial remuneration payable in one of the subsidiary companies, Religare Insurance Broking Limited, to its whole time director appointed as director effective from March 26, 2007, is in excess of the limits prescribed under Schedule XIII to the Companies Act, 1956 of India by Rs. 60,420, which is subject to approval of Central Government, for which an application has been made by the subsidiary company and the consent whereof is awaited. Accordingly consolidated profit for the year of the Group is lower by Rs. 60,420 and its consequential effect on Reserves and Surplus.

10) **Segment Reporting:**

i. The business segment has been considered as the primary segment for disclosure. The Company's primary business comprises of 'Broking in securities and commodities', 'Interest on Loans', Financial Advisory Services', and 'Portfolio Management Services'. The business segments have been identified considering the nature of services, the differing risks and returns, the organization structure and the internal financial reporting system.

ii. Segment revenue, results, assets and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on a reasonable basis.

iii. The Company and its subsidiaries are situated and having operations mainly in India except two branches which are outside India involved in liaison activities. Accordingly, there no reportable geographical segments as required under Accounting Standard 17 – Segment Reporting issued by Institute of Chartered Accountants of India.

INFORMATION ABOUT PRIMARY BUSINESS SEGMENT

(Rs. In million)

PARTICULARS	Investment and Finance Activities	Financial Advisory Services	Broking Related Activities	Custodial /Depository Operations	Unallocated	Eliminations	TOTAL
(i) Segment Revenue							
External Revenue	**735.21**	**250.87**	**2,021.68**	**32.74**	**8.22**	**-**	**3,048.72**
	(302.49)	(8.62)	-	-	-	-	(311.11)
Inter -Segmental Revenue	**-**	**-**	**-**	**3.94**	**-**	**(3.94)**	**-**
	-						-
Balances Written Back	**-**	**-**	**-**	**-**	**2.00**	**-**	**2.00**
	-						-
Total Revenue	**735.21**	**250.87**	**2,021.68**	**36.68**	**10.22**	**(3.94)**	**3,050.72**
	(302.49)	(8.62)	-	-	-	-	(311.11)
(ii) Segment Results							
Total Segment Results	**104.06**	**146.15**	**360.84**	**13.93**	**10.22**	**(3.94)**	**631.26**
	(83.53)	(5.66)	-	-	-	-	(89.19)
Less: Prior Period							**6.00**

PARTICULARS	Investment and Finance Activities	Financial Advisory Services	Broking Related Activities	Custodial /Depository Operations	Unallocated	Eliminations	TOTAL
Adjustments							
Less: Interest expense	**-**	**-**	**-**	**-**	**194.31**	**-**	**194.31**
							-
Add: Interest/Dividend Income	**-**	**-**	**-**	**-**	**150.46**	**-**	**150.46**
							(0.16)
Less:- Unallocated Corporate Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**105.45**
							(1.21)
Income Taxes (Current, Deferred and Fringe Benefit Tax)	**-**	**-**	**-**	**-**	**-**	**-**	**201.05**
							(22.42)
Profit after tax	**-**	**-**	**-**	**-**	**-**	**-**	**274.91**
							(65.72)
Minority Interest							**26.18**
							(12.84)
Share Profit of Associates							**-**
							(59.58)
Adjustments (Net of Tax)							**6.49**
							(5.87)
Profit after Tax, as Restated							**255.22**
							(106.59)
(iii) Segment Assets	**6,395.03**	**133.29**	**5,435.42**	**8.65**	**586.82**	**-**	**12,559.21**
	(4,293.00)	(2.32)	-	-	-	-	(4,295.32)
Unallocated Corporate Assets	**-**	**-**	**-**	**-**	**72.83**	**-**	**72.83**
	-	-	-	-	(271.15)	-	(271.15)
Total Assets	**6,395.03**	**133.29**	**5,435.42**	**8.65**	**659.65**	**-**	**12,632.04**
	(4,293.00)	(2.32)	-	-	(271.15)	-	(4,566.47)
(iv) Segment liabilities	**4,801.75**	**8.11**	**4,386.83**	**134.18**	**27.93**	**-**	**9,358.80**
	(3,903.91)	(1.26)	-	-	-		(3,905.17)
Unallocated Corporate Liabilities	**-**	**-**	**-**	**-**	**63.36**	**-**	**63.36**
	-				(26.48)		(26.48)
Total liabilities	**4,801.75**	**8.11**	**4,386.83**	**134.18**	**91.29**	**-**	**9,422.16**
	(3,903.91)	(1.26)	-	-	(26.48)		(3,931.65)
(v) Capital Expenditure	**6.68**	**24.88**	**483.26**	**0.95**	**16.23**	**-**	**532.00**
	(14.26)	(1.47)	-	-	(0.53)	-	(16.26)
(vi)Depreciation /Amortisation	**2.88**	**7.38**	**116.30**	**0.30**	**1.18**	**-**	**128.04**
	(1.90)	(0.02)	-	-	(0.06)		(1.98)
(vii) Non Cash Expenditure other than Depreciation	**3.12**	**1.91**	**19.43**	**0.13**	**7.23**	**-**	**31.82**
	(.74)	(0.07)	-	-	-	-	(.81)

Previous Year Figures, if any, are stated in bracket

11) **Related Party Disclosures:**

Nature of Relationship	**Name of Party**
1) Individuals owning directly or indirectly Interest in voting power that gives them Control	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
2) Key Management personnel and Relatives	Mr. Sunil K Garg * Mr. Atul Mittal # Mr. Mukesh Manglik $ Mr. Sunil Godhwani (Subsidiary's Director) Mr. Atul Gupta (Subsidiary's Director) Mr. Chandan Sinha (Subsidiary's Director) Mrs. Radhika N Godhwani Mr. Rochiram P Godhwani Mr. Naraindas P Godhwani Mr. Hari R Godhwani
3) Enterprises over which key (1) and (2) are able to exercise significant influence With whom transactions have taken place	Ranbaxy Holding Company RC Nursery Private Ltd Malav Holdings Private Limited Trendy Exim Private Limited Oscar Investment Limited Oscar Holdings (P) Limited Shivinder Mohan Singh (HUF) Malvinder Mohan Singh (HUF) Shivi Holdings Private Limited Fortis Financial Services Limited Fortis HealthCare Limited Fortis Health Care Holdings Limited

* Appointed on 01-Aug-06
# Resigned on 12-Jan-07
$ Appointed on 18-Dec-06

Following Transactions were carried out with related parties in the ordinary course of business

(Rupees in million)

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
FINANCE													
Inter Corporate Deposits Taken by Holding Company	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	399.00	212.98	399.00	212.98
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	10.00	-	10.00
Inter Corporate Deposits Taken by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**399.00**	**222.98**	**399.00**	**222.98**
Inter Corporate Deposits Taken By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	7,992.30	9,869.40	7,992.30	9,869.40
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	2.30	-	2.30	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	9.55	-	9.55	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	56.20	-	56.20	-

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Inter Corporate Deposits Taken By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,060.35**	**9,869.40**	**8,060.35**	**9,869.40**
Inter Corporate Deposits Repaid by Holding Company	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	582.50	-	582.50	-
Inter Corporate Deposits Repaid by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**582.50**	**-**	**582.50**	**-**
Inter Corporate Deposits Repaid By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	9,365.44	10,234.51	9,365.44	10,234.51
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	9.10	-	9.10	-
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	4.35	-	4.35	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	9.06	-	9.06	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	56.20	-	56.20	-
Inter Corporate Deposits Repaid By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,444.15**	**10,234.51**	**9,444.15**	**10,234.51**
Interest Paid on Inter Corporate Deposits by Holding Company	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	16.08	0.24	16.08	0.24
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	0.16	-	0.16
Interest Paid on Inter Corporate Deposits by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16.08**	**0.40**	**16.08**	**0.40**
Interest Paid on Inter Corporate Deposits By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	164.76	268.69	164.76	268.69
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	0.27	-	0.27	-
	R.C. Nursery Private Limited	-	-	-	-	-	-	-	-	0.31	-	0.31	-
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	0.50	-	0.50	-
Interest Paid on Inter Corporate Deposits By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**165.84**	**268.69**	**165.84**	**268.69**
Inter Corporate Deposits Given By Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	131.24	0.30	131.24	0.30
	Religare Securities Limited	-	20,678.16	-	-	-	-	-	-	-	-	-	20,678.16
	Religare Commodities Limited	-	389.31	-	-	-	-	-	-	-	-	-	389.31
	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	-	85.00	-	85.00
Inter Corporate Deposits Given By Subsidiary Companies Total		**-**	**21,067.47**	**-**	**-**	**-**	**-**	**-**	**-**	**131.24**	**85.30**	**131.24**	**21,152.77**

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Inter Corporate Deposits Received Back By Subsidiary Companies	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	-	85.00	-	85.00
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	15.84	-	15.84	-
	Religare Securities Limited	-	20,680.55	-	-	-	-	-	-	-	-	-	20,680.55
	Religare Commodities Limited	-	389.31	-	-	-	-	-	-	-	-	-	389.31
Inter Corporate Deposits Received Back By Subsidiary Companies Total		**-**	**21,069.86**	**-**	**-**	**-**	**-**	**-**	**-**	**15.84**	**85.00**	**15.84**	**21,154.86**
Interest Received on Inter Corporate Deposits By Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	3.29	-	3.29	-
	Religare Securities Limited	-	20.01	-	-	-	-	-	-	-	-	-	20.01
	Religare Commodities Limited	-	0.97	-	-	-	-	-	-	-	-	-	0.97
	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	-	0.54	-	0.54
Interest Received on Inter Corporate Deposits By Subsidiary Companies Total		**-**	**20.98**	**-**	**-**	**-**	**-**	**-**	**-**	**3.29**	**0.54**	**3.29**	**21.52**
Dividend Received and Paid on Behalf of Group Companies	Oscar Investment Limited	-	-	-	-	-	-	-	-	2.40	-	2.40	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	24.31	-	24.31	-
Dividend Received and Paid on Behalf of Group Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26.71**	**-**	**26.71**	**-**
Allotment of Shares by Holding Company	Malvinder Mohan Singh	-	-	150.00	247.88	-	-	-	-	-	-	150.00	247.88
	Shivinder Mohan Singh	-	-	150.00	247.88	-	-	-	-	-	-	150.00	247.88
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	225.00	-	225.00	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	225.00	-	225.00	-
Allotment of Shares by Holding Company Total		**-**	**-**	**300.00**	**495.76**	**-**	**-**	**-**	**-**	**450.00**	**-**	**750.00**	**495.76**
Subscription to Equity Shares by Holding Company	Religare Securities Limited	-	80.00	-	-	-	-	-	-	-	-	-	80.00
Subscription to Equity Shares by Holding Company Total		**-**	**80.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**
Purchase of Shares by Holding Company	**Equity Shares:**	-	-	-	-	-							
	Malvinder Mohan Singh	-	-	28.48	-	-	-	-	-	-	-	28.48	-
	Shivinder Mohan Singh	-	-	28.48	-	-	-	-	-	-	-	28.48	-
	Malav Holdings P ltd	-	-	-	-	-	-	-	-	0.01	-	0.01	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	0.01	-	0.01	-
	Fortis Financial Services Ltd	-	-	-	-	-	-	-	-	-	143.75	-	143.75

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	-		-
	Preference Shares:	-	-	-	-	-	-	-	-	-	-		
	Oscar Investments	-	-	-	-	-	-	-	-	260.00	-	260.00	-
Purchase of Shares By Holding Company Total		**-**	**-**	**56.96**	**-**	**-**	**-**	**-**	**-**	**260.02**	**143.75**	**316.98**	**143.75**
Issue of Debentures by Holding Company	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	300.00	-	300.00	-
Issue of Debentures by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300.00**	**-**	**300.00**	**-**
Issue of Debentures By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	1,200.00	-	1,200.00	-
Issue of Debentures By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,200.00**	**-**	**1,200.00**	**-**
Redemption of Debentures by Holding Company	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	300.00	-	300.00	-
Redemption of Debentures by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**300.00**	**-**	**300.00**	**-**
Redemption of Debentures By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	1,200.00	-	1,200.00	-
Redemption of Debentures By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,200.00**	**-**	**1,200.00**	**-**
Dividend Paid / Payable by Holding Company	Malvinder Mohan Singh	-	-	23.88	-	-	-	-	-	-	-	23.88	-
	Shivinder Mohan Singh	-	-	23.88	-	-	-	-	-	-	-	23.88	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	0.23	-	0.23	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	0.23	-	0.23	-
Dividend Paid / Payable by Holding Company Total		**-**	**-**	**47.76**	**-**	**-**	**-**	**-**	**-**	**0.46**	**-**	**48.22**	**-**
Dividend Paid / Payable By Subsidiaries	Malvinder Mohan Singh	-	-	-	3.30	-	-	-	-	-	-	-	3.30
	Shivinder Mohan Singh	-	-	-	3.30	-	-	-	-	-	-	-	3.30
Dividend Paid / Payable By Subsidiaries Total		**-**	**-**	**-**	**6.60**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.60**
Dividend Income of Holding Company	Religare Securities Ltd	-	25.50	-	-	-	-	-	-	-	-	-	25.50
Dividend Income of Holding Company Total		**-**	**25.50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25.50**
Corporate Guarantee Given by Group Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	300.00	-	300.00	-
	Oscar Investment Limited	-	-	-	-	-	-	-	-	50.00	700.00	50.00	700.00

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Corporate Guarantee Given by Group Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**350.00**	**700.00**	**350.00**	**700.00**
BROKING TRANSACTIONS (SECONDARY MARKET OPERATIONS)													
Secondary Market Transactions By Subsidiary Companies (Gross Basis)	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	176.03	-	176.03	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	98.91	-	98.91	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	1,696.27	-	1,696.27	-
	Malvinder Mohan Singh	-	-	139.12	-	-	-	-	-	-	-	139.12	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	1.24	-	1.24	-
	Shivinder Mohan Singh	-	-	139.31	-	-	-	-	-	-	-	139.31	-
	Shivinder Mohan Singh (HUF)	-	-	-	-	-	-	-	-	-	-	-	-
Secondary Market Transactions By Subsidiary Companies (Gross Basis) Total		**-**	**-**	**278.43**	**-**	**-**	**-**	**-**	**-**	**1,972.45**	**-**	**2,250.88**	**-**
Sale of equity Shares by Holding Company	Oscar Investments Limited	-	-	-	-	-	-	-	-	259.91	-	259.91	-
Sale of equity Shares by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**259.91**	**-**	**259.91**	**-**
Brokerage Earned By Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.17	-	0.17	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	0.94	-	0.94	-
	Shivinder Mohan Singh	-	-	0.05	-	-	-	-	-	-	-	0.05	-
	Malvinder Mohan Singh	-	-	0.05	-	-	-	-	-	-	-	0.05	-
Brokerage Earned By Subsidiary Companies Total		**-**	**-**	**0.10**	**-**	**-**	**-**	**-**	**-**	**1.11**	**-**	**1.21**	**-**
OTHER RECEIPTS AND PAYMENTS												-	-
Purchase of Fixed Asset By Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	9.75	-	9.75	-
Purchase of Fixed Asset By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9.75**	**-**	**9.75**	**-**
Advance Paid for Purchase of Property By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	80.00	-	80.00	-

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Advance Paid for Purchase of Property By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**-**	**80.00**	**-**
Advance Paid for Purchase of Property By Subsidiary Companies Received Back	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	80.00	-	80.00	-
Advance Paid for Purchase of Property By Subsidiary Companies Received Back Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80.00**	**-**	**80.00**	**-**
Purchase of Services By Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	4.09	-	4.09	-
Purchase of Services By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.09**	**-**	**4.09**	**-**
Depository Charges Received By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	0.03	-	0.03	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	0.03	-	0.03	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
	Fortis Health Care Holdings Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	-	-	-	-
Depository Charges Received By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.06**	**-**	**0.06**	**-**
Interest Income Received By Subsidiary Companies	Atul Gupta	-	-	-	-	0.01	-	-	-	-	-	0.01	-
Interest Income Received By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**0.01**	**-**	**-**	**-**	**-**	**-**	**0.01**	**-**
Financial Advisory Fees Received by Holding Company	Fortis Healthcare Limited	-	-	-	-	-	-	-	-	28.47	-	28.47	-
Financial Advisory Fees Received by Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**28.47**	**-**	**28.47**	**-**
Financial Advisory Fees Received by Subsidiary Companies	Fortis Healthcare Limited	-	-	-	-	-	-	-	-	12.57	-	12.57	-
Financial Advisory Fees Received by Subsidiary		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12.57**	**-**	**12.57**	**-**

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Companies Total													
REIMBURSEMENT OF EXPENSES												-	-
Expense Reimbursement to other Companies By Holding Company	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	0.56	-	0.56	-
Expense Reimbursement to other Companies By Holding Company Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.56**	**-**	**0.56**	**-**
Expense Reimbursement to other Companies By Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.29	-	0.29	-
	Ranbaxy Laboratories Ltd	-	-	-	-	-	-	-	-	1.14	-	1.14	-
Expense Reimbursement to other Companies By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.43**	**-**	**1.43**	**-**
Expense Reimbursement by other Companies to Subsidiary Companies	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.02	-	0.02	-
Expense Reimbursement by other Companies to Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**0.02**	**-**
Remuneration to Key Management Personnel By Holding Company	Sunil Garg	-	-	-	-	0.91	-	-	-	-	-	0.91	-
	Atul Mittal	-	-	-	-	0.63	0.13	-	-	-	-	0.63	0.13
	Mukesh Manglik	-	-	-	-	0.55	-	-	-	-	-	0.55	-
Remuneration to Key Management Personnel By Holding Company Total		**-**	**-**	**-**	**-**	**2.09**	**0.13**	**-**	**-**	**-**	**-**	**2.09**	**0.13**
Remuneration to Key Management Personnel By Subsidiary Companies	Sunil Godhwani	-	-	-	-	8.92	-	-	-	-	-	8.92	-
	Atul Gupta	-	-	-	-	1.85	-	-	-	-	-	1.85	-
	Chandan Sinha	-	-	-	-	0.09	-	-	-	-	-	0.09	-
Remuneration to Key Management Personnel By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**10.86**	**-**	**-**	**-**	**-**	**-**	**10.86**	**-**
Other Expenses By Subsidiary Companies (Lease Rental)	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	2.19	0.78	2.19	0.78
	Religare Securities Limited	-	0.36	-	-	-	-	-	-	-	-	-	0.36
	Radhika N Godhwani	-	-	-	-	-	-	1.47	-	-	-	1.47	-
	Rochiram P Godhwani	-	-	-	-	-	-	1.47	-	-	-	1.47	-
	Naraindas P Godhwani	-	-	-	-	-	-	1.47	-	-	-	1.47	-
	Hari R Godhwani	-	-	-	-	-	-	1.47	-	-	-	1.47	-

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.62	-	0.62	-
Other Expenses By Subsidiary Companies (Lease Rental) Total		**-**	**0.36**	**-**	**-**	**-**	**-**	**5.88**	**-**	**2.81**	**0.78**	**8.69**	**1.14**
Other Expenses By Holding Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	0.10	-	0.10	-
Other Expenses By Holding Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.10**	**-**	**0.10**	**-**
Other Expenses By Subsidiary Companies	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	-	3.31	-	3.31
	Ranbaxy Laboratories Ltd	-	-	-	-	-	-	-	-	0.11	-	0.11	-
	Oscar Investment Limited	-	-	-	-	-	-	-	-	-	7.71	-	7.71
Other Expenses By Subsidiary Companies Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.11**	**11.02**	**0.11**	**11.02**
OUTSTANDING BALANCES													
Payables													
Unsecured Loan	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	220.00	1,271.99	220.00	1,271.99
	Trendy Exim Pvt Ltd	-	-	-	-	-	-	-	-	3.90	-	3.90	-
Unsecured Loan Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**223.90**	**1,271.99**	**223.90**	**1,271.99**
Other Payables	Malvinder Mohan Singh	-	-	7.39	-	-	-	-	-	-	-	7.39	-
	Shivinder Mohan Singh	-	-	7.39	-	-	-	-	-	-	-	7.39	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	0.66	0.18	0.66	0.18
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	0.14	-	0.14	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	0.14	-	0.14	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	-	0.16	-	0.16
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.28	-	0.28	-
Other Payables Total		**-**	**-**	**14.78**	**-**	**-**	**-**	**-**	**-**	**1.22**	**0.34**	**16.00**	**0.34**
Current Account	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.25	-	0.25	-
Current Account Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.25**	**-**	**0.25**	**-**
Total Payable		**-**	**-**	**14.78**	**-**	**-**	**-**	**-**	**-**	**225.37**	**1,272.33**	**240.15**	**1,272.33**
Receivables													
Unsecured Loan	Atul Gupta	-	-	-	-	0.10	0.63	-	-	-	-	0.10	0.63
	Ranbaxy Laboratories Ltd	-	-	-	-	-	-	-	-	0.01	-	0.01	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	115.70	0.30	115.70	0.30
Unsecured Loan Total		**-**	**-**	**-**	**-**	**0.10**	**0.63**	**-**	**-**	**115.71**	**0.30**	**115.81**	**0.93**
Other Receivables	Fortis HealthCare Limited	-	-	-	-	-	-	-	-	1.61	-	1.61	-

Nature of Transactions	Name of the Related Party	Associates		Individual Owning Directly or Indirectly Interest and Voting Power that Gives Them Control		Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel / Relatives thereof are having Significant Influence		Total	
		Current Year	**Previous Year**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.67	-	0.67	-
	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	68.87	-	68.87	-
	Oscar Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
	Fortis Health Care Holdings Limited	-	-	-	-	-	-	-	-	-	-	-	-
	Malav Holdings Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
	Oscar Investments Limited	-	-	-	-	-	-	-	-	0.07	-	0.07	-
	Shivi Holding Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables Total		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**71.22**	**-**	**71.22**	**-**
Security Deposits	Ranbaxy Holding Company	-	-	-	-	-	-	-	-	1.05	-	1.05	-
	Fortis Financial Services Limited	-	-	-	-	-	-	-	-	0.60	-	0.60	-
	Radhika N Godhwani	-	-	-	-	-	-	1.44	-	-	-	1.44	-
	Rochiram P Godhwani	-	-	-	-	-	-	1.44	-	-	-	1.44	-
	Naraindas P Godhwani	-	-	-	-	-	-	1.44	-	-	-	1.44	-
	Hari R Godhwani	-	-	-	-	-	-	1.44	-	-	-	1.44	-
Security Deposits Total		**-**	**-**	**-**	**-**	**-**	**-**	**5.76**	**-**	**1.65**	**-**	**7.41**	**-**
Receivables Total		**-**	**-**	**-**	**-**	**0.10**	**0.63**	**5.76**	**-**	**188.58**	**0.30**	**194.44**	**0.93**

12) The consolidated financial statements for the year ended March 31, 2006 have been prepared incorporating the financial data of Religare Finvest Limited and Religare Insurance Broking Limited for part of the year whereas the consolidated financial statements for year ended March 31, 2007 covers seven new subsidiaries as such the results of the group for the year ended March 31, 2007 are not comparable with those of previous year

13) Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary to conform to the current year's classification.

RELIGARE ENTERPRISES LIMITED

Annexure – IV

CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED

(Rupees in million)

	PARTICULARS	Year ended March 31, 2007	Year ended March 31, 2006
A.	**Cash Flow From Operating Activities:**		
	Net Profit Before Tax	481.96	88.14
	Add: Impact of the Restatements (Net of Tax)	5.73	(5.13)
		487.69	**83.01**
	Adjustments for:		
	Depreciation, Amortisation of Goodwill	128.04	1.98
	Interest Expense	633.39	183.67
	Interest Income*	(150.46)	(0.16)
	Income from Investment – Dividends	(4.62)	(38.05)
	Rectification of cum dividend income (Non Cash Item)	(6.00)	6.00
	Interest on Finance Lease	0.01	-
	(Profit)/Loss on Fixed Assets sold (Net)	0.01	-
	(Profit)/Loss on sale of Investments	(12.53)	(0.77)
	Bad Debts and Provision for Doubtful Debts	17.06	0.21
	Provision for Gratuity and Leave Encashment	11.75	0.60
	Preliminary Expenses Written off	0.11	-
	Tax Deducted at Source on Operating Income	(61.99)	(40.83)
	Amount Written Back	(2.00)	-
	Discount on issue of Commercial Paper	34.78	-
	Operating Profit Before Working Capital Changes	**1,075.24**	**195.66**
	Adjustments for Changes in Working Capital :		
	- (Increase)/Decrease in Sundry Debtors	(1,429.74)	(4.15)
	- (Increase)/Decrease in Other Receivables	(1,516.19)	(28.31)
	- Increase/(Decrease) in Trade and Other Payables	1,223.62	(370.73)
	Cash Used in Operations	**(647.07)**	**(207.53)**
	- Taxes (Paid) / Received (Net of TDS)	(92.17)	18.20
	Net Cash Used in Operating Activities	**(739.24)**	**(189.33)**
B.	**Cash Flow From Investing Activities:**		
	Purchase of fixed assets	(532.00)	(15.64)
	Proceeds from Sale of Fixed Assets	2.30	-
	Capital Work in Progress	(13.50)	(0.62)
	Proceeds from Sale of Investments	16,724.52	2,953.83
	Purchase of investments	(17,564.31)	(2,953.06)
	Interest Received (Revenue)	87.46	0.08
	Dividend Received	3.56	38.05
	Minority Interest Purchased	(17.60)	(22.50)
	Amount Paid on Acquisition of Subsidiaries	(103.75)	(223.75)
	Net Cash Used in Investing Activities	**(1,413.32)**	**(223.61)**
C.	**Cash Flow From Financing Activities:**		
	Proceeds from fresh issue of Equity Share Capital	2,303.50	495.75
	Proceeds from Short Term Borrowings:		
	- Proceeds from Inter Corporate Loans (Net)	(1,249.47)	(1,054.48)
	- Proceeds from Commercial Papers (Net)	919.52	-

PARTICULARS	Year ended March 31, 2007	Year ended March 31, 2006
- Proceeds from Fixed Deposits (Net)	(21.69)	-
- Proceeds from Cash Credits / Working Capital Loans (Net)	1,149.90	150.00
- Proceeds from Redeemable Non-Convertible Debentures	900.00	1,200.00
Interest on Finance Lease	(0.01)	-
Finance Lease Rent	(0.23)	-
Proceeds from the Shares Issued to Minority Shareholders	-	0.10
Interest Paid	(668.47)	(125.71)
Dividend Paid	(65.93)	(14.60)
Dividend Tax Paid	(22.17)	(3.51)
Net Cash From Financing Activities	**3,244.95**	**647.55**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**1,092.39**	**234.61**
Add: Cash and Cash Equivalents at the beginning of the Year	239.71	0.03
Add: Cash and Cash Equivalents on Acquisition of Subsidiaries	1,096.12	5.07
Cash and Cash Equivalents at the end of the Year	2,428.22	239.71
Cash and Cash Equivalents Comprises of		
Cash in hand	1.44	0.01
Cheques on hand	366.81	-
Balance with Banks in Fixed Deposits Accounts	1,944.91	24.09
Balances with Banks in Current Accounts	115.06	215.61
	2,428.22	**239.71**

*** Interest income does not include interest from lending operation of Rs.711.36 million (Previous Year Rs.261.28 million)**

Notes:

1. The 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. Figures in bracket indicate cash outgo/income

3. Previous year's figures have been regrouped and rearranged wherever necessary to confirm to the current year classification.

4. Fixed Deposits with Scheduled Banks includes Rs. 1,842.67 million (Previous Year Rs.0.09 million) under lien in favour of or pledged with banks or other bodies

5. The consolidated restated cash flow statement of the Company are not furnished for the financial years ended March 31, 2005, 2004 and 2003 as the Company has acquired the subsidiary companies for the first time during the financial year 2005-06

RELIGARE ENTERPRISES LIMITED

Annexure - V

STATEMENT OF (CONSOLIDATED) DIVIDEND PAID / PROPOSED

(Rupees in million)

Class of Shares	Face Value of Share Rupees	01.04.2006 To 31.03.2007		01.04.2005 to 31.03.2006
Equity Shares				
Equity Share Capital as at year end	10	643.97		500.00
Rate of Interim Dividend (%)		31-Mar-07	4.00%	-
		31-Jan-07	6.00%	
		28-Aug-06	3.00%	
Aggregate amount of Equity Dividend			67.38	-
Final Dividend			-	-

Note:

1. The rate of dividend declared on the respective date(s) relates to the paid up capital on such date(s).
2. The interim dividend declared in each of the year is the Final Dividend for the respective years.
3. The statement of (consolidated) dividend paid/proposed is prepared in respect of dividends paid/proposed by Religare Enterprises Limited and does not include dividends paid/proposed by its subsidiaries.

RELIGARE ENTERPRISES LIMITED

Annexure - VI

SUMMARY OF (CONSOLIDATED) ACCOUNTING RATIOS, AS RESTATED

Particulars		01-04-2006 to 31-03-2007	01-04-2005 to 31-03-2006
Basic Earnings / (Loss) Per share	Rs.	4.76	3.63
Diluted Earnings / (Loss) per share	Rs.	4.69	3.63
Return on Net Worth	%	7.95%	16.79%
Net Asset Value Per Share	Rs.	49.85	12.70

Ratios have been computed as per the following formulas:

$$\text{Basic Earnings/(loss) Per Share (Rs.)} = \frac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Diluted Earnings/(loss) Per Share (Rs.)} = \frac{\text{Net Profit/(loss) after Tax, as restated attributable to equity shareholders}}{\text{Weighted average number of dilutive equity shares outstanding during the year}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net Profit/(loss) after Tax, as restated}}{\text{Networth, as restated, at the end of the year}}$$

$$\text{Net Asset Value (NAV) Per Share (Rs.)} = \frac{\text{Net worth, as restated, at the end of the year (excluding preference share capital)}}{\text{Number of equity shares outstanding at the end of the year}}$$

1. Weighted average no. equity shares is the no. of equity shares of Religare Enterprises Limited outstanding at the beginning of the year, adjusted by the no. of equity shares issued during the year multiplied by the time - weighting factor. The time weighting factor is the no. of days during the year.
2. Net profits/(losses) after Tax and Minority Interest, as appearing in the restated consolidated summary statement of profits and losses of the respective years, have been considered for the purpose of computing the above ratios. These ratios are computed on the basis of restated summary statements of the Company.
3. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.
4. Networth as appearing in the restated consolidated summary statement of Assets and Liabilities in the respective year has been considered for computation of Return on Networth.

RELIGARE ENTERPRISES LIMITED

Annexure VII

STATEMENT OF CONSOLIDATED SECURED AND UNSECURED LOANS

SECURED LOANS

(Rupees In million)

S.No.	Particulars	As at March 31, 2007	As at March 31, 2006
A	**Working Capital Demand Loan from Bank**		
	HDFC Bank Limited		
	Overdraft from Bank Secured by pledge of shares from third parties.	338.29	-
	HDFC Bank Limited		
	Secured against Fixed Deposit Receipts	130.04	-
	Punjab National Bank		
	Secured against Fixed Deposit Receipts	46.25	-
	Oriental Bank of Commerce		
	Secured against Fixed Deposit Receipts	280.00	-
	SUB-TOTAL	**794.58**	**-**
B	**Short Term Loan from Banks**		
	DBS Bank Limited		
	Secured by Hypothecation, on first pari-passu floating charge basis, of loan receivables and Corporate guarantee of Oscar Investment Limited for a sum of Rs 200 million.	195.00	150.00
	Secured by Hypothecation, on first pari-passu floating charge basis, of loan receivables and Personal Guarantee of Mr. Malvinder Mohan Singh & Mr. Shivinder Mohan Singh for Rs 750 million.	705.00	-
	Punjab National Bank		
	Secured by pledge of shares from third parties	204.93	-
	SUB-TOTAL	**1,104.93**	**150.00**
C	**Short Term Loan from Bodies Corporate**		
	DSP Merrill Lynch		
	Secured by pledge of shares from third parties	375.00	480.00
	IL&FS Limited		
	Secured by Pledge of shares from third parties and Corporate guarantee of Religare Enterprises Limited.	100.00	-
	Secured by Pledge of shares from third parties and Corporate guarantee of Ranbaxy Holding Company.	-	90.01
	Citicorp Finance (India) Limited		
	Secured by pledge of shares from third part	500.00	199.30
	SUB-TOTAL	**975.00**	**769.31**
	Interest accrued and due	**15.53**	**5.41**
	GRAND TOTAL	**2,890.04**	**924.72**

UNSECURED LOANS

S.No.	Particulars	As at March 31, 2007	As at March 31, 2006
A	Commercial Paper (Refer Note 1)	954.30	-
B	Inter Corporate Deposits / Loans (Refer Note 2, 3, and 4)	578.85	1,370.99
C	Short Term Redeemable Non-Convertible Debentures, privately placed	2,400.00	1,500.00

with various Mutual Funds (Refer Note 5 & 6)			
Interest accrued and due		**1.90**	**34.60**
	TOTAL	**3,935.05**	**2,905.59**

Year ended March 31, 2007

(Rupees In million)

Particulars of Lenders and Instrument	Principal Amount	Discount Rate	Repayment Schedule
LIC Mutual Fund Asset Management Co. (1000 commercial papers of Rs 500,000 each dated 19th October, 2006 aggregating to Rs 500 million)	478.27	Issued at Rs 460.17 million, discount rate 8.75 % per annum	October 15, 2007
LIC Mutual Fund Asset Management Co. (50 commercial papers of Rs 10,000,000 each dated 3rd November 2006 aggregating to Rs 500 million)	476.03	Issued at Rs 459.34 million, discount rate 8.90 % per annum	November 1, 2007
Total	**954.30**		

2 Interest on Unsecured Inter Corporate deposits was payable in the range of 11% to 13%, 9.25% and 8.50% to 11% per annum for the years ended March 31, 2007 and March 31, 2006 respectively.

3 The break up of Inter Corporate Deposits for the years ended March 31, 2006 and the rates of interest are based on information furnished by the management and relied upon by us.

4 Unsecured Intercorporate Deposits / loans are repayable within 360 days with a option for prematurity with mutual concent and provision for renewal.

5 Details of terms including interest rate and repayment schedule of Short term Redeemable Non-Convertible Debentures privately placed with various Mutual Funds are as set out below:

Year ended March 31, 2007

(Rupees In million)

Particulars of Lenders and Instrument	Principal Amount	Interest Rate	Repayment Schedule
LIC Mutual Fund 50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each, allotted on April 13, 2006)	500.00	Mibor + 400 basis points with 8.60% per annum as Floor and 8.70% per annum as Cap, payable quarterly	Maturity date on 10th April, 2007 (Redeemed on April 09, 2007)
LIC Mutual Fund (40 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on April 19, 2006)	400.00	Mibor + 400 basis points with 8.60% per annum as Floor and 8.70% per annum as Cap, payable quarterly	Maturity date on 17th April, 2007
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on November 28, 2006)	500.00	Mibor +450 basis points with 8.90% per annum as Floor and 9% per annum as Cap, payable quarterly in arrears	Maturity date on 23rd November, 2007
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on March 15, 2007)	500.00	Mibor +700 basis points with 11.45% per annum as Floor and 11.50% per annum as Cap, payable quarterly	Maturity date on 13th March, 2008
LIC Mutual Fund (50 short term redeemable non-convertible debentures, privately placed of Rs 1 crore each allotted on 9th February, 2007)	500.00	11% per annum, payable on maturity	Maturity date on 09th May, 2007
Total	**2,400.00**		

Year ended March 31, 2006

(Rupees In million)

Particulars of Lenders and Instrument	Principal Amount	Interest Rate	Repayment Schedule
LIC Mutual Fund (50 debentures of Rs 1 crore each allotted on 15th February, 2006)	500.00	Mibor + 300 basis points with 8.10% per annum as Cap and 8% per annum as Floor, payable quarterly	Maturity on 10th February, 2007 (early redeemed on 09th February, 2007)
LIC Mutual Fund (50 debentures of Rs 1 crore each allotted on 20th March, 2006)	500.00	Mibor + 300 basis points with 8.70% per annum as Cap and 8.60% per annum as Floor, payable quarterly	Maturity on 15th March, 2007
LIC Mutual Fund (20 debentures of Rs 1 crore each allotted on 07th October, 2005)	200.00	Mibor+300 basis points with 6.95% per annum as Floor and 7% per annum as Cap, payable quarterly in arrears	Maturity date 06th October, 2006 (redeemed on 04th October 2006)
LIC Mutual Fund (20 debentures of Rs 1 crore each allotted on 15th December, 2005)	200.00	7.50% per annum, payable quarterly	Maturity on 14th December, 2006 (early redeemed on 13th December, 2006)
LIC Mutual Fund (10 debentures of Rs 1 crore each allotted on 23rd December, 2005)	100.00	7.50% per annum, payable quarterly	Maturity on 22nd December, 2006 (early redeemed on 15th December, 2006)
Total	**1500.00**		

6 The Company has created as per terms of Trust Deed security in respect of certain unsecured debentures.

7 Interest on Working capital Demand Loan from Banks were payable in the range of 5.25% to 12% and 8.45% per annum for the years ended March 31, 2007 and March 31, 2006 respectively.

8 Interest on Short term loan from body corporate was payable in the range of 11% to 12.40% and 8.50% to 10.50% per annum for the years ended March 31, 2007 and March 31, 2006 respectively.

RELIGARE ENTERPRISES LIMITED

Annexure – VIII

STATEMENT OF (CONSOLIDATED) OTHER INCOME, AS RESTATED

(Rupees in million)

PARTICULARS	01.04.2006 to 31.03.2007	01.04.2005 to 31.03.2006	Nature of Income	Related / Not Related To Business Activity
Dividend on Long Term Investments	-	35.50	Recurring	Related
Dividend on Short Term Investments	4.62	2.55	Recurring	Non-Related
Profit sale of Mutual Funds	12.53	0.78	Recurring	Non-Related
Recovery of Transaction fees from clients	180.93	-	Recurring	Related
Balances Written Back (Net)	2.00	-	Non- recurring	Related
Others	14.92	11.00	Recurring	Related
	215.00	**49.83**		

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations and those of certain of our key subsidiaries should be read together with the respective audited financial statements included in this Draft Red Herring Prospectus. Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our financial year ended March 31 of such year. In this section, any reference to "we", "us", "our" or the "Group", unless the context otherwise implies, refers to Religare Enterprises Limited and its Subsidiaries on a consolidated basis.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" and elsewhere in this Draft Red Herring Prospectus.

Background and Basis of Presentation

Historically, our Promoters conducted our business in separate companies and have now completed various restructurings in which Religare Securities Limited ("RSL"), Religare Finvest Limited ("RFL") and Religare Commodities Limited ("RCL") have become our subsidiaries. Religare Securities Limited and Religare Commodities Limited were not subsidiaries of Religare Enterprises Limited during Fiscal 2006 and Religare Finvest Limited was a subsidiary of Religare Enterprises Limited only from September 30, 2005. Our consolidated results of operations for Fiscal 2006 and Fiscal 2007 do not reflect the results of operations of all our subsidiaries for full periods or what our results of operation would have been had the restructurings occurred at the beginning of such periods. This Draft Red Herring Prospectus does not contain a pro forma balance sheet or a pro forma income statement prepared in accordance with common practices in other jurisdictions, which would have shown the historical results of our operations assuming the investment in subsidiaries had occurred at the beginning of the relevant reporting periods. As a result, comparisons of Fiscal 2006 and Fiscal 2007 should not be relied upon by investors in analyzing our business. The financial performance of all our subsidiaries for Fiscal 2008 will be fully reflected in our consolidated financial statements for the Fiscal 2008.

We have set forth in this section a discussion of the following financial statements:

- Stand-alone financial statements of certain principal subsidiaries (RSL, RFL and RCL) for Fiscal 2005, Fiscal 2006 and Fiscal 2007, each prepared in accordance with Indian GAAP and restated in accordance with the SEBI Guidelines, as these subsidiaries together contributed a significant portion of our revenues in Fiscal 2007; and

- Restated consolidated financial statements of Religare Enterprises Limited and its subsidiaries for Fiscal 2006 and Fiscal 2007, prepared in accordance with Indian GAAP and restated in accordance with SEBI Guidelines.

Factors Affecting our Results of Operations

Set forth below is a discussion of some of the important factors affecting our results of operations.

Key Revenue Driver

We offer a wide range of products and services to our clients. The key revenue driver for our business is our network reach through which we are able to acquire and service clients across our Retail, Wealth and Institutional Spectrums. Our products and services offered are as follows:

- Equity and commodity broking
- Personal financial services (distribution of mutual funds, insurance and savings products)
- Securities backed lending
- Personal credit
- Portfolio management services
- International equity

- Institutional equity broking
- Investment banking (merchant banking and transaction advisory services)

Key Cost Drivers

The key components of our costs include:

Employee cost: Employee cost is one of the largest components of our total cost. As we add more products and services and establish more business locations, our employee costs increase in response to increased levels of activity. We also face cost escalation for existing resources to keep up with market rates of compensation.

Commissions and brokerage: We operate through intermediary Business Associates and gross revenue earned from a client introduced by a Business Associate is shared with that Business Associate as commission and brokerage.

Interest cost: Our business requires significant amounts of working capital, the major part of which is sourced through borrowed capital. Consequently, interest has been, and will remain, a significant component of cost.

Rent cost: To minimize capital requirements and manage leverage, we generally lease office and branch space. Accordingly, our rent cost forms a significant portion of our total cost and has increased in recent years as our branch network has expanded.

IT and communication expenses: Our products and services significantly depend on sophisticated IT communication and system links. We also incur expenses on IT hardware and software to run our systems and on communication linkages through satellite links, lease lines and other channels.

Advertisement expenses: We incurred significant advertisement and branding cost during Fiscal 2007 and, as we further increase brand and product awareness, we expect that this expenditure will continue to be significant.

Other Factors

In addition to the key revenue and cost drivers, our future results of operations are also likely to be affected by:

- **Competitive environment**:

  With various brokerage houses, banks and corporateions establishing operations in the financial services sector, our future results of operations will be affected by changes in the competitive environment. The degree to which competitive changes will affect us depends on the number and size of competitors, their approach to commission structures and their hiring policies, including compensation levels for advisory and sales professionals.

- **Financial market trends**:

  Our equity and commodity brokerage and LAS services are largely driven by trends in the financial markets. The current favourable business environment may not continue indefinitely. In the event of a market downturn, our businesses could be materially adversely affected in significant ways and we are continually exposed to market volatility.

- **Ability to borrow at competitive rates**:

  Our business requires a significant amount of working capital and we may need to incur additional indebtedness in the future to satisfy our working capital needs. Our working capital requirements are also affected by the credit lines that we extend to our customers, in line with industry practice. All of these factors have resulted, or may result, in increases in the amount of our short-term borrowings from time to time.

- **Changes in Indian political or economic conditions**:

  Any event which has a significant impact on the economic and political situation in India could lead to a change in investor confidence and the level of investment and trading in securities, thereby affecting our revenues and costs.

- **Changes in government policies and regulation**:

  The financial services industry in India and overseas is subject to extensive regulation by governmental and self-regulatory organizations, including SEBI, the RBI and the Indian stock exchanges, which addresses issues such as customer protection, market conduct and margin requirements. Changes to government and other regulatory policies could require changes to our systems and business operations and could involve additional costs and management time. From time to time, we are also subject to SEBI investigation or scrutiny in connection with our equity brokerage business, which may impact our overall business.

Financial Operations Overview for Religare Enterprises Limited (Consolidated)

The following descriptions set forth information with respect to key components of our consolidated financial statements:

Income

- ***Income from operations***. Our income from operations primarily includes income from our retail, high net worth individuals, corporate advisory and institutional brokerage businesses. Income comprises commissions from securities and commodities trading and distribution of financial products, such as insurance, mutual funds, bonds and retail subscriptions for initial public offerings, management fees received under our portfolio management services and fees received for our investment banking and financial advisory services. We recognize revenues from brokerage at the time the trade is executed. Revenues from distribution of insurance and mutual funds and portfolio management are recognized on an accrual basis. Fees for investment banking services are recognized based on the stage of completion of assignments and in accordance with relevant agreements with clients for our investment banking services.

- ***Interest income***. Interest income comprises interest or share of income from our LAS facilities, personal credit finances and interest income on deposits maintained with banks. Other interest income includes interest on staff loans and interest on inter-corporate deposits.

- ***Other income***. Other income primarily includes recovery of transaction fees from clients, income from investments and dividend income.

Expenditure

- ***Operating expenses***. Our operating expenses mainly comprise commissions and brokerage paid to our Business Associates. We also incur expenditure relating to custodial and stamp charges, licensing software for our technology platform, transaction charges and membership and subscription fees for securities and commodities exchanges.

- ***Personnel expenses***. Personnel expenses consist primarily of salary and wage expenses, Provident Fund contributions, bonus and gratuity payments and expenditures on staff, training, recruitment and welfare programs. We also pay incremental increases, generally annually, on these expenses.

- ***Administrative and other expenses***. Administrative and other expenses include travel and communications costs, lease and rental expenses for certain of our offices and facilities and insurance, repair and other day-to-day operating costs.

- ***Interest and finance charges***. Our financial expenses consist of borrowing costs, including interest and charges payable on borrowings from banks, corporate lenders and mutual funds.

- ***Depreciation and amortization***. We incur capital expenditure on data processing equipment, office equipment and dealing room systems. Further, we incur substantial costs on on-line trading systems development and other computer software applications, which are depreciated and amortized on a pro rata basis over the economic life of the assets.

- ***Taxation***. We are subject to income tax liability in India pursuant to the Income Tax Act, 1961. Under this Act, corporations are subject to taxation at 33.99% of taxable income computed in accordance to the Act. Also, pursuant to the Act, corporations are in some circumstances subject to a minimum tax liability based on book profit. We make provision for current tax as well as for deferred tax liability based on our anticipated utilization of tax charges carried forward. The Government also has introduced a fringe benefit tax on various benefits we are deemed to provide as part of our business, for which we have made necessary provision.

Results of Operations and Cash Flow Data for Religare Enterprises Limited (Consolidated Restated)

The discussion below covers the results of operations and cash flow data for Fiscal 2006 and Fiscal 2007 of Religare Enterprises Limited, on a consolidated basis.

	Year Ended March 31,			
	2007		**2006**	
	Rs. In million	**% of Total Income**	**Rs. In million**	**% of Total Income**
INCOME				
Income from Operations	2,835.72	88.58%	261.28	83.94%
Interest Income	150.46	4.70%	0.16	0.05%
Other Income	215.00	6.72%	49.83	16.01%
Total Income	**3,201.18**	**100.00%**	**311.27**	**100.00%**
EXPENDITURE				
Operating Expenses	537.88	16.80%	-	0.00%
Personnel Expenses	637.57	19.92%	13.55	4.36%
Administrative and Other Expenses	706.53	22.07%	15.32	4.92%
Interest and Finance Charges	709.20	22.15%	192.28	61.77%
Depreciation, Amortization of Goodwill	128.04	4.00%	1.98	0.64%
Total Expenditure	**2,719.22**	**84.94%**	**223.13**	**71.69%**
Profit before Tax & Prior Period Adjustment	**481.96**	**15.06%**	**88.14**	**28.31%**
Provision for Taxation				
- Current Tax	166.02	5.18%	15.95	5.12%
- Taxes for earlier years	0.23	0.01%	0.00	0.00%
- Deferred tax (Net)	7.63	0.24%	4.13	1.33%
- Fringe Benefit Tax	12.06	0.38%	0.07	0.02%
- Dividend Distribution Tax	15.11	0.47%	2.27	0.73%
Profit before Prior Period Adjustment	**280.91**	**8.78%**	**65.72**	**21.11%**
Prior Period Adjustments (Net of Tax)	(6.00)	-0.19%	**-**	0.00%
Profit after Tax before Minority Interest	**274.91**	**8.59%**	**65.72**	**21.11%**
Share of Minority Interest for the year	(26.18)	-0.82%	(12.84)	-4.12%
Add : Share of Profit from Associates	-	0.00%	59.58	19.14%
Profit after Minority Interest before adjustments	**248.73**	**7.77%**	**112.46**	**36.13%**
Adjustments (Net of Minority Interest)	5.73	0.18%	(5.13)	-1.65%
Current Tax Impact of Adjustments	0.80	0.02%	(0.78)	-0.25%
Deferred Tax Impact of Adjustments	(0.04)	0.00%	0.04	0.01%
PROFIT AS RESTATED	**255.22**	**7.97%**	**106.59**	**34.24%**

The analysis herein below are as per stand-alone and are to be read in conjunction with statement of Adjustments referred to in Annexure III of the consolidated restated financial furnished in the section titled "Financial Statements" beginning on page 132.

Income

Income from operations

Our income from operations consists primarily of brokerage income, depository income, portfolio management services, advisory fees, interest earned from lending activities and income from financial advisory services. The following table illustrates the breakdown of our income from operations for Fiscal 2007 and Fiscal 2006.

	Year Ended March 31,			
	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
INCOME FROM OPERATIONS				
Broking Related Operations	1,600.04	49.98%	-	0.00%
Interest Income from Operations				
● Lending Activities	711.36	22.22%	261.28	83.94%
● Delayed Payments	240.72	7.52%	-	0.00%
Income from Financial Advisory Services	199.12	6.22%	-	0.00%
Portfolio Management Services Fees	51.74	1.62%	-	0.00%
Depository Operation	32.74	1.02%	-	0.00%
TOTAL INCOME FROM OPERATIONS	**2,835.72**	**88.58%**	**261.28**	**83.94%**

Brokerage income

Our brokerage business is our principal source of income and comprises revenues earned from equities, derivatives and commodities traded on the exchanges. As our principal broking income earning entities, Religare Securities Limited and Religare Commodities Limited, became our subsidiaries during Fiscal 2007, brokerage income earned in Fiscal 2006 has not separately been shown but has been included in pre-acquisition profits and adjusted against the cost of control. Income from brokerage services constituted 49.98% of total income for Fiscal 2007.

Interest income from operations

Our interest income primarily consists of income from LAS, personal loans and interest levied on delayed payments received from customers. Interest income constituted 29.74% of total income for Fiscal 2007, compared to 83.94% of total income for Fiscal 2006. As Religare Finvest Limited had become a subsidiary of Religare Enterprises Limited during Fiscal 2006, the interest income in Religare Finvest Limited has been included in REL’s results of operation following the acquisition date, resulting in a large variation in results between Fiscal 2006 and Fiscal 2007.

We started personal loan services in August 2006 and as of March 31, 2007, the total amount disbursed was Rs. 316.50 million.

Financial advisory services

Income from financial advisory services primarily includes income from merchant banking activities and financial advisory services. We registered as a Category I merchant banker with SEBI on December 12, 2006.

Portfolio management services

Portfolio management fees consist of management fees and performance fees paid by our PMS clients. The income from PMS is driven by the amount of assets under management. As Religare Securities Limited became our subsidiary during Fiscal 2007, PMS income earned in Fiscal 2006 has not been separately shown, but has been included in pre-acquisition profits and adjusted against the cost of control. Advisory fees earned in PMS constituted 1.62% of total income for Fiscal 2007.

Depository operations income

We are a Depository Participant with CDSL and NSDL and offer depository services to our retail broking clients as value-added services. Depository income consists of annual maintenance fees in addition to transaction-based charges for transactions undertaken by depository clients. Income from depository operations constituted 1.02% of the total income for Fiscal 2007.

Interest income

Interest income is primarily interest on fixed deposits maintained with stock exchanges for compliance with base capital requirements for our securities and commodities businesses.

The following table sets out our interest income for Fiscal 2007 and Fiscal 2006:

	Year Ended March 31,			
	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
INTEREST INCOME				
Fixed Deposits	149.93	4.68%	0.15	0.05%
Others	0.53	0.02%	0.01	0.00%
TOTAL INTEREST INCOME	**150.46**	**4.70%**	**0.16**	**0.05%**

Other income

Other income consists primarily of recovery of transaction fees from clients, profit on sale or redemption of investments and dividend income. Apart from brokerage income, we recover transaction charges and other service charges from clients. We make short-term investments as part of our working capital management by deploying surplus funds in mutual funds. We also maintain investments in equity shares. We also derive income from dividends and from corporate debt markets.

The following table sets out our other income for Fiscal 2007 and Fiscal 2006:

	Year Ended March 31,			
	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
OTHER INCOME				
Dividend	4.62	0.15%	38.05	12.22%
Profit on sale of Investments (Net)	12.53	0.39%	0.77	0.25%
Recovery of Transaction Fees from clients	180.93	5.65%	-	0.00%
Balances Written Back (Net)	2.00	0.06%	-	0.00%
Miscellaneous Income	14.92	0.47%	11.01	3.54%
TOTAL OTHER INCOME	**215.00**	**6.72%**	**49.83**	**16.01%**

Expenditure

Our expenditure consists of operating expenses, staff costs, administrative expenses and interest and finance charges.

Operating expenses

The principal components of our operating expenses are commissions and brokerage sharing with intermediaries and sub-brokers, transaction charges, custodial and stamp duty, software license charges and membership and subscription fees paid during the year. These expenses are generally based on the number and size of transactions carried out by us on behalf of our broking customers.

The following table sets out our operating expenses for Fiscal 2007 and Fiscal 2006:

	Year Ended March 31,

	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
OPERATING EXPENSES				
Commission & Brokerage	321.10	10.03%	-	0.00%
Transaction Charges	108.91	3.40%	-	0.00%
Custodial &Stamp Charges	75.61	2.36%	-	0.00%
Software License Expenses	25.49	0.80%	-	0.00%
Membership & Subscription fees	6.77	0.21%	-	0.00%
TOTAL OPERATING EXPENSES	**537.88**	**16.80%**	**-**	**0.00%**

Commission and brokerage

We operate extensively through a model of intermediary Business Associates, whereby gross revenue from a client introduced by a Business Associate is shared between us and that Business Associates in a pre-determined ratio. As a result, significant payments have to be made to our Business Associates and such payments are principally linked to the trading volumes of clients introduced through these Business Associates.

Transaction charges

We incur various statutory, regulatory and other charges payable to exchanges and different authorities in the nature of charges for investor protection and other charges which arise principally in connection with the transactions that we undertake.

Custodial and stamp charges

These are statutory and regulatory charges payable to various authorities. As a Depository Participant of CDSL and NSDL, we pay custodial charges in connection with transactions undertaken by our depository clients. As a registered stock broker, stamp duty has to be paid on broking transactions that we undertake.

Personnel expenses

Staff costs include salaries, bonuses, ex-gratia payments, managing director remuneration, contributions to Provident Fund and other funds, gratuity and leave encashment and other staff welfare related expenses. Our staff costs have grown, and are expected to continue to grow, substantially, primarily because of the increase in the number of branches, the increase in sales personnel for existing products and services and the establishment of new product lines

The details of personnel expenses for Fiscal 2007 and Fiscal 2006 are furnished below:

	Year Ended March 31,			
	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
PERSONNEL EXPENSES				
Salaries, Allowances and Bonus	544.48	17.01%	12.26	3.94%
Contribution to Employers' Provident and other funds	35.18	1.10%	0.43	0.14%
Gratuity	4.80	0.15%	0.23	0.08%
Leave Encashment	12.24	0.38%	0.37	0.12%
Training & Recruitment Expenses	9.54	0.30%	0.23	0.07%
Staff Welfare Expenses	31.33	0.98%	0.03	0.01%
TOTAL PERSONNEL EXPENSES	**637.57**	**19.92%**	**13.55**	**4.36%**

Administrative and other expenses

The principal components of administrative and other expenses relate to costs associated with rent, advertising and business promotions for branding, traveling and conveyance, communication expenses and legal and professional charges.

The details of administrative and other expenses for Fiscal 2007 and Fiscal 2006 are furnished below:

	Year Ended March 31,			
	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
ADMINISTRATIVE AND OTHER EXPENSES				
Rent	146.29	4.57%	0.15	0.05%
Advertisement, Business Promotion & Entertainment	74.36	2.32%	0.10	0.03%
Insurance	12.43	0.39%	0.03	0.01%
Traveling and Conveyance	57.16	1.79%	0.97	0.31%
Communication Expenses	92.30	2.88%	0.09	0.03%
Postage & Courier	29.31	0.92%	-	0.00%
Office Expenses	19.68	0.62%	0.09	0.03%
Printing & Stationary	45.51	1.42%	0.09	0.03%
Electricity	36.63	1.14%	-	0.00%
Legal & Professional	64.70	2.02%	4.72	1.51%
Donation	2.25	0.07%	-	0.00%
Repairs & Maintenance	48.49	1.51%	0.05	0.02%
Auditors Remuneration	2.53	0.08%	0.05	0.02%
Bad Debts written off	1.95	0.06%	0.00	0.00%
Provision for Bad & Doubtful Debts	15.32	0.48%	0.00	0.00%
Commission and Brokerage Charges (Others)	15.78	0.49%	2.24	0.72%
Preliminary Expenses written off	2.54	0.08%	0.74	0.24%
Miscellaneous	39.30	1.23%	6.00	1.92%
TOTAL ADMINISTRATIVE AND OTHER EXPENSES	**706.53**	**22.07%**	**15.32**	**4.92%**

Interest and finance charges

Interest primarily includes interest paid to banks and financial institutions and on inter-corporate deposits. These short-term borrowings are to address the following needs:

- working capital requirements arising out of pay-in obligations to stock exchanges on behalf of clients who have not made these payments on time
- placing margins with the exchanges
- fixed deposits towards bank guarantees
- loan against shares, and
- personal loans

Interest and finance charges also include bank guarantee commissions paid to banks towards bank guarantees to meet margin requirements of the stock exchanges.

The details of interest and finance expenses below for Fiscal 2007 and Fiscal 2006 are set forth below:

	Year Ended March 31,			
	2007		2006	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income
INTEREST AND FINANCE CHARGES				
Interest on:				
- Inter Corporate Deposits	216.03	6.74%	92.28	29.64%
- Debentures	282.20	8.81%	31.39	10.08%
- Commercial Paper	34.78	1.09%	-	0.00%
- Bank Overdrafts	133.68	4.18%	60.00	19.28%
- Fixed Deposits	1.13	0.04%	-	0.00%
- Others	0.35	0.01%	-	0.00%
Loan Processing Charges	8.48	0.26%	0.62	0.20%
Bank Guarantee Commission & Other Charges	32.55	1.02%	7.99	2.57%
TOTAL INTEREST & FINANCE CHARGES	**709.20**	**22.15%**	**192.28**	**61.77%**

Depreciation

Depreciation for the year ended March 31, 2007 has been significantly higher than in prior periods, mainly because we have expanded our operations and diversified our business in various segments and geographies. As a result, there have been major additions to assets and lease improvement expenditure in various offices we have leased.

Profit before Tax

During Fiscal 2007, we have considerably expanded and diversified our operations and invested in the following areas:

- Manpower: We have increased employee strength for both existing and new product lines.

- Branch infrastructure: We have invested heavily in creating sophisticated offices in several prime locations throughout the country. Most of these locations are on long-term leases, which, in our view, will be beneficial to us, as real estate prices have gone up substantially following our opening of offices. Furthermore, we expect the branches that we have added during the current Fiscal to break-even and begin to become profitable within six to eight months from their respective opening dates.

- New product lines: We have introduced various product lines, such as insurance broking, investment banking, online investment services and institutional broking, which will take time to begin to generate significant revenues.

- Technology: In an effort towards providing quality products and services, we have been continuously investing in sophisticated technology solutions.

- Advertisement: We incurred substantial advertising and branding expenses to increase our brand and product awareness during Fiscal 2007.

As the benefits of these investments in Fiscal 2007 will meaningfully accrue to us in Fiscal 2008, we expect to improve our profit margin this year.

Provision for Taxation

Current Tax: Current tax is the provision made for income tax liability on the profits for the applicable financial period in accordance with applicable tax laws.

Deferred Tax: Deferred tax arises from timing differences between book profits (accounting) and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using tax rates and laws that have been enacted or substantially enacted as of the date of our balance sheet.

Fringe Benefit Tax: The Company, as per applicable law, has to pay fringe benefit tax.

Liquidity and Capital Resources for Religare Enterprises Limited (Consolidated)

Cash Flows

	Year Ended March 31,	
	2007	**2006**
	Rs. In million	
Cash and Cash Equivalents at the Beginning of the Year	239.71	0.03
Add: Cash and Cash Equivalents on Acquisition of Subsidiaries	1,096.12	5.07
Net Cash From/(Used In) Operating Activities (A)	(739.24)	(189.33)
Net Cash From/(Used In) Investing Activities (B)	(1,413.32)	(223.61)
Net Cash From/(Used In) Financing Activities (C)	3,244.95	647.55
Net Increase/(Decrease) In Cash And Cash Equivalents (A+ B+C)	1,092.39	234.61
Cash and Cash Equivalents at the End of the Year	**2,428.22**	**239.71**

Cash and Cash Equivalents Comprises of		
Cash in hand	1.44	0.01
Cheques on hand	366.81	-
Balance with Banks in Fixed Deposits Accounts*	1,944.91	24.09
Balances with Banks in Current Accounts	115.06	215.61
	2,428.22	**239.71**

** includes Fixed Deposits amounting Rs. 1,842.67 million (Previous Year Rs. 0.09 million) under lien in favour of or pledged with banks or other bodies*

(A) Cash flow from/(used in) operating activities:

	Year Ended March 31,	
	2007	**2006**
	Rs. In million	
Cash Flow From Operating Activities:		
Net Profit Before Tax	481.96	88.14
Add: Impact of the Restatements (Net of Tax)	5.73	(5.13)
	487.69	**83.01**
Adjustments for:		
Depreciation, Amortisation of Goodwill	128.04	1.98
Interest Expense	633.39	183.67
Interest Income	(150.46)	(0.16)
Income from Investment – Dividends	(4.62)	(38.05)
Rectification of Cum Dividend Income (Non Cash Item)	(6.00)	6.00
Interest on Finance Lease	0.01	-
(Profit)/Loss on Fixed Assets Sold (Net)	0.01	-
(Profit)/Loss on Sale of Investments	(12.53)	(0.77)
Bad Debts & Provision for Doubtful Debts	17.06	0.21
Provision for Gratuity & Leave Encashment	11.75	0.60
Preliminary Expenses written off	0.11	-
TDS on Operating Income	(61.99)	(40.83)
Amount Written Back	(2.00)	-
Discount on issue of commercial paper	34.78	-
Operating Profit before Working Capital changes	1,075.24	195.66
Adjustments for Changes in Working Capital		
(Increase)/Decrease in Sundry Debtors	(1,429.74)	(4.15)
(Increase)/Decrease in Other Receivables	(1,516.19)	(28.31)
Increase/(Decrease) in Trade and Other Payables	1,223.62	(370.73)
Cash Generated from/(Used in) Operations	**(647.07)**	**(207.53)**
Taxes (Paid)/Received (Net of TDS)	(92.17)	18.20
Net Cash From/(Used In) Operating Activities	**(739.24)**	**(189.33)**

(B) Cash flow from/(used in) investing activities:

	Year Ended March 31,	
	2007	**2006**
	Rs. In million	
Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(532.00)	(15.64)
Proceeds from Sale of Fixed Assets	2.30	-
Capital Work in Progress	(13.50)	(0.62)
Proceeds from Sale of Investments	16,724.52	2,953.83
Purchase of Investments	(17,564.31)	(2,953.06)
Interest Received (Revenue)	87.46	0.08
Dividend Received	3.56	38.05
Minority Interest Purchased	(17.60)	(22.50)
Amount Paid on Acquisition of Subsidiaries	(103.75)	(223.75)
Net Cash From/(Used In) Investing Activities	**(1,413.32)**	**(223.61)**

(C) Cash flow from/(used in) financing activities:

	Year Ended March 31, 2007	2006
	Rs. In million	
Cash Flow From Financing Activities:		
Proceeds From Fresh Issue of Equity Share Capital	2,303.50	495.75
Proceeds From Short Term Borrowings		
- Proceeds From Inter Corporate Loans (Net)	(1,249.47)	(1,054.48)
- Proceeds From Commercial Papers (Net)	919.52	-
- Proceeds From Fixed Deposits (Net)	(21.69)	-
- Proceeds From Cash Credits / Working Capital Loans (Net)	1,149.90	150.00
- Proceeds From Redeemable Non-Convertible Debentures	900.00	1,200.00
Interest on Finance Lease	(0.01)	-
Finance Lease Rent	(0.23)	-
Proceeds From the Shares Issued to Minority Shareholders	-	0.10
Interest Paid	(668.47)	(125.71)
Dividend Paid	(65.93)	(14.60)
Dividend Tax Paid	(22.17)	(3.51)
Net Cash From/(Used In) Financing Activities	**3,244.95**	**647.55**

Indebtedness

	As of March 31, 2007	2006
	Rs. In million	
LOAN FUNDS		
Secured Loans	2,890.04	924.72
Unsecured Loans	3,935.05	2,905.59
TOTAL LOAN FUNDS*	**6,825.09**	**3,830.31**

** All loans are repayable within one year.*

Religare Securities Limited

Religare Securities Limited is a financial services company providing the following services to our Retail, Wealth and Institutional Spectrum clients:

- Equity Broking: Registered with SEBI as approved stock broker with membership of National Stock Exchange ("NSE") and Bombay Stock Exchange ("BSE")
- Portfolio Management Services: Registered with SEBI for portfolio management services ("PMS")
- Depository Services: Registered with SEBI as Depository Participant providing services of National Securities Depository Limited ("NSDL") and Central Depository Services Limited ("CDSL")
- Investment Banking Services: Registered with SEBI as Category I merchant banker

Financial Operations Overview for Religare Securities Limited

The following descriptions set forth information with respect to key components of RSL's financial statements.

Income

- ***Income from operations***. Our income from operations primarily includes income from retail, high net worth individuals and institutional brokerage business and comprises commissions from securities broking and distribution of retail subscriptions for public offerings and management fees received under portfolio management services and for investment banking services.

- ***Other income.*** Other income primarily includes recovery of transaction fees from clients.

- ***Interest income.*** Interest income comprises interest earned from delayed payments and interest income on deposits maintained with banks. Other interest income includes interest on staff loans.

Expenditure

- ***Operating expenses.*** Our operating expenses mainly comprise commissions and brokerage paid to our business associates. We also incur expenditure relating to custodial and stamp charges, licensing software for our technology platform, transaction charges and membership and subscription fees paid to various entities, such as BSE, NSE, NSDL and CDSL.

- ***Personnel expenses.*** Personnel expenses consist primarily of salary and wage expenses, Provident Fund contributions, bonus and gratuity payments and expenditures on staff, training, recruitment and welfare programs. We also pay incremental increases, generally annually, on these expenses.

- ***Administrative and other expenses***. Administrative and other expenses include travel and communications costs, lease and rental expenses for certain of our offices and facilities and insurance, repair and other day-to-day operating costs.

- ***Interest and finance charges.*** Our financial expenses consist of borrowing costs, including interest and charges payable on borrowings from bank and corporate lenders.

- ***Depreciation and amortization.*** We incur capital expenditure on data processing equipment, office equipment and dealing room systems. Furthermore, we incur substantial costs on on-line trading systems development and other computer software applications, which are depreciated and amortized on a pro rata basis over the economic life of such assets.

- ***Taxation.*** We are subject to income tax liability in India pursuant to the Income Tax Act, 1961. Under this Act, corporations are subject to taxation at 33.99% of taxable income computed in accordance to the Act. Also, pursuant to the Act, corporations are in some circumstances subject to a minimum tax liability based on book profit. We make provision for current tax as well as for deferred tax liability based on our anticipated utilization of tax charges carried forward. The Government also has introduced a fringe benefit tax on various benefits we are deemed to provide as part of our business, for which we have made necessary provision.

Results of Operations for Religare Securities Limited

The following tables set forth, for the periods indicated, RSL's stand-alone restated profit and loss account:

	Year Ended March 31,					
	2007		**2006**		**2005**	
	Rs. In million	**% of Total Income**	**Rs. In million**	**% of Total Income**	**Rs. In million**	**% of Total Income**
INCOME						
Income from Operations	1,514.99	72.00%	964.29	77.24%	338.22	70.86%
Interest Income	381.56	18.14%	174.41	13.97%	111.91	23.45%
Other Income	207.55	9.86%	109.68	8.79%	27.13	5.68%
Sales	-	0.00%	-	0.00%	0.06	0.01%
Total Income	**2,104.10**	**100.00%**	**1,248.38**	**100.00%**	**477.32**	**100.00%**
EXPENDITURE						
Opening Stock	-	0.00%	-	0.00%	0.07	0.01%
Operating Expenses	500.36	23.78%	371.08	29.72%	133.55	27.98%
Personnel Expenses	490.44	23.31%	226.71	18.16%	69.78	14.62%
Administrative and Other Expenses	558.96	26.56%	221.66	17.76%	61.66	12.92%
Total Expenditure	**1,549.76**	**73.65%**	**819.45**	**65.64%**	**265.06**	**55.53%**
Profit before Interest Depreciation and Tax	**554.34**	**26.35%**	**428.93**	**34.36%**	**212.26**	**44.47%**
Less:						
Interest and Finance Charges	237.57	11.29%	83.16	6.66%	87.16	18.26%
Depreciation	116.52	5.54%	26.31	2.11%	5.58	1.17%
Profit before Tax	**200.25**	**9.52%**	**319.46**	**25.59%**	**119.52**	**25.04%**

Provision for Tax						
Current Tax	57.34	2.73%	98.66	7.90%	41.20	8.63%
Taxes for Earlier Years	0.18	0.01%	0.05	0.00%	0.04	0.01%
Deferred Tax (net)	11.21	0.53%	9.50	0.76%	3.43	0.72%
Fringe Benefit Tax	10.50	0.50%	4.83	0.39%	-	0.00%
Net Profit after Tax but before Adjustments	**121.02**	**5.75%**	**206.42**	**16.54%**	**74.85**	**15.68%**
Adjustments (net) on Account of Restatement	4.12	0.20%	(9.81)	-0.79%	(2.76)	-0.58%
Current Tax Impact of Adjustments	(0.71)	-0.03%	2.78	0.22%	0.61	0.13%
Deferred Tax Impact of Adjustments	0.05	0.00%	0.33	0.03%	(0.32)	-0.07%
Total of Adjustments after Tax Impact	**3.46**	**0.17%**	**(6.70)**	**-0.54%**	**(2.47)**	**-0.52%**
NET PROFIT AS RESTATED	**124.48**	**5.92%**	**199.72**	**16.00%**	**72.38**	**15.16%**

The analysis herein below are as per stand-alone and are to be read in conjunction with statement of Adjustments referred to in Annexure III of the restated financial furnished in the section titled "Financial Statements" beginning on page 132.

Net profit of RSL for Fiscal 2007, Fiscal 2006 and Fiscal 2005 was Rs. 124.48 million, Rs. 199.72 million and Rs. 72.38 million, respectively. The net profit margin was 5.92%, 16.00% and 15.16% for Fiscal 2007, 2006 and 2005, respectively.

The primary reasons for comparatively lower profitability during Fiscal 2007 are:

(i) Increase in number of business locations from 106 to 459 and to 979 as of March 31, 2005, 2006 and 2007, respectively, resulting in higher infrastructure and operating costs for newly established locations.

(ii) Increase in number of employees from 298 to 1,442 and to 3,458 as of March 31, 2005, 2006 and 2007, respectively, primarily due to the increase in locations.

(iii) Higher investment in new initiatives, including online services, investment banking and restructured institutional broking during Fiscal 2007, has resulted in a significant increase in expenses.

(iv) Higher investment in fixed assets mainly due to an increase in branches resulting in higher depreciation from Rs. 5.58 million as of March 31, 2005 to Rs. 26.31 million as of March 31, 2006 and to Rs. 116.52 million as of March 31, 2007.

Income

Income comprises brokerage fees, portfolio management advisory fees, depository charges, interest income and other incomes.

	Year Ended March 31,					
	2007		2006		2005	
	Rs. In million	% of Total Income	Rs. In million	% of Total Income	Rs. In million	% of Total Income
INCOME						
Income from Operations						
Brokerage	1,430.51	67.99%	924.74	74.07%	328.11	68.74%
Depository Operations	32.74	1.56%	13.74	1.10%	7.74	1.62%
Portfolio Management Services	51.74	2.46%	25.81	2.07%	2.37	0.50%
Interest Income	381.56	18.14%	174.41	13.97%	111.91	23.45%
Investment Banking	32.70	1.55%	-	0.00%	4.15	0.87%
Other Income	174.85	8.30%	109.68	8.79%	22.98	4.81%
Sales		0.00%		0.00%	0.06	0.01%
TOTAL INCOME	**2,104.10**	**100.00%**	**1,248.38**	**100.00%**	**477.32**	**100.00%**

Income from Operations

Brokerage

Brokerage from securities trading is RSL's primary source of revenue. Brokerage revenue is recognized the once the trade is executed.

Brokerage revenue for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was 68.74%, 74.07% and 67.99% of total income, respectively. In absolute terms, brokerage revenue has increased from Rs.328.11 million for Fiscal 2005 to Rs. 924.74 million and to Rs. 1,430.51 million for Fiscal 2006 and Fiscal 2007, respectively.

Reasons for increase in brokerage revenue:

(i) Increase in number of clients: Our client base has grown from approximately 15,800 clients as of March 31, 2005 to approximately 56,000 clients as of March 31, 2006 and to approximately 149,000 clients as of March 31, 2007. This increase is attributable in large part to the extended geographical reach of our network.

(ii) Increase in trades: Our exchange turnover on the BSE cash and the NSE cash and derivatives segments has increased from Rs. 605,106 million in Fiscal 2005, to Rs. 1,667,439 million in Fiscal 2006 and to Rs. 2,769,943 million in Fiscal 2007. In volume terms, our daily number of trades has increased from 49,517 trades as on March 31, 2005, to 145,765 trades as on March 31, 2006 and to 203,550 trades as on March 31, 2007. Trades have increased in line with the increase in client numbers.

Depository Operations Income

Depository services are value added-services provided primarily to broking clients. RSL is a Depository Participant with CDSL and NSDL. Depository income comprises annual maintenance charges and transaction charges. The revenue earned from depository operations for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. 7.74 million, Rs. 13.74 million and Rs. 32.74 million, respectively. The rise in revenue is primarily due to the increase in client base from 14,413 clients to 38,181 clients and to 109,715 clients as on March 31, 2005, 2006 and 2007, respectively.

Portfolio Management Services

We started Portfolio Management Services ("PMS") in September 2004. PMS income comprises management fees and performance fees. The revenue earned under PMS for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. 2.37 million, Rs. 25.81 million and Rs. 51.74 million, respectively.

The reasons for increase in PMS revenue are:

(i) We have a dedicated team handling PMS sales and operations.
(ii) Increase in number of PMS clients to 1,427 as of March 31, 2007.
(iii) Increase in assets under management as of March 31, 2005, 2006 and 2007 from Rs. 331.29 million to Rs. 1,518.95 million to Rs. 2,243.68, respectively.

Interest Income

	Year Ended March 31, 2007		2006		2005	
	Rs. In million	**% of Total Income**	**Rs. In million**	**% of Total Income**	**Rs. In million**	**% of Total Income**
INTEREST INCOME						
Bank	140.30	6.67%	27.14	2.17%	9.38	1.97%
Delayed Payments	240.73	11.44%	147.12	11.79%	102.31	21.43%
Others	0.53	0.03%	0.15	0.01%	0.22	0.05%
TOTAL INTEREST INCOME	**381.56**	**18.14%**	**174.41**	**13.97%**	**111.91**	**23.45%**

Interest income primarily comprises interest earned from penalty interest charged to clients for delayed payments and interest earned from bank deposits.

Interest income from delayed payments as of March 31, 2005, 2006 and 2007 was Rs. 102.31 million, Rs. 147.12 million and Rs. 240.73 million, respectively.

Interest income from banks is derived principally from interest earned on bank deposits made to support bank guarantee facilities and FDR deposited with the stock exchanges towards base capital. Interest income from bank deposits as of March 31, 2005, 2006 and 2007 was Rs. 9.38 million, Rs. 27.14 million and Rs. 140.30 million, respectively, reflecting higher levels of fixed deposits kept with stock exchanges or used towards bank guarantees to undertake higher trading volumes.

Investment Banking

Investment banking comprises of merchant banking and transaction advisory services. We were registered as a Category I Merchant Banker with SEBI on December 12, 2006. For Fiscal 2007, our investment banking division contributed Rs. 32.70 million (1.55%) of total income for the year.

Other Income

Other income primarily constitutes of recovery of transaction fees from clients towards stamp duty, transaction and other incidental charges.

Expenditure

Fiscal 2007 has been a phase of significant expansion and diversification for RSL. The total expenditure (excluding income tax and fringe benefit tax) for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. 357.80 million, Rs. 928.91 million and Rs. 1,903.84 million, respectively.

Operating Expenses

	Year Ended March 31, 2007		2006		2005	
	Rs. In million	**% of Total Income**	**Rs. In million**	**% of Total Income**	**Rs. In million**	**% of Total Income**
OEPRATING EXPENSES						
Commission and Brokerage	301.61	14.33%	264.69	21.20%	99.43	20.83%
Transaction Charges	95.01	4.51%	53.64	4.30%	16.39	3.43%
Custodial and Stamp Charges	72.72	3.46%	30.72	2.46%	5.78	1.21%
Software License Expenses	24.76	1.18%	17.45	1.40%	9.00	1.89%
Membership and Subscription Fees	6.26	0.30%	4.58	0.36%	2.95	0.62%
TOTAL OPERATING EXPENSES	**500.36**	**23.78%**	**371.08**	**29.72%**	**133.55**	**27.98%**

Commission and Brokerage

Commission and brokerage primarily constitutes commission and brokerage paid to Business Associates. The commission and brokerage paid to Business Associates for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. 99.43 million, Rs. 264.68 million and Rs. 301.61 million, respectively. The decline in commission and brokerage as a percentage of total income reflects the decreasing dependence on these intermediaries. We have also significantly grown our branch network, which has resulted in lower relative contributions of commission made by Business Associates.

Transaction, Custodial and Stamp Charges

Transaction, custodial and stamp charges are statutory, regulatory and other incidental charges payable to different authorities primarily in connection with securities transactions undertaken by RSL as an intermediary. These charges are in direct proportion to the trading volumes and values. The transaction, custodial and stamp charges for Fiscal 2005, Fiscal 2006 and Fiscal 2007 were Rs. 22.17 million, Rs. 84.36 million and Rs. 167.73 million, respectively. This increase is on account of increased trading volumes during these periods.

Software License Expenses

Software license expenses primarily consist of the license fees paid for the trading platform that we use for undertaking securities transactions on behalf of clients. We incurred Rs. 9 million, Rs. 17.45 million and Rs. 24.76 million for software licensing for Fiscal 2005, Fiscal 2006 and Fiscal 2007, respectively. The change in expenditure is due to the increase in the number of business locations associated customized software charges and increased license users as a result of the growth in our network.

Membership and Subscription Fees

Membership and subscription fees primarily include fees paid to the Indian stock exchanges and associations related to our business. We incurred Rs. 2.95 million, Rs. 4.58 million and Rs. 6.26 million for Fiscal 2005, Fiscal 2006 and Fiscal 2007, respectively.

Personnel Expenses

Personnel expenses for Fiscal 2005, 2006 and 2007 were Rs. 69.78 million, Rs. 226.71 million and Rs. 490.44 million, respectively.

The increase in personnel expenses is primarily due to the increase in manpower from 298 as of March 31, 2005, to 1,442 as of March 31, 2006, and to 3,458 as of March, 2007. There also has been an overall increase in cost escalation for compensating existing manpower. The increase in manpower includes increases in existing teams as well as in research, investment banking and online trading teams and the restructuring of the institutional broking team.

Administrative and other expenses

Administrative and other expenses primarily include rent, communication, advertisement, traveling, postage and printing and stationery expenses.

Rent

Rent costs for Fiscal 2005, Fiscal 2006 and Fiscal 2007 were Rs. 9.61 million, Rs. 52.22 million and Rs. 140.52 million, respectively. The reason for the steep rise in the rental cost is due to increase in the number of branches.

Advertisement and Business Promotion Expenses

Religare Securities Limited's name was changed from Fortis Securities Limited towards the end of Fiscal 2006. We spent Rs. 30.79 million during Fiscal 2007, primarily towards advertisement and business promotion to extensively increase brand and product awareness throughout the country. These expenses were negligible during Fiscal 2005 and Fiscal 2006.

Interest and finance charges

Interest primarily includes interest paid to banks, financial institutions against commercial paper, and intercorporate deposits. These short-term borrowings are required to meet the following:

(i) Working capital requirements required to meet client payment obligations if these have not been realized from the client before the pay-in date.
(ii) Placing margins with stock exchanges in the form of fixed deposits and making fixed deposits towards bank guarantees.

Interest and finance charges also include bank guarantee commissions paid to banks.

Liquidity and Capital Resources for Religare Securities Limited

Cash Flows

The following table summarizes RSL's restated cash flows for Fiscal 2005, 2006 and 2007:

	Year Ended March 31, 2007	2006	2005
	Rs. In million		
Cash and Cash Equivalents at the Beginning of the Year	**1,038.17**	**641.08**	**105.38**
Net Cash Flow From/(Used In) Operating Activities (A)	(202.80)	230.53	(241.73)
Net Cash Flow From/(Used In) Investing Activities (B)	(166.36)	(109.19)	63.95
Net Cash Flow From/(Used In) Financing Activities (C)	1,092.34	275.75	713.48
Net Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)	**723.18**	**397.09**	**535.70**
Cash and Cash Equivalents at the End of the Year	**1,761.35**	**1,038.17**	**641.08**
Components of cash and cash equivalents			
Cash in hand	1.47	2.31	0.71
Balance with Scheduled Banks in			
Current Account	46.75	13.29	291.95
Fixed Deposits	1,713.13	1,022.57	348.42
	1,761.35	**1,038.17**	**641.08**

(A) Cash flow from/(used in) operating activities:

	Year Ended March 31, 2007	2006	2005
	Rs. In million		
Cash Flow From Operating Activities:			
Profit Before Tax, as Restated	204.37	309.65	116.76
Adjustments for:			
Depreciation	115.18	26.53	6.55
Interest Expense	194.95	73.65	80.22
Interest Income	(380.47)	(174.71)	(112.12)
Income from Investment - Dividends	(1.11)	(0.05)	(0.02)
Lease Rent - Finance Lease	0.01	0.05	0.10
Loss on Fixed Assets Sold	0.09	0.09	0.96
(Profit) / Loss on Sale of Investments	(0.09)	0.05	-
Bad Debts and Provision for Doubtful Debts	6.14	1.48	-
Provision for Gratuity & Leave Encashment	8.88	3.36	1.04
TDS on Technical/Service/Other Operating Income	(10.37)	(8.71)	(6.42)
Any other Non Cash Item			
- Liability no longer required to be written back	-	-	-
- Discount on issue of commercial paper	34.78	-	-
Operating Profit Before Working Capital Changes	**172.36**	**231.39**	**87.07**
(Increase)/Decrease in Sundry Debtors	(1,320.18)	33.91	(666.56)
(Increase)/Decrease in Other Receivables	(11.97)	(100.34)	(148.30)
(Increase)/Decrease in Inventories	-	-	0.07
Increase/(Decrease) in Trade and Other Payables	1,005.96	153.67	516.07
Cash Generated from Operations	**(153.83)**	**318.63**	**(211.65)**
Taxes (Paid)/Received (Net of TDS)	(48.97)	(88.10)	(30.08)
Net Cash From/(Used In) Operating Activities	**(202.80)**	**230.53**	**(241.73)**

(B) Cash flow from/(used in) investing activities:

	Year Ended March 31, 2007	2006	2005
	Rs. In million		
Cash Flow From Investing Activities:			

Purchase of Fixed Assets	(476.29)	(223.27)	(41.71)
Capital Work in Progress	(12.25)	(52.28)	-
Proceeds from Sale of Fixed Assets	0.82	0.74	1.50
Proceeds from Sale of Investments	931.71	0.32	0.01
Purchase of Investments	(930.56)	-	(2.95)
Finance Lease Rent (Principal Portion)	(0.23)	(0.60)	(0.56)
Interest Received	320.39	165.85	107.64
Dividend Received	0.05	0.05	0.02
Net Cash From/(Used In) Investing Activities	**(166.36)**	**(109.19)**	**63.95**

(C) Cash flow from/(used in) financing activities:

	Year Ended March 31,		
	2007	**2006**	**2005**
		Rs. In million	
Cash Flow From Financing Activities:			
Proceeds From Fresh Issue of Equity Share Capital	500.00	160.00	-
Redemption of Preference Share Capital	-	(50.00)	-
Proceeds From Short Term Borrowings			
- Payments To ICDs (Net)	(224.17)	(265.17)	910.95
- Receipts From Commercial Paper (Net)	919.52	-	-
- Proceeds From Fixed Deposits (Net)	(21.69)	(2.71)	2.00
- Proceeds From Cash Credits (Net)	168.22	580.39	(117.89)
Finance Lease Rent	(0.01)	(0.05)	(0.10)
Interest Paid	(159.45)	(79.65)	(81.48)
Dividend Paid	(79.00)	(58.81)	-
Dividend Tax Paid	(11.08)	(8.25)	-
Net Cash From/(Used In) Financing Activities	**1,092.34**	**275.75**	**713.48**

Indebtedness

	As of March 31,		
	2007	**2006**	**2005**
		Rs. In million	
LOAN FUNDS*			
Secured loans	1,000.35	599.62	311.59
Unsecured loans	1,438.71	695.09	969.07
TOTAL	**2,439.06**	**1,294.71**	**1,280.66**

* *All loans are repayable within one year.*

Religare Finvest Limited

RFL is a non-banking finance company, registered with the RBI, providing the following services to our Retail, Wealth and Institutional Spectrums of clients:

- Loans against shares
- Personal credit finance
- Mutual fund distribution
- Wealth advisory services
- Corporate advisory services

Financial Operations Overview for Religare Finvest Limited

The following descriptions set forth information with respect to key components of our financial statements.

Income

- ***Income from operations***. Our income from operations primarily includes interest income comprising of interest from our securities-backed lending facilities, personal finance and intercorporate deposits. Income also includes brokerage earned from distribution of financial products such as mutual funds and advisory fees received under transaction advisory services.

Revenues from distribution of mutual funds are recognized on an accrual basis. Fees under transaction advisory services are recognized based on the stage of completion of assignments in accordance with terms of the relevant agreement.

- ***Income from investments***. We derive income from dividends and profit on sale of investments in liquid mutual funds. As part of our working capital management, we make short-term investments by deploying surplus funds in mutual funds. We also invest in equity shares.

Expenditure

- ***Interest and finance charges***. Our financial expenses consist of borrowing costs including interest and charges payable on borrowings from banks, corporate and mutual funds.

- ***Personnel expenses***. Personnel expenses consist primarily of salary and wage expenses, Provident Fund contributions, bonus and gratuity payments and expenditures on staff, training, recruitment and welfare programs. We also pay incremental increases, generally annually, on these expenses.

- ***Other operating expenses***. Other operating expense mainly comprises of commissions and brokerages paid to the intermediaries for distribution of various products through us.

- ***Administrative and other expenses***. Administrative and other expenses include travel and communications costs, lease and rental expenses for certain of our offices and facilities and insurance, repair and other day-to-day operating costs.

- ***Depreciation and amortization***. We incur capital expenditure on data processing equipment and office equipment. Further, we incur substantial costs on development and customization of computer software applications, which are depreciated and amortized on a pro rata basis over the economic life of such assets.

- ***Taxation***. We are subject to income tax liability in India pursuant to the Income Tax Act, 1961. Under this Act, corporations are subject to taxation at 33.99% of taxable income computed in accordance to the Act. Also, pursuant to the Act, corporations are in some circumstances subject to a minimum tax liability based on book profit. We make provision for current tax as well as for deferred tax liability based on our anticipated utilization of tax charges carried forward. The Government also has introduced a fringe benefit tax on various benefits we are deemed to provide as part of our business, for which we have made necessary provision.

Results of Operations for Religare Finvest Limited

The following tables set forth, for the periods indicated, RFL's stand-alone restated profit and loss account:

	Year Ended March 31, 2007		2006		2005	
	Rs. In million	**% of Total Income**	**Rs. In million**	**% of Total Income**	**Rs. In million**	**% of Total Income**
INCOME						
Income from Operations	948.72	97.48%	534.89	98.86%	180.29	99.01%
Profit on Sale of Investments (net)	12.34	1.27%	0.77	0.14%	1.78	0.98%
Income from Investments	3.51	0.36%	2.55	0.47%	-	0.00%
Other Income	8.68	0.89%	2.83	0.53%	0.02	0.01%
Total Income	**973.25**	**100.00%**	**541.04**	**100.00%**	**182.09**	**100.00%**
EXPENDITURE						
Interest and Finance Charges	505.91	51.98%	380.50	70.33%	151.44	83.17%
Personnel Expenses	76.94	7.91%	15.88	2.94%	0.57	0.31%
Administrative and other Operating Expenses	95.77	9.84%	18.20	3.36%	4.77	2.62%
Depreciation	6.82	0.70%	3.96	0.73%	0.00	0.00%
Total Expenditure	**685.44**	**70.43%**	**418.54**	**77.36%**	**156.78**	**86.10%**

Profit Before Tax	**287.81**	**29.57%**	**122.50**	**22.64%**	**25.31**	**13.90%**
Provision for Tax						
Current Tax	95.37	9.80%	36.10	6.67%	9.25	5.08%
Deferred Tax (net)	2.18	0.22%	4.22	0.78%	0.06	0.03%
Fringe Benefit Tax	0.83	0.09%	0.13	0.02%	-	0.00%
Net profit after tax but before adjustments	**189.43**	**19.46%**	**82.05**	**15.17%**	**16.00**	**8.79%**
Adjustments (net) on Account of Restatement	(2.12)	-0.22%	2.12	0.39%	0.00	0.00%
Current Tax Impact of Adjustments	0.76	0.08%	(0.76)	-0.14%	-	0.00%
Deferred Tax Impact of Adjustments	(0.04)	0.00%	0.04	0.01%	-	0.00%
Total of Adjustments after Tax Impact	**(1.40)**	**-0.14%**	**1.40**	**0.26%**	**0.00**	**0.00%**
NET PROFIT AS RESTATED	**188.03**	**19.32%**	**83.45**	**15.42%**	**16.00**	**8.79%**

The analysis herein below are as per stand-alone and are to be read in conjunction with statement of Adjustments referred to in Annexure III of the restated financial furnished in the section titled "Financial Statements" beginning on page 132.

RFL's restated net profit increased from Rs. 16 million for Fiscal 2005 to Rs. 83.45 million for Fiscal 2006 and to Rs. 188.03 million for Fiscal 2007. The net profit margin improved due to our shift to personal loans during Fiscal 2007 and receipt of fee-based revenue from wealth management, mutual fund distribution and financial advisory services.

Income

Income consists of interest income, income from financial advisory services, brokerage from mutual fund distribution and other income.

	Year Ended March 31,					
	2007		**2006**		**2005**	
	Rs. In million	**% of Total Income**	**Rs. In million**	**% of Total Income**	**Rs. In million**	**% of Total Income**
INCOME FROM OPERATIONS						
Interest Income						
-Loan against shares	588.74	60.49%	478.63	88.47%	121.51	66.73%
-Personal loans	11.96	1.23%	-	0.00%	-	0.00%
-IPO financing	18.82	1.93%	13.69	2.53%	0.00	0.00%
-Other loans	144.53	14.85%	22.72	4.20%	58.25	31.99%
Income from Financial Advisory Services	140.08	14.40%	19.33	3.57%	0.53	0.29%
Brokerage from Mutual Funds Distribution	42.35	4.35%	0.07	0.01%	-	0.00%
Other Income	2.24	0.23%	0.45	0.08%	0.00	0.00%
TOTAL INCOME FROM OPERATIONS	**948.72**	**97.48%**	**534.89**	**98.86%**	**180.29**	**99.01%**

Interest income primarily comprises interest earned on loans against shares. RFL provides securities-backed lending facilities to clients and the revenue generated by these activities increased from Rs. 121.51 million to Rs. 478.63 million for Fiscal 2006 and to Rs. 588.74 million for Fiscal 2007.

Personal loans were a new division introduced during Fiscal 2007. The first loan was disbursed on August 31, 2006. The division contributed 1.23% of total revenue in Fiscal 2007.

RFL provides advisory services for arranging debt for various clients. The income earned from such advisory services for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. 0.53 million, Rs. 19.33 million and Rs. 140.08 million, respectively.

Mutual fund distribution was introduced in Fiscal 2006, and contributed 0.01% and 4.35% of the total income for Fiscal 2006 and Fiscal 2007. The increase is due to our expanding mutual fund distribution to our clients across the country.

Expenditure

Expenditure primarily consists of interest and personnel costs.

Interest Expenses and finance charges

Interest and finance charges increased from Rs. 151.44 million to Rs. 380.5 million and to Rs. 505.91 million for Fiscal 2005, Fiscal 2006 and Fiscal 2007, respectively. The increase in total interest cost is due to higher utilization of lending resources.

Personnel Expenses

Personnel expenses comprise salaries, wages, allowances and bonus, contributions to Provident Fund, gratuity, leave encashment and welfare expenses. The overall personnel cost increased from Rs. 0.57 million to Rs. 15.88 million and further to Rs. 76.94 million for the fiscal ended 2005, 2006 and 2007, respectively. The increase is primarily due to:

(i) Formation of the wealth management team to handle the Wealth Spectrum.
(ii) Formation of the transaction advisory group to handle the transaction advisory part of the Institutional Spectrum.
(iii) Formation of Personal Financial Service group ("PFS") to handle the distribution of third party products, such as mutual funds, portfolio management services and insurance.

Advertisement and Business Promotion Expenses

Religare Finvest Limited changed its name from Fortis Finvest Limited and spent Rs. 20.27 million during Fiscal 2007, primarily towards advertisement and business promotion to increase brand and product awareness throughout the country. These expenses were negligible during Fiscal 2005 and Fiscal 2006.

Liquidity and Capital Resources for Religare Finvest Limited

Cash Flows

The following table summarizes RFL's restated cash flows for Fiscal 2005, Fiscal 2006 and Fiscal 2007:

	Year Ended March 31,		
	2007	**2006**	**2005**
		Rs. In million	
Cash and Cash Equivalents at the Beginning of the Year	**215.06**	**0.60**	**1.41**
Net Cash Flow From/(Used In) Operating Activities (A)	(883.08)	(756.57)	(2,599.09)
Net Cash Flow From/(Used In) Investing Activities (B)	(358.89)	(34.38)	1.13
Net Cash Flow From/(Used In) Financing Activities (C)	1,340.99	1,005.41	2,597.15
Net Increase/(Decrease) In Cash and Cash Equivalents (A + B + C)	**99.02**	**214.46**	**(0.81)**
Cash and Cash Equivalents at the End of the Year	**314.08**	**215.06**	**0.60**
Cash and cash equivalents comprises of			
Cash in hand	0.12	0.00	0.00
Cheques in hand	306.57	-	-
Fixed Deposits with Scheduled Banks	0.09	0.09	-
Balance with Scheduled Banks	7.30	214.97	0.60
	314.08	**215.06**	**0.60**

(A) Cash flow from/(used in) operating activities

	Year Ended March 31,		
	2007	**2006**	**2005**
		Rs. In million	
Cash Flow from Operating Activities:			
Net Profit Before Tax	**285.69**	**124.62**	**25.32**
Adjustments for:			-
Depreciation	6.82	3.96	0.00

Interest Expense	482.34	372.51	141.74
Income from Investment - Dividend	(3.51)	(2.55)	-
Lease Rent - Operating Lease	(2.23)	(0.43)	
(Profit)/Loss on Fixed Assets Sold	(0.08)	-	-
(Profit)/Loss on sale of Investments	(12.33)	(0.77)	(1.78)
Provision for Non-Performing Assets	2.23	0.21	-
TDS on Interest in Operating/Service Income	(47.66)	(33.00)	(17.25)
Provision for Gratuity & Leave Encashment	1.43	0.60	-
Operating Profit Before Working Capital Changes	**712.70**	**465.15**	**148.03**
Adjustments for Changes in Working Capital			
(Increase)/Decrease in Sundry Debtors	(85.06)	(3.99)	1.17
(Increase)/Decrease in Other Receivables	(1,664.16)	(1,269.82)	(2,751.12)
Increase/(Decrease) in Trade and Other Payables	184.15	52.19	2.83
Cash Generated From Operations	**(852.37)**	**(756.47)**	**(2,599.09)**
Taxes (Paid)/Received (Net of TDS)	(30.71)	(0.10)	-
Net Cash From/(Used In) Operating Activities	**(883.08)**	**(756.57)**	**(2,599.09)**

(B) Cash flow from/(used in) investing activities

		Year Ended March 31,	
	2007	**2006**	**2005**
		Rs. In million	
Cash Flow From Investing Activities:			
Purchase of Fixed Assets	(24.75)	(37.52)	(0.65)
Capital Work in Progress	(0.14)	(0.62)	-
Proceeds from Sale of Fixed Assets	1.47	-	-
Proceeds from Sale of Investments	15,468.78	42.90	4,196.78
Purchase of Investments	(15,809.99)	(42.12)	(4,195.00)
Operating Lease Rent Payment	2.23	0.43	
Dividend Received	3.51	2.55	-
Net Cash From/(Used In) Investing Activities	**(358.89)**	**(34.38)**	**1.13**

(C) Cash flow from/(used in) financing activities

		Year Ended March 31,	
	2007	**2006**	**2005**
		Rs. In million	
Cash Flow From Financing Activities:			
Proceeds From Fresh Issue of Equity Share Capital	1,250.00	230.00	17.50
Proceeds From Fresh Issue of Preference Share Capital	-	250.00	
Redemption of Preference Share Capital	(250.00)	-	-
Proceeds From Short Term Borrowings	205.69	367.70	401.61
Repayments / Proceeds of Inter Corporate Deposits/Loans (Net)	(968.08)	(271.52)	1,454.00
Proceeds From Issue of Debentures(Net)	900.00	1,500.00	-
Proceeds From Working Capital Loans From Banks (Net)	750.00	(713.73)	863.73
Interest Paid	(508.82)	(315.99)	(139.69)
Dividend Paid	(33.15)	(36.00)	-
Dividend Tax Paid	(4.65)	(5.05)	-
Net Cash From/(Used In) Financing Activities	**1,340.99**	**1,005.41**	**2,597.15**

Indebtedness

		As of March 31,	
	2007	**2006**	**2005**
		Rs. In million	
LOAN FUNDS*			
Secured Loans	1,889.69	924.72	1,267.38
Unsecured Loans	2,614.40	2,717.09	1,454.00
TOTAL	**4,504.09**	**3,641.81**	**2,721.38**

** All loans are repayable within one year.*

Religare Commodities Limited

RCL is a registered commodity broker (with the Forward Market Commission) and is a member of the National Commodities and Derivative Exchange Limited ("NCDEX"), Multi Commodity Exchange of India Limited ("MCX") and National Multi Commodity Exchange of India Limited ("NMCE"), providing commodity broking services to our retail and wealth spectrum clients:

Financial Operations Overview for Religare Commodities Limited

The following descriptions set forth information with respect to key components of our statement of operations.

Income

- ***Income from operations***. Our income from operations primarily includes brokerage income from commodities trading. We recognize revenues from brokerage at the time the trade is executed.

- ***Other income***. Other income primarily includes interest income on fixed deposits maintained with banks and recovery of expenses from clients.

Expenditure

- ***Personnel expenses***. Personnel expenses consist primarily of salary and wage expenses, Provident Fund contributions, bonus and gratuity payments and expenditures on staff, training, recruitment and welfare programs. We also pay incremental increases, generally annually, on these expenses.

- ***Operating expenses***. Our operating expenses comprise mainly commissions and brokerages paid to our Business Associates. We also incur expenditure relating to custodial and stamp charges, licensing software for our technology platform, transaction charges and membership and subscription fees to commodities exchanges, such as the MCX, NCDEX and NMCE.

- ***Administrative and other expenses***. Administrative and other expenses include travel and communications costs, lease and rental expenses for certain of our offices and facilities, insurance, repair and other day-to-day operating costs.

- ***Interest and finance charges***. Our financial expenses consist of borrowing costs, including interest and charges payable on borrowings from banks and corporations.

- ***Depreciation and amortization***. We incur capital expenditure on data processing equipment, office equipment and dealing room systems. Further, we incur substantial costs on on-line trading systems development and other computer software applications, which are depreciated and amortized on a pro rata basis over the economic life of such assets.

- ***Taxation***. We are subject to income tax liability in India pursuant to the Income Tax Act, 1961. Under this Act, corporations are subject to taxation at 33.99% of taxable income computed in accordance to the Act. Also, pursuant to the Act, corporations are in some circumstances subject to a minimum tax liability based on book profit. We make provision for current tax as well as for deferred tax liability based on our anticipated utilization of tax charges carried forward. The Government also has introduced a fringe benefit tax on various benefits we are deemed to provide as part of our business, for which we have made necessary provision.

Results of Operations for Religare Commodities Limited

The following tables set forth, for the periods indicated, RCL's stand-alone restated profit and loss account:

	Year Ended March 31,					
	2007		2006		2005	
	Rs. In million	% of Total	Rs. In million	% of Total	Rs. In million	% of Total Income

		Income		Income		
INCOME						
Income from operations	118.53	82.48%	22.18	75.19%	1.35	71.81%
Other income	25.18	17.52%	7.32	24.81%	0.53	28.19%
Total income	**143.71**	**100.00%**	**29.50**	**100.00%**	**1.88**	**100.00%**
EXPENDITURE						
Operating expenses	37.38	26.01%	10.36	35.12%	0.81	43.08%
Personnel expenses	51.50	35.84%	10.26	34.78%	0.57	30.32%
Administrative and other expenses	40.43	28.13%	3.56	12.07%	1.67	88.83%
Total expenditure	**129.31**	**89.98%**	**24.18**	**81.97%**	**3.05**	**162.23%**
Net profit/ (loss) before interest, depreciation and tax	**14.40**	**10.02%**	**5.32**	**18.03%**	**(1.17)**	**-62.23%**
Less:						
Interest and finance charges	2.16	1.50%	3.79	12.85%	1.12	59.58%
Depreciation	4.32	3.01%	0.27	0.91%	0.11	5.85%
Net profit/ (loss) before tax	**7.92**	**5.51%**	**1.26**	**4.27%**	**(2.40)**	**-127.66%**
Provision for tax						
Current tax	(4.57)	-3.18%	(0.28)	-0.95%	-	0.00%
Taxes for earlier year	0.00	0.00%	-	0.00%	-	0.00%
Deferred tax (net)	1.87	1.30%	(0.78)	-2.64%	0.67	35.64%
Fringe benefit tax	(0.58)	-0.40%	(0.13)	-0.44%	-	0.00%
Net profit after tax but before adjustments	**4.64**	**3.23%**	**0.07**	**0.24%**	**(1.73)**	**-92.02%**
Adjustments (net) on account of restatement	6.32	4.39%	(6.15)	-20.85%	0.41	21.81%
Current tax impact of adjustments	-	0.00%	-	0.00%	-	0.00%
Deferred tax impact of adjustments	(2.15)	-1.49%	2.72	9.22%	(0.64)	-34.04%
NET PROFIT/ (LOSS) AS RESTATED	**8.81**	**6.13%**	**(3.36)**	**-11.39%**	**(1.96)**	**-104.25%**

The analysis herein below are as per stand-alone and are to be read in conjunction with statement of Adjustments referred to in Annexure III of the restated financial furnished in the section titled "Financial Statements" beginning on page 132.

RCL's restated net profit/(loss) for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. (1.96) million, Rs. (3.36) million and Rs. 8.81 million, respectively. The change in profitability reflects:

(i) Increase in employee strength, from 8 to 105 and to 487 as of March 31, 2005, 2006 and 2007, respectively.
(ii) Increase in number of branches.
(iii) Setting up of 42 "mandi" locations.
(iv) Specialized research teams for commodities.
(v) Investor enthusiasm for commodities generally.

Income

Income primarily consists of brokerage fees.

Brokerage

Brokerage comprises of commissions from commodities trading. This is the primary source of revenue for RCL. Brokerage revenue is recognized once the trade is executed.

Brokerage revenue for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was 71.81%, 75.19% and 82.48%, respectively, as a percentage of total income. In absolute terms, brokerage revenue increased from Rs.1.35 million to Rs. 22.18 million and to Rs. 118.53 million for Fiscal 2005, 2006 and 2007, respectively.

(i) We had a client base of approximately 180 as of March 31, 2005 which has grown to approximately 2,900 clients as on March 31, 2006 and to approximately 14,500 as of March 31, 2007. This increase is attributable in large part to our extended geographical reach.

(ii) In volume terms, our daily number of trades has increased from 636 trades as on March 31, 2005 to 2,515 trades as on March 31, 2006 and to 9,037 trades as on March 31, 2007. Trades have increased in line with the increase in client numbers.

Expenditure

Total expenditure (excluding income tax and fringe benefit tax) for Fiscal 2005, Fiscal 2006 and Fiscal 2007 was Rs. 4.28 million, Rs. 28.24 million and Rs. 135.79 million, respectively.

Operating Expenses

Operating expenses cover commission and brokerage, which primarily constitute commissions paid to Business Associates. Commissions paid to these intermediaries for Fiscal 2005, Fiscal 2006 and Fiscal 2007 were Rs. 0.24 million, Rs. 5.34 million and Rs. 19.49 million, respectively. As a percentage of brokerage, the commissions were 18.18%, 24.05% and 16.44% for Fiscal 2005, Fiscal 2006 and Fiscal 2007, which represents a decreasing dependence on these intermediaries during Fiscal 2007.

Personnel Expenses

Personnel expenses for Fiscal 2005, Fiscal 2006 and Fiscal 2007 were Rs. 0.57 million, Rs. 10.26 million and Rs. 51.50 million, respectively. We have increased manpower from 8 as on March 31, 2005 to 105 as on March 31, 2006 and to 487 as on March 31, 2007. This reflects our emphasis on sales and research teams for the commodity brokerage business.

Administrative and other expenses

Administrative and other expenses primarily include rent, communication, advertisement, traveling, postage and printing and stationery expenses.

Rent

Rent cost for Fiscal 2006 and Fiscal 2007 was Rs. 0.05 million and Rs. 6.18 million, respectively. The reason for the rise in the rent cost is primarily on account of increase in the number of business locations.

Advertisement and Business Promotion Expenses

Religare Commodities Limited changed its name from Fortis Comdex Limited towards end of Fiscal 2006. We spent Rs. 8.52 million during Fiscal 2007, primarily towards advertisement and business promotion to increase brand and product awareness throughout the country. No such expenses were incurred in Fiscal 2005 and Fiscal 2006.

Liquidity and Capital Resources for Religare Commodities Limited

Cash Flows

The following table summarizes RCL's restated cash flows for Fiscal 2005, Fiscal 2006 and Fiscal 2007:

	Year Ended March 31,		
	2007	**2006**	**2005**
		Rs. In million	
Cash and Cash Equivalents at the Beginning of the Year	57.94	20.51	3.30
Net Cash From/(Used In) Operating Activities (A)	206.39	52.14	7.19
Net Cash From/(Used In) Investing Activities (B)	(22.81)	1.29	(1.11)
Net Cash From/(Used In) Financing Activities (C)	50.83	(16.00)	11.13
Net Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)	234.41	37.43	17.21
Cash And Cash Equivalents at the End of the Year	**292.35**	**57.94**	**20.51**
Cash and cash equivalents comprises of			
Cash and Cheques on hand	30.06	0.04	0.03
Fixed Deposit with Scheduled Bank	206.69	31.40	7.50
Balance with Scheduled Bank	55.60	26.50	12.98
	292.35	**57.94**	**20.51**

(A) Cash flow from/(used in) operating activities

	Year Ended March 31, 2007	2006	2005
	Rs. In million		
Cash Flow From Operating Activities:			
Profit Before Tax	14.24	(4.89)	(1.99)
Adjustments For:	-	-	-
Depreciation	4.31	0.27	0.12
Interest Income	(8.24)	(2.98)	(0.10)
Interest Expense	2.16	3.79	1.12
Provision For Doubtful Debtors	0.14	6.19	-
Provision For Gratuity and Leave Encashment	0.87	0.23	0.00
Operating Profit Before Working Capital Changes	**13.48**	**2.61**	**(0.85)**
Adjustments for Changes in Working Capital			
(Increase)/Decrease In Sundry Debtors	(14.24)	(20.00)	(0.64)
(Increase)/Decrease In Other Receivables	(15.26)	(10.20)	(8.54)
Increase/(Decrease) In Trade and Other Payables	229.67	81.28	17.24
Cash Generated From/(Used In) Operations	**213.65**	**53.69**	**7.21**
Taxes (Paid)/Received (Net of TDS)	(7.26)	(1.55)	(0.02)
Net Cash From/(Used In) Operating Activities	**206.39**	**52.14**	**7.19**

(B) Cash flow from/(used in) investing activities

	Year Ended March 31, 2007	2006	2005
	Rs. In million		
Cash Flow From Investing Activities:			
Purchase of Fixed Assets	(29.28)	(0.39)	(1.14)
Capital Work In Progress	(0.64)	(1.24)	-
Purchase of Investments	(0.03)	-	-
Interest Received (Revenue)	7.14	2.92	0.03
Net Cash From/(Used In) Investing Activities	**(22.81)**	**1.29**	**(1.11)**

(C) Cash flow from/(used in) financing activities

	Year Ended March 31, 2007	2006	2005
	Rs. In million		
Cash Flow From Financing Activities:			
Proceeds From Fresh Share Capital	-	-	-
Proceeds From Share Application Money	30.00	-	-
Payments of ICDs (Net)	-	(11.46)	-
Proceeds From Short Term Borrowings	23.00	-	11.46
Interest Paid	(2.17)	(4.54)	(0.33)
Net Cash From/(Used In) Financing Activities	**50.83**	**(16.00)**	**11.13**

Indebtedness

	As of March 31, 2007	2006	2005
	Rs. In million		
LOAN FUNDS*			
Secured loans	-	-	-
Unsecured loans	23.00	0.02	12.24
TOTAL	23.00	0.02	12.24

** All loans are repayable within one year.*

Related Party Transactions for Religare Enterprises Limited

For details, see the "Related Party Transactions" forming part of section titled "Financial Statements" beginning on page 132.

Known Trends or Uncertainties for Religare Enterprises Limited

Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outstanding Litigation and Material Developments" beginning on pages xii, 350 and 377, respectively, there are, to our knowledge, no known trends or uncertainties that have had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Costs and Income for Religare Enterprises Limited

Other than as described in the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Outstanding Litigation and Material Developments", beginning on pages xii, 350 and 377, respectively, there are, to our knowledge, no known factors which would have a material adverse impact on the relationship between costs and income of our Company.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Subsidiaries, Directors, Promoters and Promoter Group Companies, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company or Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoters or Directors. Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

Neither the Company nor its Promoters, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

I. Litigation involving our Company

A. Contingent liabilities not provided for as of March 31, 2007:

Our contingent liabilities not provided for and outstanding guarantees as of March 31, 2007 (as disclosed in our financial statements) include:

Religare Enterprises Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Corporate guarantees given by the Company on behalf of subsidiaries	300.00	--	--
Pledge of Equity Shares of Karnataka Bank Limited (at book value)	240.11	--	--

Religare Securities Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Guarantees given by bank on behalf of the Company against equity shares pledged by third parties	685.00	1,325.00	685.00
Capital commitment (net of advances)	9.36	38.90	--
Claims against the Company not acknowledged as debt	15.31	--	--

Religare Finvest Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Capital Commitment (net of advances)	0.29	0.48	0.37
Claims against the Company not acknowledged as debt	0.09	--	--
Undisbursed loan sanctioned	117.40	--	--

Religare Commodities Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Guarantees given by bank on behalf of the Company against the equity shares pledge by third party	100.00	50.00	--
Capital commitment (net of advances)	0.78	0.45	--
Claims against the Company not acknowledged as debt	5.88	--	--

Religare Insurance Broking Limited

(Rs. in million)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Capital commitment (net of advances)	0.72	--	--

For details, see the section titled "Financial Statements" beginning on page 132.

B. Outstanding Litigation and Material Developments/Proceedings involving our Company

Intellectual Property

(a) Our Company, Fortis Financial Services Limited ("FFSL") and Fortis Healthcare Limited ("FHL") have filed a suit (CS(OS) No.1111 of 2006) against Fortis N.V., a company registered under the laws of Netherlands (the "Defendant"), in the High Court of Delhi on May 6, 2006 for a permanent injunction restraining the Defendant, its promoters, directors, agents, franchisees, employees, among others, from using the word "Fortis" as a part of their corporate name or trading style in respect of financing, leasing, hire purchase, investment services and insurance and cognate activities in India and/ or from doing any other thing as may be likely to cause confusion or deception leading to passing off of the Defendant's goods and services as those of our Company, FFSL or FHL. Our Company, FFSL and FHL have further prayed for, among other things, (i) an order for a declaration that the Company, FFSL and FHL are the proprietor of the trademark/name "Fortis" in relation to corporate finance, risk management and related financial activities and healthcare business and is exclusively entitled to use the said name in relation to its established activities; and (ii) an order for damages amounting to Rs. 2 million for loss of reputation suffered by the Company, FFSL and FHL on account of passing off by the Defendant. Additionally, the Company, FFSL and FHL have also filed an application (I.A No. 8079 of 2006) for an interim injunction restraining the Defendant, its promoters, directors, agents, franchisees and employees, among others, from using the word "Fortis" as a part of their corporate name or trading style in respect of their activities in India and/ or from doing any other thing as may be likely to cause confusion or deception leading to passing off of the Defendant's goods and services as those of the Company, FFSL or FHL. The Defendant has filed a written statement. The High Court of Delhi, through its order dated November 27, 2006, had listed the matter for compromise, admission or denial on March 15, 2007. The Company, FFSL and FHL informed the Joint Registrar on that date that compromise talks had broken between the parties and the matter was to proceed on merits. The matter came up for hearing on May 7, 2007, whereby it was held that the present suit should be listed along with another suit (CS(OS) No. 1556 of 2006) which is coming up for hearing on July 9, 2007. The matter has now been fixed for July 9, 2007 for framing of issues and arguments on the injunction application.

Subsequently, on August 8, 2006, Fortis N.V., Fortis S.A./ N.V. and Fortis Bank, which are engaged in the business of insurance and banking (collectively the "Plaintiffs"), filed a suit (No. 1556 of 2006) in the High Court of Delhi, against the Company, FFSL and FHL for a permanent injunction to restrain Company, FFSL and FHL, their agents, servants and directors from using the word "Fortis" by itself or in combination with any other words as a part of their corporate name or as a trademark or any word or mark deceptively similar thereto so as to pass off themselves, their business, goods or services for those of or as emanating from those of the Plaintiffs and an interim injunction in relation thereto. The Plaintiffs have further prayed for, among other things, the ascertaining of an amount of income/profits earned by the Company, FFSL and FHL by use of the mark "Fortis" and an order that such amount be paid to the Plaintiffs. The Plaintiffs have further filed an application (No.8837 of 2006) for an interim injunction in terms of the plaint. The Company, FFSL and FHL have filed a written statement. The next date of hearing has been scheduled for July 9, 2007 to report the possibility of an out of court settlement between the parties, and if settlement discussions fail, for hearing on the Plaintiffs' application for interim injunction.

C. Proceedings initiated against our Company or our Subsidiaries for economic offences

Except as disclosed in this section, there are no proceedings initiated against our Company or our Subsidiaries for any economic offences.

D. Details of past penalties imposed on our Company

Except as disclosed in this section, there are no past penalties imposed on our Company.

E. Potential Litigation against our Company

There are no potential litigations against our Company that we are currently aware of or in connection with which, have received notice.

F. Material Developments since the Last Balance Sheet Date

Except as disclosed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 350, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or its ability to pay its material liabilities within the next 12 months.

G. Outstanding dues to small scale undertaking(s) or any other creditors

There are no outstanding dues above Rs. 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days. For details of our indebtedness, see section titled "Financial Statements" beginning on page 132.

II. Litigation against the Directors of our Company

A. Outstanding Litigation and Material Developments/Proceedings against the Directors

The Directors are not subject to any outstanding litigation pertaining to any tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults or arrears in statutory dues, either in their individual capacities or in connection with the Company and other companies with which the Directors are associated, except as below:

a. Mr. Anil Nanda and Goetze (India) Limited have filed contempt proceedings (Contempt Petition No. 127 of 2005, arising out of CS (OS) 1372 of 2005) dated November 22, 2005 against Mr. Shivinder Mohan Singh and others, alleging willful disobedience of the status quo order dated September 30, 2005, in relation to the defendants having allegedly issued a post dated cheque of Rs. 50 million, dated November 25, 2005, to the Income Tax department, in response to a demand raised by the Income Tax Department through its assessment order dated March 28, 2005, for the assessment year 2001-2002. The matter is currently pending before the High Court of Delhi and the next date of hearing is August 6, 2007.

b. Mr. Tarsem Lal has filed a complaint (Complaint No. 319 of 2004) dated May 30, 2005, in the court of the Chief Judicial Magistrate, Panipat, against Mr. Malvinder Mohan Singh and others, under Sections 342, 420, 506, 120-B of the Indian Penal Code, claiming that Mr. Malvinder Mohan Singh and others have dishonestly received Rs. 0.40 million from the complainant. The High Court of Punjab and Haryana has directed a stay in the proceedings before the Chief Judicial Magistrate, Panipat, alleging that the complaint filed by Dr. Tarsem Lal was frivolous and baseless. The defendants have filed a petition in the High Court of Punjab and Haryana, for this complaint to be quashed. The matter is currently pending and final hearing is awaited.

c. Mr. Bhai Analjit Singh, Ms. Surinder Saini, Mr. B.B. Sawhney and Mr. A.K. Sharma, all executors of the will dated August 28, 2005 of the late Dr. Bhai Mohan Singh, who was the grandfather of both Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh, have filed a suit (Probate Case No. 428 dated May 26, 2006) against the heirs of Dr. Bhai Mohan Singh, including Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh, Ms. Nimmi Singh and Mr. Bhai Manjit Singh, for the grant of the probate for the late Dr. Bhai Mohan Singh's will, in the court of the Additional District Judge, Tis Hazari Courts, Delhi. Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Ms. Nimmi Singh have filed their no objections for grant of probate of the will of the late Dr. Bhai Mohan Singh. There is no monetary claim against Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh in this matter. The next date of hearing has been fixed for July 10, 2007.

d. Mr. Bhai Manjit Singh has filed a suit in the High Court of Delhi against Mr. Bhai Analjit Singh, Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Ms. Nimmi Singh (Suit No. 1673 of

2006), praying for a decree for partition of one-third share of the estate of the late Dr. Bhai Mohan Singh, as it was constituted on the date of his death, declarations for the family settlement dated December 30, 1989, to be exercised in relation to matters including settlement of the equity shares of Delhi Guest Houses, and for an injunction directing the parties to the suit to act as per the above-mentioned family settlement. Mr. Malvinder Mohan Singh, Mr. Shivinder Mohan Singh and Ms. Nimmi Singh have filed their written statement and the next date of hearing has been fixed for July 18, 2007.

e. Mr. Anil Nanda and another have on April 16, 2007, filed an interim application (I.A. No.4282/2007 arising out of CS(OS) 1372/05) before the High Court of Delhi praying for (i) an ad-interim ex-parte injunction, directing that the monies collected in the initial public offer of FHL be kept in a separate escrow account and to restrain FHL from utilizing the said monies for any purpose whatsoever, till the disposal of the original suit; (ii) an ad-interim ex-parte injunction, restraining FHL from allotting its equity shares pursuant to the said initial public offer (iii) appropriate action to be taken against FHL and one of its subsidiaries, particularly Mr. Harpal Singh (Chairman of FHL), Mr. Shivinder Mohan Singh (the managing director of FHL), who were present at the press conference held on April 6, 2007, its promoters, directors and agents in accordance with the provisions of Order 39 Rule 2A of the Code of Civil Procedure, 1908 for disobeying the order of the High Court dated April 4, 2007. The next date of hearing is August 6, 2007.

f. Legal notices dated May 29, 2006 were received against Religare Securities Limited, Religare Finvest Limited, Mr. Harpal Singh, Mr. Sunil Godhwani, Mr. Vinay Kumar Kaul, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh from the advocates of Mr. Anil Kumar Mehta.

g. RSL, Mr. Sunil Godhwani and others have filed a Criminal Writ Petition (being No. 2461 of 2006 dated March 1, 2006) before the High Court of Bombay (Criminal Appellate Side) seeking to quash the ex-parte order dated January 7, 2005 passed by the Metropolitan Magistrate 23rd Court, Mumbai. The said order directed investigation under Section 156 (3) of the Code of Criminal Procedure and arose from the complaint filed by Mr. Muslim A. Kapadia (being Case No. 2/I&R/05) alleging offences under Sections 409, 477A read with Sections 120B and 34 of the Indian Penal Code.

h. Mr. Aditya Nashier has filed a Consumer Complaint (No. 660/07) dated April 17, 2007, before the District Consumer Forum, Shalimar Bagh, New Delhi under the Consumer Protection Act against Mr. Harpal Singh (Chairman), Mr. Sunil Godhwani (Managing Director), Mr. Deepak (Branch Head), Mr. Nitin Gupta (Dealer), Mr. Pramod Bhutani (Director, Milestone Portfolio Consultants Private Limited). The complainant has alleged that the password for his R-ALLY account, i.e., the online trading facility, was not renewed. The complainant was unable to do online trading because of non-renewal of the password. The complainant has claimed Rs. 0.5 million as compensation for losses suffered by him. The case has been dismissed on default on June 7, 2007.

B. Outstanding Litigation and Material Developments/Proceedings filed by the Directors

Except as disclosed in this section, there are no outstanding litigations and material developments/proceeding filed by the Directors.

C. Proceedings initiated against the Directors for economic offences

Except as disclosed in this section, there are no proceedings initiated against the Directors for any economic offences.

D. Details of past penalties imposed on the Directors

There are no past penalties imposed on the Directors.

III. Litigation involving our Subsidiaries

A. Outstanding Litigation and Material Developments/Proceedings against Religare Securities Limited

Civil Suits

(a) Trexim Corporation has filed a petition (being OMP No. 46/2005 dated January 28, 2005) against RSL before the High Court of Delhi challenging the validity of the arbitral award passed against Trexim Corporation on October 28, 2004. Trexim Corporation alleged that the said award was passed without sufficient jurisdiction, passed incorrectly, unfairly and in contravention of applicable law and public policy. RSL had invoked the arbitral jurisdiction of the NSE on September 21, 2000, claiming non-payment for certain transactions, and claiming a sum of Rs. 8.02 million. The Arbitral Tribunal had awarded Rs. 4.32 million to RSL. Trexim Corporation has sought for setting aside of the said award. The next date of hearing is July 16, 2007.

(b) Mr. Gundesha Arvind Kumar has filed a suit (being O.S. No. 2713 of 2006 dated June 5, 2006) before the 5th Junior Civil Judge in the City Civil Court at Hyderabad for perpetual injunction against RSL restraining it from selling certain of his shares lying with RSL without his consent. The next date of hearing is July 5, 2007.

(c) Ms. Lakshmi Varyani, proprietor of Expo Vision, has filed a summary suit in the High Court of Bombay (Original Civil Jurisdiction) (being Summary Suit No. 807 of 2006 dated February 21, 2006), for a sum of Rs. 0.75 million, in addition to simple interest on the principle amount at the rate of 18% per annum. The High Court of Bombay, as per its order dated February 5, 2007, has granted unconditional leave to RSL to defend the suit. The matter is currently pending.

(d) RSL has filed a petition (being OMP No. 107/2006 dated August 24, 2006) before the District Judge in Delhi challenging the arbitral award dated May 22, 2006, passed by the arbitrator appointed by the NSE in favour of Ms. Manju Agrawal, on the grounds that it was ignorant of facts and in contravention of law and public policy. Mrs Agrawal had alleged in her complaint before the arbitrator that one of RSL's employees in Kanpur had duped her of an amount of Rs. 0.30 million and carried out unauthorized trades in her account with RSL. The arbitrator had awarded Ms. Agrawal a sum of approximately Rs. 0.09 million as relief. The next date of hearing is July 4, 2007.

Consumer Disputes

(a) Ms. Lata Maheshwari and Ms. and Tanu Maheshwari have filed a Consumer Complaint (being No. 188/2005 dated June 27, 2005) before the Consumer Disputes Redressal Forum, Moradabad against RSL, claiming an aggregate sum of Rs. 0.20 million, along with 24% interest on an amount of Rs. 0.12 million, on account of alleged non-receipt of money pursuant to sale of shares on her account. RSL has filed a Written Statement citing misjoinder of parties and inapplicability of the Consumer Protection Act, 1986 ("**CPA**") on August 26, 2005. The next date of hearing is August 1, 2007.

(b) Mr. Vijay Prakash Maheshwari has filed a consumer complaint (being No. 189/2005 dated June 27, 2005) before the Consumer Disputes Redressal Forum, Moradabad, claiming an aggregate sum of Rs. 0.08 million, along with 24% interest on an amount of Rs. 46,545, on account of alleged non-receipt of money pursuant to sale of shares on his account. RSL has filed a written statement citing misjoinder of parties and inapplicability of the CPA on August 26, 2005. The next date of hearing is July 12, 2007.

(c) Ms. Vaishali Chaturvedi has filed a Consumer Complaint (being No. 337/2006 dated April 21, 2006) before the Consumer Disputes Redressal Forum, Kanpur against Mr. Sandeep Kansal, a franchisee of RSL, and RSL. She has alleged that a system failure caused a cancellation order placed by her to not have effect and thus caused her financial loss. The sum under dispute is Rs. 0.03 million as well as interest and costs. RSL filed a reply claiming *inter alia* inapplicability of the CPA, on July 15, 2006. The next date of hearing is October 23, 2007.

(d) Mr. Shobhit Chaturvedi has filed a Consumer Complaint (being No. 313/2006 dated April 13, 2006) before the Consumer Disputes Redressal Forum, Kanpur, against Mr. Sandeep Kansal, a franchisee of RSL, and RSL. He claimed that a system failure, which displayed an incorrect margin balance, prevented him from placing an order for securities at a lucrative price, and thus caused him financial loss and mental tension. The sum claimed by him is Rs. 0.06 million as well as interest. RSL, in its reply dated October 20, 2006, has claimed inapplicability of the CPA, amongst other grounds. The next date of hearing is September 13, 2007.

(e) Mr. Maharaj Narain Rastogi has filed a Consumer Complaint (being No. 116/2006 dated May 24, 2006) before the Consumer Disputes Redressal Forum, Bareilly against RSL and another. He claimed that RSL had sold securities belonging to him without his permission and to his financial detriment. He has claimed Rs. 0.40 million in lieu of his loss of opportunity in addition to damages for mental agony. RSL has filed a reply citing limitation, lack of jurisdiction and inapplicability of the Consumer Protection Act on various grounds, and raising a counterclaim of Rs. 50,000, as exemplary punishment on account of Mr. Rastogi having raised frivolous claims against RSL. The next date of hearing is July 2, 2007.

(f) Mr. Krishan Lal Kalra has filed a Consumer Complaint (being No. 332/2006 dated July 31, 2006) before the District Consumer Disputes Redressal Forum, Panipat against RSL and a franchisee of RSL. He alleged that some of his securities were sold in an unauthorized manner and that he has suffered losses as a result, and that he has asked for a copy of the account statement and copy of details of the margin money paid by him. He has claimed Rs. 0.80 million as well as interest at the rate of 9% per annum. RSL has filed a reply contesting facts and the claims of damages and loss raised by Mr. Kalra. The next date of hearing is July 20, 2007.

(g) Mr. Murari Lal Aggarwal has filed a Consumer Complaint (being No. 2129/2006 dated September 4, 2006) before the Consumer Disputes Redressal Forum, Delhi against RSL, its business development representative and another party. He claimed that certain unauthorized trades had been made, which had caused him loss as well as mental tension. The sum under dispute is Rs. 0.04 million in addition to interest. All the parties involved in the matter have filed their replies. The next date of hearing is August 29, 2007.

(h) Mr. Patnala Kesava Rao has filed a Consumer Complaint (being No. 139/2006 dated October 18, 2006) before the Consumer Disputes Redressal Forum, Berhampur against RSL, its managing director and the person in charge of the RSL Branch in Ganjam, Orissa. He alleged that his securities were sold without his permission and as a result, he suffered losses. He claimed Rs. 0.67 million and delivery of certain securities to him. RSL has filed an application and reply for dismissal of complaint on grounds of misjoinder of parties on November 8, 2006. The next date of hearing is July 4, 2007.

(i) Mr. Nishikant Bhatia has filed a Consumer Complaint in the District Consumer Forum, Yamunanagar against PFC Investments, a franchisee of RSL. He alleged misappropriation of credit balance, non-transfer of duly purchased shares and unauthorized use of his trading account. He has claimed compensation, damages and costs as well as the payment of the credit balance and the transfer of the shares. The sum under dispute is Rs. 1.11 million. PFC Investments has filed an application for dismissal of the complaint for lack of jurisdiction, citing an arbitration clause in the 'member client agreement', amongst other grounds. The next date of hearing is July 24, 2007.

(j) Mr. Badiuddin Khan has filed a Consumer Complaint (No. 218/07) in the District Consumer Forum X, New Delhi, under Section 12 of the Consumer Protection Act, 1986. In this regard, RSL has received a notice cum summons to be present before the said forum on July 17, 2007.

(k) Mr. E Benjamin Franklin has filed a Consumer Complaint (No. 29/2007) dated March 30, 2007 in the District Consumer Forum, Tuticorin, under section 12 of the Consumer Protection Act, 1986. Mr. Franklin has alleged that he was not given the shares of "Nissan Copper Limited" within two days from the purchase nor was he allowed to sell the same, which caused him enormous loss. He has *inter alia*, claimed actual loss on purchase of 5,100 shares of Nissan Copper Limited amounting to Rs. 0.66 million, along with interest at the rate of 12% calculated from January 02, 2007. In addition, he has claimed Rs. 0.50 million as compensation. The next date of hearing is July 12 2007.

(l) Mr. Aditya Nashier has filed a Consumer Complaint (No. 660/07) dated April 17, 2007, before the District Consumer Forum, Shalimar Bagh, New Delhi under the Consumer Protection Act against Mr. Harpal Singh (Chairman), Mr. Sunil Godhwani (Managing Director), Mr. Deepak (Branch Head), Mr. Nitin Gupta (Dealer), Mr. Pramod Bhutani (Director, Milestone Portfolio Consultants Private Limited). The complainant has alleged that the password for his R-ALLY account, i.e., the online trading facility, was not renewed. The complainant was unable to trade online because of non-renewal of the password. The complainant has claimed Rs. 0.50 million as compensation for losses suffered by him. The case has been dismissed on default on June 7, 2007.

Criminal Proceedings

(a) Mr. Muslim A. Kapadia had approached the Investor Grievance Cell of the NSE seeking a claim of Rs. 0.25 million along with interest at the rate of 18% per annum. The complainant had alleged that he was put to heavy losses due to the alleged sale of the securities deposited with RSL in order to square off the margin position maintained by the complainant with RSL. The matter was referred to an arbitral tribunal (being Arbitration Matter No. M 009/2005) presided by Mr. Justice (retd.) R. J. Kochar (sole arbitrator appointed by the NSE). The arbitral tribunal rendered its decision through its award dated July 11, 2005, in favour of RSL. Further, an ex-parte order dated January 7, 2005 was passed against RSL by the Metropolitan Magistrate 23rd Court, Mumbai, directing investigation under Section 156 (3) of the Code of Criminal Procedure and arose from the complaint filed by Mr. Muslim A. Kapadia (being Case No. 2/I&R/05) alleging offences under Sections 409, 477A read with Sections 120B and 34 of the Indian Penal Code. In response, RSL, Mr. Sunil Godhwani and others have filed a Criminal Writ Petition (being No. 2461 of 2006 dated March 1, 2006) before the High Court of Bombay (Criminal Appellate Side) seeking to quash the said order. The next date of hearing in the Criminal Writ Petition filed by RSL is yet to be determined.

(b) Mr. Kesava Rao Patnala has filed a Petition under Section 200 of the Code of Criminal Procedure, 1973 (bearing CC. No. 151/2006) dated September 19, 2006 before the court of Sub Divisional Judicial Magistrate, Behrampur (Ganj AM, Orissa) against RSL and its officers and sub broker. The complainant in his complaint has alleged that his shares were sold without his consent. It was also alleged that the sub-broker of RSL has demanded money from him due to debit balance in his account and compelled the complainant to sign blank documents. Investigation in the case is pending.

Arbitration Claims

(a) Mr. Peeyush Singhal has filed an arbitration case (A.M. No. D017 of 2007) against RSL before the NSE on January 21, 2007. The grounds of Mr. Singhal's claim of Rs. 0.18 million are *inter alia* that the loss suffered by him was due to an error by the operator. Proceedings before the sole arbitrator have concluded and the matter is reserved for declaration of the award.

(b) Harsha Capital Services Limited ("Harsha") has filed an arbitration case (A.M. No. D021 of 2007) before the NSE on January 25, 2007. Harsha alleges *inter alia* RSL has violated certain rules and regulations prescribed by the SEBI, by carrying out unauthorized and unlawful squared off sales in their account resulting in heavy losses to Harsha. Harsha has claimed an amount of Rs. 0.21 million against RSL. RSL has filed its reply before the sole arbitrator and the matter has been fixed for hearing on July 10, 2007.

(c) Group Captain M. R. Naik has filed an arbitration claim (Ref No. 55/2007) before the BSE on May 25, 2007. Captain Naik *inter ailia* alleges that trades in his account were done without his instructions and that he was not supplied documents on time. He further alleges that he did not receive his shares in his demat account. He has claimed an amount of Rs. 0.5 million against RSL. RSL has filed its reply before BSE. The next date of hearing in this matter is July 26, 2007. Further, Captain Naik has also filed an arbitration claim (A.M No. 029/2007) before the NSE on May 11, 2007, on the same grounds and has claimed an amount of Rs. 0.5 million against RSL.

(d) Mr. M.M. Sundaram has filed an arbitration claim before the Arbitral Tribunal of the NSE against RSL, where Mr. Sundaram has claimed losses aggregating to approximately Rs. 6.22 million attributable to RSL. Mr. Sundram's claim has been dismissed by the arbitrators through their award dated April 30, 2007. Mr. Sundram has filed an application dated May 31, 2007, under section 33 of Arbitration and Conciliation Act, 1996 against the said award.

Proceedings initiated by Regulatory Authorities

I. Proceedings instituted by the SEBI

a. The SEBI in the matters of IFSL Limited, Mega Corporation Limited, Karuna Cables Limited and Millenium Cybertech Limited, issued ad interim orders dated September 28, 2005, October 24, 2005, November 29, 2005 and January 24, 2006, respectively pending investigation, while observing a sharp increase in price and trading volume in respect of the scrips of the above mentioned companies. Pursuant to the said orders, the SEBI has restrained RSL, among other stock brokers from buying, selling or dealing in the specified scrips of the companies mentioned above, directly or indirectly, on behalf of certain promoters, directors and clients specified by the SEBI from the date of the respective orders, until the receipt of further orders from the SEBI. Subsequently, the SEBI has, pursuant to orders dated June 16, 2006, July 24, 2006, July 25, 2006 and September 26, 2006, in the matters of IFSL Limited, Mega Corporation Limited, Karuna Cables Limited and Millenium Cybertech Limited, respectively confirmed the ad interim orders. The specific observations issued by SEBI in the ad interim orders are as follows:

S. No.	Specified Scrip	Directions/ Observations Issued
1.	IFSL Limited	The SEBI in its order dated September 28, 2005 noted that RSL, among other brokers, being holders of more than 1% of the share capital of IFSL Limited, dealt significantly in the script of IFSL Limited on behalf of specified clients during the period when there was an increase in the share price and trading volume and off market transfers by the promoters to some entities took place. Subsequently, the SEBI through letter dated March 24, 2006 summoned RSL to appear and provide information in connection with the investigations instituted by SEBI in the said matter. The information required by the SEBI has been duly provided. Further, an order has been passed on June 16, 2006 by the SEBI confirming the interim order.
2.	Mega Corporation Limited	The SEBI in its order dated October 24, 2005 observed that RSL, among other brokers being holders of more than 1% of the share capital of Mega Corporation Limited, contributed significant volume, i.e., up to 19.17% of net purchase, in the trading of shares of the company while dealing on behalf of the interconnected clients. The SEBI through its letter dated February 27, 2007 summoned RSL for production of documents in relation to the alleged aiding and abetting the connected group of clients in creating an artificial depth in the market to generate a buying interest in the scrip and influencing the price of the scrip. RSL has complied with the summons and has provided the requisite comments and documents. Further, an order has been passed on July 24, 2006 by the SEBI confirming the interim order.
3.	Karuna Cables Limited	The SEBI in its order dated November 29, 2005 observed that RSL had a concentration of around 14% in terms of gross purchases during the relevant period. The SEBI through its letter dated March 6, 2007 summoned RSL for explanation in relation to nature of transaction, which indicate involvement in manipulation in the market regarding this scrip. RSL has complied with the summons and have provided the requisite comments and documents. Further, an order has been passed on July 25, 2006 by the SEBI confirming the interim order.
4.	Millenium Cybertech Limited	The SEBI in its order dated January 24, 2006 observed that RSL among other brokers, had entered into synchronised deals, which helped in matching buyers and seller thereby buyers getting desired sellers and *vice versa*. The SEBI further observed that the promoters of Millenium Cybertech Limited offloaded their shareholding in the company in an alleged arrangement between interconnected clients, who have also appeared in the orders of the SEBI relating to IFSL Limited, Mega Corporation Limited and Karuna Cables Limited to manipulate the shares of 'low cap' companies and that the same would not have been possible without being guided by a few brokers. Separately, in the same order, the SEBI noted that RSL was among the few brokers who have also appeared in some of the orders passed by the SEBI in the case of 'low cap' stocks. Subsequently, the SEBI through its letter dated April 7, 2006 summoned RSL to appear and provide information in connection with the investigations instituted by the SEBI in the said matter. The information required by the SEBI has been duly provided. Further, an order has been passed on September 26, 2006 by the SEBI confirming the interim order. The SEBI vide its letter dated May 22, 2007 has issued an administrative warning in the concerned matter.

b. Further, the SEBI has in the matter of Ind Tra Deco Limited, issued an *ad interim* order dated October 5, 2005 pending investigation, restraining RSL, among other stock brokers and the promoters and directors of Ind Tra Deco Limited from buying, selling or dealing in the securities of/ in the scrip of Ind Tra Deco Limited, directly or indirectly, from October 5, 2005 until the receipt of further orders, while observing a sharp increase in price and trading volume in the scrip of Ind Tra Deco Limited. Subsequently, the SEBI through its order dated June 20, 2006 confirmed the *ad interim* order. Further, the SEBI through its letter dated January 31, 2006 summoned RSL to appear and provide information in connection with the investigations instituted by SEBI in the said matter. The information required by the SEBI has been duly provided. No further correspondence has been received from the SEBI in this respect.

c. In addition to the above, the SEBI has, through an *ad interim* order dated January 17, 2007, restrained RSL from buying, selling or dealing directly or indirectly in the shares of Nissan Copper Limited, until the receipt of further orders from SEBI. Further, the SEBI has issued certain specific observations relating to RSL in its *ad interim* orders. The matter is currently being investigated by the SEBI.

d. The SEBI has also in the matter of trading in the scrip of Vijay Textile Limited, issued a letter dated January 31, 2006 and a summon issued on August 11, 2006 as extended by the summon August 25, 2006, informing RSL that the SEBI is investigating into trading in the Vijay Textile Limited scrip, and further directed RSL to explain the reasons for entering into transactions for which orders placed on behalf of certain clients named in the order, which allegedly resulted in artificial increase in the market prices of the scrip. RSL has furnished the information sought by the SEBI. There has been no further correspondence from the SEBI in this respect as of this date.

e. The SEBI has, through a letter dated July 15, 2005 directed RSL to provide reasons for having undertaken certain transactions in the futures and option segment during the period February to March, 2005 and further directed RSL to deliver the accompanying letter to its client Mr. Gurumukh N. Khatri. Further, SEBI has issued a letter dated January 27, 2006, requiring RSL to provide reasons for having undertaken certain transactions in the futures and option segment during the period November to December, 2005 and further directing RSL to deliver the accompanying letter to its client Ms. G. Kantha. In response to both these letters, RSL has submitted the information sought by SEBI stating, *inter alia,* that the specified transactions were carried out at the behest of its clients, and that RSL has delivered the letters to the respective clients, as directed. No further communication has been received from the SEBI in this regard.

f. The SEBI, vide its letter dated September 21, 2005, sought our comments on the observations made by them during the course of an Inspection. The letter has been duly replied. No further correspondence has been received from the SEBI in the matter.

g. The SEBI, vide its letter dated August 7, 2006, sought our comments on the observations made by them during the course of an Inspection of our PMS Division. The letter has been duly replied. No further correspondence has been received from the SEBI in the matter.

h. Further, the SEBI has, through 2 separate letters issued on January 11, 2007 and February 21, 2007, sought explanations regarding certain trades by RSL at the behest of its clients. The information required by the SEBI has been duly provided. No further correspondence has been received from the SEBI in this respect.

i. The SEBI has, through its letter dated May 17, 2007 advised us to seek explanation from the clients mentioned in the letter for entering into trades, which appears to be synchronized. It has further asked us to give our comments on the same. The letter has been duly replied. No further correspondence has been received from the SEBI in the matter.

j. The SEBI has through its letter dated June 11, 2007 advised us to explain the rationale of our client for entering into trades, which have been observed by the SEBI as being synchronized trades.

Aggregate penalties/ fine of approximately Rs. 3.15 million have been imposed by the BSE, the NSE and the NSCCL, upon RSL, the details of which are described as below:

- The BSE has levied various penalties/ fines aggregating to approximately Rs. 0.18 million on RSL during the period from October 2004 until date for various reasons, including violation of trading limits in certain categories of scrips, entering into transaction on behalf of certain specified clients (which led to price rise), violation of intra-day trading limits, violation of trading limits in Z group securities, bad delivery charges, incorrect punching of individual orders in institutional category late payouts, modification of client codes, etc.

- The NSE and NSCCL have levied various penalties/ fines aggregating to Rs. 2.97 million on RSL during the period from April 2004 until date for various reasons, including reporting short collection of margins, violations observed during inspection, violation of exposure limits in the future and option segment dealt for and on behalf of various clients, trading in option segment of the exchange, violation of client level limit for trading in specified scrips, clearing shortage, non-submission of UCC details, delay in monthly disclosures and delayed uploading of computer to computer link terminal data.

II. Proceedings initiated by the Stock Exchanges

In addition, the BSE, the NSE and the NSCCL have issued various other communications, containing certain other directions or observations. The details of these communications are as described below:

S. No.	Exchange	Directions/ Observations Issued
1.	BSE	Letter dated June 27, 2005 advising RSL to comply with bulk deal reporting requirements. Pursuant to the letter, RSL has issued internal directions to ensure compliance.
2.	BSE	19 letters issued between July 6, 2005 and June 12, 2007, cautioning RSL against placing orders for clients at unrealistic prices, asking RSL to show cause and directing RSL to exercise due diligence while dealing for clients. Pursuant to the said letters, RSL has implemented internal mechanisms to ensure compliance.
3.	BSE	Letter dated March 14, 2007 seeking explanation for entering into transaction in the scrip of Nissan Copper Limited on behalf of the client, where SEBI through its order dated January 17, 2007 has debarred RSL from buying, selling or dealing in the said scrip.
4.	BSE	Letter dated July 17, 2006 imposing certain penalties on the grounds highlighted at serial No. 2 supra.
5.	BSE	Letter dated June 30, 2005 cautioning RSL to ensure correct punching of individuals' order under institutional category. Pursuant to the said letter, RSL has issued internal directions to exercise caution.
6.	BSE	Letter dated March 12, 2007, warning RSL for change in Authorised capital of the company without taking requisite approval.
7.	NSE	Notice dated October 10, 2005 and 2 notices dated June 5, 2006, for late reporting of bulk deals. The information sought by the notice dated October 10, 2005 was sent to the NSE prior to receipt of the show cause and the same was duly updated on the website of the NSE. No reply was therefore sent by RSL. RSL has duly replied to the show cause notices dated June 5, 2006. No further communication has been received from the NSE in this regard.
8.	NSE	Three letters issued between September 13, 2005and February 09, 2006 censoring RSL for undertaking change in its shareholding pattern without prior approval of the NSE. RSL has taken the same on record and is ensuring compliance with the same.
9.	NSE	Letter dated September 2, 2005 seeking explanation for change in share holding pattern of the company without obtaining requisite approval .RSL has replied to the letter and the share holding pattern has been approved thereafter by the exchange.
10.	NSE	Show cause notice dated April 21, 2006 requiring RSL to explain why disciplinary action should not be taken for issuing advertisements without NSE's prior approval. RSL has replied to the show cause notice. No further communication has been received from the NSE in this regard.
11.	NSE	Letter dated August 24, 2006 seeking explanation regarding the circumstances under which trades were executed for and on behalf of certain clients in the scrip Vardhman Spinning Mills

		Limited. RSL has duly replied to the letter. No further communication has been received.
12.	NSE	Five letters issued between November 25, 2005 and July 24 2006, seeking explanation regarding the due diligence process adopted by RSL to satisfy itself of the financial status of its clients, monitor client trading *vis-à-vis* income declared by the clients, among other things. RSL has duly replied to the letters. No further communication has been received from the NSE in relation to any of these matters.
13.	NSE	Five letters issued between May 24, 2006 and February 9, 2007, seeking clarifications regarding client transactions in the futures and option segment which were *prima facie* carried out at prices significantly above or below the prevailing market prices, and further advising RSL to disallow recurrence of such activity at the behest of its clients. RSL has duly replied to the letters and issued internal directions to ensure compliance. No further communication has been received from the NSE in relation to any of these matters. RSL is also in receipt of a show cause notice dated March 12, 2007 as to Why disciplinary action should not be initiated against RSL for entering into transaction in option segment of the exchange as reported in the letter. Further, the exchange has through its letter dated June 11, 2007, advised us to review the activity of the clients identified in the letter and to put systems and procedures in place to control reoccurrence of such activity.
14.	NSE	Two letters dated October 18, 2006 and March 29, 2006 imposing certain penalties, on grounds highlighted in serial no. 13 supra.
15.	NSE	14 show cause notices and letters seeking explanation, issued between April 20, 2004 and June 6, 2007, *inter alia* requiring RSL to explain why disciplinary action should not taken for various violations observed in the course of inspections and seeking explanation for alleged violations. Further, certain penalties have also been imposed in respect of eight such show cause notices. RSL has replied to the show cause notices and letters.
16.	NSE	19 letters between February 1, 2005 and June 05, 2007 including those levying certain late submission charges for reasons including delayed reporting of details of computer to computer link and expiry of certification (NCFM).
17.	NSCCL	Seven letters issued between March 01, 2006 and December 01, 2006, seeking explanations for failure to make delivery or shortage in delivery against sales made by the clients. RSL has duly replied to the letters. No further communication has been received from the NSCCL in relation to any of the matters.
18.	BSE	Three letters dated September 22, 2005, January 6, 2006 and February 28, 2006 imposing certain penalties, respectively in relation to matters of Vijay Textiles Limited, IFSL Limited and Mega Corporation Limited, respectively.
19.	BSE	BSE through its letter dated May 25, 2007 and May 31, 2007 sought clarification on the observations made by the exchange during the course of an inspection.

In addition to the above, National Securities Depositories Limited (NSDL) has through certain letters levied penalties aggregating to Rs. 0.11 million.

Income Tax

RSL has filed one rectification application against the order of the Assessment Officer, with the Income Tax Department for the Assessment Year 2004-2005. The total amount in dispute is Rs. 0.39 million.

Police cases

A complaint has been filed with the Police against RSL at Ambala, Punjab by Mr. Dalbir Kumar Jain. Mr. Dalbir Kumar Jain has, in his complaint, stated that his shares in MTNL and Reliance Energy were sold by RSL without his knowledge.

Three employees of RSL have received notices under Section 160 of the Code of Criminal Procedure, requiring their appearance, in relation to the complaint filed by Mr. Aditya Nashier at the police station at Saraswati Vihar, New Delhi.

A complaint has been made by Mr. Satish K Pradhan against our Pune branch. The complainant has alleged that the shares which he has purchased form RSL were neither credited to his demat account nor had he received his balance amount. Notice to this effect has been received from the Financial Crimes Department, Crime Branch, Pune. The branch head of our Pune branch is required to report on May 14, 2007 to Crime Branch. Officials of Pune branch had attended the meeting. Investigations are presently underway.

RSL has received a letter dated May 13, 2007 from the Inspector, F&C Section, EOW Crime Branch, New Delhi, stating that the police is inquiring into the compliant made by Mr. Anil Kumar Mehta. RSL is required to furnish documents and information regarding Mr. Anil Kumar Mehta.

Three employees of RSL have received a notice for inquiry dated May 23,2 2007 from Police Station Connaught Place, New Delhi, requiring their appearance on June 25, 2007, in relation to the complaint filed by Mr. Sudhir Gupta, Mr. Ashok Gupta and Ms. Lata Gupta, at the police station - Connaught Place, New Delhi.

Investigations in respect of these matters are currently in process.

Investor Grievances

Out of the 265 investor grievances involving claims aggregating to a total value of Rs. 34.23 million that have been received by RSL from various persons, in the period starting from August 2004. These grievances include alleged unauthorized trading, sale without information, delay in receiving confirmation, non-deposit of cheque issued by a client, computation of interest and mistaken account statement, pay-outs in shares of Nissan Copper Limited, hacking of password, etc. Out of these complaints, 140 complaints have been directly filed by the aggrieved, aggregating to a total value of Rs. 5.81 million, 24 complaints have been filed through lawyers aggregating to a total value of Rs. 3.18 million and 100 complaints have been received through various regulators on complaints by investors, aggregating to a total value of Rs. 24.27 million. In addition, RSL has received certain investor grievances through e-mail, wherein the amount is not ascertainable.

B. Outstanding Litigation and Material Developments/Proceedings against Religare Finvest Limited ("RFL")

Civil proceedings

Mr. Anil Kumar Mehta has filed a suit (being Suit No. 1405 of 2006 dated September 8, 2006) before the Senior Civil Judge in the Tis Hazari Courts at Delhi against RFL as well as RSL. Mr. Mehta has alleged that the agreements dated February 7, 2006 entered into between him and RFL and RSL are forged and fabricated and are not binding on him. He has further alleged that the appointment of Mr. Rajiv Talwar as the arbitrator under the terms of the said agreements was illegal and not binding on him. Mr. Mehta has sought a permanent injunction against Mr. Talwar from acting as the arbitrator and against RFL restraining it from acting under the terms of the agreements entered into on February 7, 2006. RFL has filed an application dated September 26, 2006 seeking dismissal of the suit filed by Mr. Mehta. The next date of hearing is July 23, 2007.

Criminal Proceedings

Religare Finvest Limited received a letter dated May 10, 2007 and May 13, 2007 from Inspector, F&C Section, EOW Crime Branch, New Delhi. According to the letter, the police is inquiring into the complaint made by Mr. Anil Kumar Mehta. Religare Finvest Limited is required to furnish documents/ information regarding Mr. Anil Kumar Mehta.

Notices

Certain legal notices dated May 29, 2006 were received against Religare Securities Limited, Religare Finvest Limited, Mr. Harpal Singh, Mr. Sunil Godhwani, Mr. Vinay Kumar Kaul, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh from the advocates of Mr. Anil Kumar Mehta.

C. Outstanding Litigation and Material Developments/Proceedings against Religare Commodities Limited ("RCL")

Penalties by Regulators

The NCDEX has levied various penalties/ fines aggregating to approximately Rs. 0.16 million on RCL during the period from October 2005 until date for various reasons, including non-submission of UCC details, exceeding open interest position limit, delivery shortage, etc.

The MCX has levied various penalties/ fines aggregating to approximately Rs. 0.04 million on RCL during the period from August 2006 until date for various reasons, including non-submission of UCC details, exceeding open interest position limit, etc.

Investor Grievances

Since May 2005, nine investor grievances that have been received by RCL, from various persons, which are active as of this date. These grievances include alleged unauthorized transactions on such clients' accounts, non-delivery of shares into the clients' accounts, wrongly debited amounts from the clients' accounts, or non-receipt of sale proceeds into the clients' accounts, etc. Out of these complaints, six complaints have been filed directly by the aggrieved, aggregating to a total value of Rs. 0.68 million and two complaints have been instituted by various regulators on behalf of such investors and one complaint is filed by the lawyer on behalf of such complainants. The monetary claims in respect of such complaints are unascertainable.

D. Litigation instituted by our Subsidiaries

RSL

RSL has filed claims aggregating to an amount of Rs. 6.55 million. RSL has filed 16 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881 for dishonour of cheques, against the respective defaulters for recovery of an aggregate amount of Rs. 2.94 million. In addition, RSL has filed 17 claims before the concerned arbitration authority of the NSE for recovery of an aggregate amount of Rs. 3.61 million against certain clients running debit balance in their respective accounts. One such client has filed a counter claim of Rs. 1.10 million. In four matters, replies have been filed, but no amount has been specified in the counter claims. These cases are currently pending.

RFL

RFL has filed claim aggregating to an amount of Rs. 8.62 million. Further, RFL has filed criminal complaints under Section 138 of Negotiable Instruments Act, 1881 for dishonour of cheques, against the defaulters for recovery of an aggregate amount of Rs. 9,418. All such complaints are currently pending. Further, RFL has filed an arbitration proceeding against Mr. Anil Kumar Mehta for recovery of Rs. 0.90 million. The claim arose on account of failure to pay certain recalled loan amounts. The claim is presently pending. RFL has also filed a suit before the High Court of Delhi for recovery of Rs. 7.70 million. This suit is currently pending.

RCL

RCL has filed three criminal complaints under Section 138 of Negotiable Instruments Act, 1881 for dishonour of cheques, against the defaulters for recovery of an aggregate amount of Rs. 0.67 million. All these complaints are currently pending.

E. Details of past penalties imposed on our Subsidiaries

Except as disclosed in this section, there are no past penalties imposed on our Subsidiaries.

IV. Litigation involving the Promoters of our Company

For details in relation to litigation involving the Promoters of our Company, see the section above titled "Litigation against the Directors of our Company" on page 379. Except as described above, there is no outstanding material litigation, suits or criminal prosecutions or civil proceedings, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by the Promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

V. Litigation/Defaults in respect of companies/firms/ventures with which the Promoters were Associated in the Past

There is no outstanding litigation/defaults in respect of companies/firms/ventures with which the Promoters were associated in the past.

VI. Litigation against the Promoter Group Companies

A. Fortis Healthcare Limited ("FHL")

Income Tax Cases

Regular assessment has been completed by the Deputy Commissioner of Income Tax Circle II(1), New Delhi, through his order dated December 26, 2006, for assessment year 2004-2005 and disallowance of approximately Rs. 0.76 million on account of late payment of provident fund and superannuation fund. FHL has filed an appeal before the Commissioner of Income Tax (Appeals) against the assessment order. The matter is currently pending.

Medical Negligence

There are 10 complaints relating to medical negligence under the Consumer Protection Act, 1986 filed against FHL by its patients or their representatives, in various consumer redressal forums in India. The aggregate claim against FHL in these complaints is approximately Rs. 24 million. Six of these complaints are in relation to the cardiac care specialty, two are in relation to general surgery, one is in relation to both cardiac care and gastroenterology, and one is in relation to general medical care. The details of the major complaints in this regard, i.e. the complaints where an amount over Rs. 5 million has been claimed, are as follows:

a. Ms. Amita Shyam Sunder and others have filed a complaint (Complaint No. 24/ 2006) against the Fortis Hospital, Mohali, and others, in the State Consumer Disputes Redressal Commission, Punjab at Chandigarh, claiming compensation of Rs. 10 million, on account of her husband's death due to alleged negligence and deficiency in services by FHL. The matter is currently pending.

In addition, there are nine cases pertaining to alleged medical negligence and deficiency in service, filed against FHL by certain persons in various consumer redressal forums in India, where the claim in each case is less than Rs. 5 million. The aggregate amount claimed in these cases is approximately Rs. 14 million.

Property

a. Dr. (Ms.) Sudesh Bahl Dhall ("Ms. Dhall") has filed a suit (No. 3 of 2005) for permanent injunction against FHL in the Court of Shri Lal Singh, Additional District Judge Delhi alleging that (a) Company is representing itself to be the owners in possession of the Dhall Society property and has given wide publicity that it has set up a super specialty hospital within the Dhall Society property (b) Company by its acts has put the interest of the Dhall Society to serious jeopardy (c) That the property in question can only be used by the Dhall Society. The following reliefs have been sought by Ms. Dhall:

- To pass a decree of mandatory injunction against FHL restraining FHL from claiming themselves as owner or in possession or dealing in any manner in respect of the immovable property at Vasant Kunj;

- To pass a decree of permanent injunction restraining FHL and its agents from dealing in any manner with the immovable property;
- To pass temporary injunction in respect of the above.

The next date of hearing is July 11, 2007.

Intellectual Property

FHL, Fortis Financial Services Limited and our Company (collectively the "Ranbaxy Group") filed a suit (CS(OS) No.1111 of 2006) against Fortis N.V., a company registered under the laws of Netherlands (the "Defendant"), in the High Court of Delhi on May 6, 2006 for a permanent injunction restraining the Defendant, its promoters, directors, agents, franchisees, employees, among others, from using the word "Fortis" as a part of their corporate name or trading style in respect of financing, leasing, hire purchase, investment services and insurance and cognate activities in India and/ or from doing any other thing as may be likely to cause confusion or deception leading to passing off of the Defendant's goods and services as those of the Ranbaxy Group. The Ranbaxy Group has further prayed for, among other things, (i) an order for a declaration that the Ranbaxy Group is the proprietor of the trademark/name "Fortis" in relation to corporate finance, risk management and related financial activities and healthcare business and is exclusively entitled to use the said name in relation to its established activities; and (ii) an order for damages amounting to Rs. 2 million for loss of reputation suffered by the Ranbaxy Group on account of passing off by the Defendant. Additionally, the Ranbaxy Group has also filed an application (being I.A No. 8079 of 2006) for an interim injunction restraining the Defendant, its promoters, directors, agents, franchisees and employees, among others, from using the word "Fortis" as a part of their corporate name or trading style in respect of their activities in India and/ or from doing any other thing as may be likely to cause confusion or deception leading to passing off of the Defendant's goods and services as those of the Ranbaxy Group. The Defendant has filed a written statement. The Company, FFSL and FHL have informed the Joint Registrar on March 15, 2007 that compromise talks, pursuant to order of the High Court dated November 27, 2006, had broken down between the parties and the matter was to proceed on merits. The matter came up for hearing on May 7, 2007, whereby it was held that the present suit should be listed along with another suit (CS(OS) No. 1556 of 2006) which is coming up for hearing on July 9, 2007. The matter has now been fixed for July 9, 2007 for framing of issues and arguments on the injunction application.

In the original suit (CS (OS) 1111/06) Fortis Financial Services Limited and others, on May 18, 2007, filed an interim application, before the Delhi High Court praying for: an ad interim injunction from the Hon'ble Court for restraining the Defendants its promoters, directors, agents representatives, franchisees or licenses, principle officer and employees from starting or commencing any venture in the field of wealth management and equity brokering in India under the trademark FORTIS. The application along with suit is coming up for hearing on July 9, 2007.

Subsequently, on August 8, 2006, Fortis N.V., Fortis S.A./ N.V. and Fortis Bank, which are engaged in the business of insurance and banking (collectively the "Plaintiffs"), filed a suit (No. 1556 of 2006) in the High Court of Delhi, against the Ranbaxy Group for a permanent injunction to restrain the Ranbaxy Group, its agents, servants and directors from using the word "Fortis" by itself or in combination with any other words as a part of their corporate name or as a trademark or any word or mark deceptively similar thereto so as to pass off themselves, their business, goods or services for those of or as emanating from those of the Plaintiffs and an interim injunction in relation thereto. The Plaintiffs have further prayed for, among other things, the ascertaining of an amount of income/profits earned by the Ranbaxy Group by use of the mark "Fortis" and an order that such amount be paid to the Plaintiffs. The Plaintiffs have further filed an application (No.8837 of 2006) for an interim injunction in terms of the plaint. The Ranbaxy Group has filed a written statement. The next date of hearing has been scheduled for July 9, 2007 to report the possibility of an out of court settlement between the parties, and if settlement discussions fail, for hearing on the Plaintiffs' application for interim injunction.

Winding up Petition

Kay Emm Bio-medicals Private Limited has issued two notices dated July 19, 2006 and September 19, 2006, to FHL, alleging breach of contract on account of delayed payment for the supply of certain goods. Kay Emm Biomedicals Private Limited has claimed Rs. 0.32 million, with interest at the rate of 18%, from the date of the first notice issued by it to FHL. A winding up petition has been filed by Kay Emm Bio

Medicals Private Limited against FHL for the disputed amount. The next date of hearing is August 30, 2007.

Labour matters

Mr. Binaypreet Singh Narang, a former employee of the Company has sent a demand notice dated February 8, 2007, issued under Sections 2 and 10 of the Industrial Disputes Act, 1947, addressed to the Assistant Reconciliation Commissioner, Mohali, with a copy of the notice to FHL, alleging that FHL has terminated his services without any reason and that the action is arbitrary. He has claimed reinstatement in services with full back wages. Thereafter the matter was fixed for adjudication to before Assistant Reconciliation Commissioner, Mohali for reconciliation however the reconciliation broke down and the matter has been referred to Labour Tribunal for adjudication. The matter is currently pending.

Notices Issued Against FHL

Certain parties have issued legal notices to FHL, where the aggregate claim against FHL is approximately Rs. 3.82 million. FHL has filed its replies to each of these notices. These notices have not yet given rise to legal proceedings in any form.

a. The Punjab Medical Council has issued a notice dated November 11, 2005 against FHL and others, being doctors at Fortis Hospital, Mohali, regarding publication of advertisements in the newspapers, in violation of the Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations of 2002 and 2004. Pursuant to this notice, personal appearances were made and replies were sent to the Punjab Medical Council, stating that this advertisement had appeared without the knowledge and consent of the doctors against whom the notice has been issued. There has been no further communication by the Punjab Medical Council in this regard.

b. Mr. Abhishek Soni has issued a notice dated August 3, 2006, against FHL, in connection with the sale of expired drugs, to his sister Ms. Neeru Soni, and further alleging that the drug sold to his sister was not the same as that which was prescribed by the doctor. Mr. Soni has claimed Rs. 1.5 million as damages from FHL.

c. FHL has received a legal notice dated November 21, 2006, sent by a patient alleging medical negligence with regard to by-pass surgery performed on him in November 2001. No quantified claim has been raised in this notice. FHL has not yet filed a reply to this notice. The compensation claimed by way of this notice is Rs. 2 million.

d. FHL has received a legal cum demand notice dated October 31, 2006, issued by the legal counsel to Human Rights International, a registered society, alleging that FHL is charging heavy fees and charges for indoor patients at its hospital and is violating the human rights of the general public. FHL has filed its reply to this notice. No further correspondence has been received in this relation as of this date.

Other Civil Cases

1. In the original suit (CS (OS) No. 1372/2005) filled by Anil Nanda & Anr against Escorts Limited, Escorts Heart Institute and Research Centre Limited (EHIRCL) & Ors in the Delhi High Court, Escorts Limited has filed application (I.A. No. 10731/ 2006) dated September 21, 2006, praying for impleadment of HDFC Bank Limited, the Assistant Commissioner of Income Tax Central Circle-3, and the FHL as parties to the suit.

2. In the original suit (CS (OS) No. 1372/2005) filled by Anil Nanda & Anr against Escorts Limited, Escorts Heart Institute and Research Centre Limited (EHIRCL) & Ors in the Delhi High Court, Anil Nanda and another, on April 3, 2007, filed before the High Court: (a) an interim application (I.A. No. 3983/2007) praying for the impleadment of FHL as a defendant in the original suit (CS (OS) No. 1372/2005); and (b) another interim application (I.A. No 984/2007) before the High Court of Delhi, seeking an injunction against the FHL from proceeding with its initial public offering.

3. The High Court, through its order passed on April 4, 2007, has accordingly directed that the Fortis Healthcare Limited ("FHL") be impleaded as a defendant in the original suit (CS (OS) No. 1372/2005) referred to above.

4. In the original suit (CS (OS) No. 1372/2005), Anil Nanda and another, on April 16, 2007, filed an interim application (I.A. No. 4281- 82/2007) before the High Court: praying for (i) an ad-interim ex-parte injunction, directing that the monies collected in the Issue, be kept in a separate Escrow Account and to restrain FHL from utilizing the said monies for any purpose whatsoever, till the disposal of the original suit; (ii) an ad-interim ex-parte injunction, restraining FHL from allotting Equity Shares pursuant to the said Issue (iii) appropriate action to be taken against EHIRCL and FHL, particularly Mr. Harpal Singh (Chairman of the FHL) and Mr. Shivinder Mohan Singh (the Managing Director of the FHL), who held the press conference on April 6, 2007, its promoters, directors and agents in accordance with the provision of Order 39 Rule 2A of the Code of Civil Procedure, 1908 for failing to comply with the order of the High Court dated April 4, 2007.

5. In the hearing that took place before the High Court on April 18, 2007, no notice or interim orders were issued by the High Court in relation to the application. The High Court listed the matter for May 1, 2007.

6. Further, FHL has filed a perjury application under section 340 of the Code of Criminal Procedure, 1973 ("CrPC") for commission of offences under Section 195(I) (b) of the CrPC, against Mr. Anil Nanda and others in respect of certain statements made by Mr. Anil Nanda and another in the aforesaid application.

7. In the original suit (CS (OS) No. 1372/2005), Anil Nanda and another, on April 30, 2007, filed two interim applications before the High Court: I. (I.A. No. 4978/2007) praying for (i) direct the EHIRCL from not distributing its profit to its shareholders in any manner, directly or indirectly and also making any loan or advance to any person, without the prior permission of this Hon'ble Court, (ii) ad interim exparte order in terms of the above prayer.

8. Interim Application (I.A. No. 4979/07) for amendment thereby seeking (i) Declaration that the transfer of 90% shares by Escorts Limited in EHIRCL in favour of FHL under the share purchase agreement is illegal (ii) Declaration that the public issue of FHL is illegal (iii) Direction to FHL not to transfer or create third party rights or interest with respect its shareholding in EHIRCL (iv) Direction to EHIRCL from not registering any transfer of shares that may be effected

9. In the original suit (CS (OS) No. 1372/2005), Anil Nanda and another, on May 19, 2007, filed an interim application (I.A. No. 6006/2007) before the High Court: praying for (i) Restrain and injunct EHIRCL , its shareholders Fortis Healthcare Ltd and their directors, employees and agents from directly or indirectly interfering with or in any manner obstructing the operations, functioning and management of the hospital known as Escorts Heart Institute at Okhla, New Delhi by Dr. Naresh Trehan and his team of doctors and other support staff, (ii) Restrain and injunct EHIRCL, its shareholder Fortis Healthcare Limited and their directors, employees and agents from directly or indirectly interfering with or in any manner obstructing Dr. Naresh Trehan and Dr. Yatin Mehta from carrying out their functions, duties and responsibilities in providing medical care and treatment to the patients at the hospital known as Escorts Heart Institute at Okhla, New Delhi, (iii) restrain the directors, employees and agents of EHIRCL and of its shareholder Fortis Healthcare Ltd from entering the hospital premises for any reasons other that for heart related medical attention and care. (iv) Appoint a receiver to take over the management and control of all the incomes, funds and bank accounts of the hospital known as Escorts Heart institute at Okhla, New Delhi and direct him to meet all the expenses and costs of the functioning of the hospital including disbursement of salaries, fees and charges of all doctors, consultants, staff and employees at the hospital.

The above matter has been listed for hearing on August 6, 2007

B. Ranbaxy Laboratories Limited ("RLL")

Central Excise Cases

A Show Cause Notice was issued by the Commissioner of Central Excise, Chandigarh to RLL for denial of credit of Rs.70 million claimed by RLL on stock-in-hand as on January 10, 2005 on grounds that RLL subsequently opted for exemption from payment of duty under notification No. 50/2003-CE dated June 10, 2003. The demand has been confirmed by the Commissioner of Central Excise, Chandigarh. RLL has filed an appeal and a stay application before the CESTAT and the CESTAT has stayed the operation of the order passed by the Commissioner of Central Excise, Chandigarh. The final hearing of the matter is awaited.

Purchase Tax

The Assessing Officer, Mohali, has raised a demand of Rs. 2 million from RLL, by way of retrospective demand of interest on purchase tax for the year 1989-90 and 1990-91, against which a stay order has been granted by the Appellate Tribunal at Chandigarh. The matter is currently pending.

Octroi Duty

The Municipal Council, Mohali, issued notices in 1995 seeking to raise rate(s) of octroi duty charged by it on entry of certain heavy chemicals brought by RLL into Mohali. This was challenged by RLL in the High Court of Punjab & Haryana without success. RLL has filed an appeal in the Supreme Court against the order of the High Court that is pending.

The Supreme Court set aside the order of the High Court of Punjab and Haryana and remanded back the matter for fresh adjudication of classification dispute and the applicability of rate of duty on heavy chemicals brought by RLL. The matter is awaiting hearing at the Punjab and Haryana High Court.

Drugs (Prices Control) Order, 1995 ("DPCO")

a. Against certain actions taken by National Pharmaceutical Pricing Authority ("NPPA") under DPCO for 4 drug products, RLL has filed writ petitions in the High Court of Delhi (3) and the High Court of Bombay (Goa Branch) (1) which have been admitted and stay orders granted against recovery of demands aggregating to Rs.166.1 million raised by NPPA pending disposal of the petitions against furnishing of a bank guarantee aggregate deposits of Rs. 57.90 million.

b. Against action taken by NPPA under DPCO on a certain drug product raising a demand of Rs. 46.5 million, RLL filed a writ petition in the High Court at Delhi. The petition succeeded and the demand was set aside. NPPA has filed a special leave petition in the Supreme Court, where the hearing is awaited.

c. The Government of India issued certain notices seeking to include the drug Ciprofloxacin under the price control provisions of DPCO and pursuant thereto, raised a demand of approximately Rs.1,100 million for alleged overcharging on RLL. RLL (along with certain other companies) successfully challenged the action of Government of India in the Bombay High Court, against which the Government filed an appeal in the Supreme Court which remanded the matter to the High Court for redetermination subject to deposit of 50% of the alleged overcharged amounts pursuant to which RLL deposited Rs.234.7 million. The matter is pending before the Bombay High Court.

d. Against a price notification and a press release issued by GOI on August 14, 2003 in respect of the drug Ciprofloxacin and its formulations, RLL filed a writ petition in the Bombay High Court which has granted a stay order on the action of GOI. The matter is pending in the Bombay High Court.

Proceedings in relation to the Food and Drug Administration Authorities

RLL has received notices from the Food and Drug Administration Authorities in various states in India seeking to prohibit manufacture, sale and distribution of "Revital" alleging that this product is classifiable under the Drugs and Cosmetics Act, 1940, and cannot be manufactured, marketed or distributed as a "dietary supplement" under the Prevention of Food Adulteration Act, 1954 ("PFA"). RLL has challenged the notices in various courts in India on the ground that it has been granted a valid license by the relevant authorities under the PFA to manufacture and sell the product as a dietary supplement. Proceedings are pending in this matter in the High Courts of Kerala, Bombay and Patna and before the respective Food and

Drug Administration Authorities in Maharashtra and Bihar. Pending disposal, stay orders have been granted in all of the above matters.

Income Tax

There are 31 cases of appeals filed by RLL and/ or the Income Tax Department pending before the High Courts, Income-Tax Appellate Tribunal and Commissioner of Income-Tax (Appeals) concerning allowance of deductions aggregating to approximately Rs. 1,944.00 million in computation of taxable income covering Assessment Years from 1983-84 to 2004-05.

Intellectual Property

There are certain cases instituted by certain private parties against RLL before various courts and authorities in and outside India. The aggregate claim against RLL in these cases cannot be quantified. The details of some of these cases are as follows:

S. No.	Product / Patent	Description of Proceedings
a	Atorvastatin	Pfizer, Inc. has filed cases against RLL in 18 countries including the U.S.A., Australia, Canada and certain countries in Europe, for alleged infringement of Pfizer's patents on Atorvastatin tablets. Various lower or appeals courts have granted injunctions to prevent marketing of RLL's Atorvastatin tablets prior to the expiration dates of the said patents. RLL has not yet launched its Atorvastatin tablets in any of these markets, except in Denmark, pending the final determination of these matters. In Denmark, one of RLL's distributors has been enjoined in this relation by the court of first instance on February 23, 2007. An appeal has been filed against this order. More recently, in Norway, RLL has prevailed in appeal proceedings against all four asserted Pfizer patents. No specific financial claim for damages has been raised against RLL in these matters.
b	Quinapril	Pfizer, Inc. has filed a case against RLL in the U.S.A., for alleged infringement of Pfizer's patent on a quinapril formulation, claiming damages of approximately US$ 100 million from RLL. A preliminary injunction order dated March 31, 2005, issued by the District Court of New Jersey has been affirmed by a Court of Appeals of the Federal Circuit on November 22, 2005. The matter is pending in the District Court of New Jersey.
c	Fexofenadine	Aventis has filed a case against RLL and other companies, for alleged infringement/ invalidation of certain patents of Aventis concerning Fexofenadine in the USA. An appeal filed by Aventis in a Court of Appeals in the Federal Circuit against the denial of preliminary injunction by the District Court of New Jersey has been denied and the matter is proceeding toward a trial. No financial claim has been raised against RLL.
d	Modafinil	Certain private plaintiffs and Apotex have filed cases against RLL, the patent holder and certain other companies in the Eastern District Court of Pennsylvania, USA, alleging anti competitive collusion with the patent holder for certain products to the detriment of patients and health claim payors. No financial claim has been raised against RLL.
e	Cefdinir	Abbott Laboratories and Astellas Pharmaceuticals have filed a suit against RLL and two other parties in the US District Court for the District of Northern Illinois for alleged infringement of patents covering a polymorphic form of cefdinir, requesting a permanent injunction during the lives of those patents. This suit is in the fact discovery stage.
f	Valacyclovir	GSK has filed a suit against RLL in the District Court of New Jersey, USA, in relation to infringement of its patent on Valacyclovir. GSK has requested a permanent injunction during the lives of those patents. The discovery process has been concluded and trial is set to commence in August 2007.
g	Tamsulosin	Astellas Pharmaceuticals and Boehringer Ingelheim have filed a suit against RLL in the District Court of New Jersey, USA, for infringement of its patent on Tamsulosin. The plaintiffs have requested for a permanent injunction during the life of the patent. RLL has lost its motion in the District Court for summary judgment of invalidation due to double patenting. RLL has filed an appeal brief and motion to expedite. The

		matter is currently pending and a hearing is likely to be held in August 2007.
h	Esomeprazole magnesium	AstraZeneca has filed a suit against RLL and Teva in the District Court of New Jersey, USA, in relation to several cases of invalidation and alleged infringement of its patent on Esomeprazole magnesium. AstraZeneca has requested a permanent injunction during the lives of those patents. The discovery process is currently under way.
i	Valganciclovir	Roche Palo Alto LLC has filed a suit against RLL in the US District Court of New Jersey, USA, in relation to alleged infringement of its patent on crystalline Valganciclovir. The matter is currently pending. Roche has requested a permanent injunction during the lives of those patents. The discovery process is currently under way.
j	Imatinib Mesylate	Novartis has filed a writ petition against RLL, along with the Government of India and several others, in the High Court of Madras, against rejection of its application for grant of patent by the Patent Office in India concerning Imatinib Mesylate.
k	Atorvastatin and Amlodipine	Pfizer Inc. has filed a suit against RLL in the District Court of Delaware, USA, for alleged infringement of the combination product patents on Atorvastatin and Amlodipine, requesting a permanent injunction during the life of the patent. The suit is at the stage of fact discovery.
l	Imipenem-Cilastatin	Merck & Co., Inc. has filed a suit against RLL in the US District Court of New Jersey for alleged infringement of a patent covering an injectable imipenem-cilastatin combination product. Merck has requested a permanent injunction during the life of that patent. This suit is in the prediscovery stage.
m	Carvedilol	Teva Pharmaceuticals has filed a suit against RLL in the District Court of New Jersey, USA, for alleged infringement of four patents for carvedilol. Teva has requested a permanent injunction during the life of the patent. The suit is at the stage of pre-discovery.

In addition, there are two other pending cases in U.S. that have been filed against RLL by parties, alleging invalidation/ infringement of patents of certain products. No specific financial claim has been raised against RLL in such actions.

Labour Litigation

There are 438 labour cases pending against RLL in various courts and tribunals in India filed by certain former and present employees and contract workers. The claims pertain, inter alia to regularization, reinstatement in service with full back wages, continuity in service from date(s) of termination from service, payment of bonus etc. Of these claims, 12 are in relation to RLL's corporate office, 44 are in relation to the India region, 81 are in relation to RLL's operations at Mohali, 288 are in relation to RLL's operations at Dewas, two are in relation to RLL's operations at Paonta Sahib, three are in relation to RLL's operations at Jejuri, and seven are in relation to RLL's research and development facilities. The aggregate claim against RLL in these matters is not quantifiable.

Arbitration

RLL has received a notice of claim dated November 27, 2006 from Ercros Industrial SA – FYSE (FYSE) under the Rules of Arbitration of the London Court of International Arbitration on August 29, 2006 seeking damages for alleged wrongful termination by RLL in June, 2006 of a contract dated June 28, 2004 between RLL and FYSE for supply of a certain product by FYSE to RLL. FYSE has further raised a claim on RLL for shortfall in purchase of the stipulated minimum quantities of the product that has not been quantified. RLL has filed its defence that termination of agreement was in consequence of breach on the part of FYSE, as FYSE failed to obtain USFDA regulatory approval within the time stipulated in the agreement, and further, that FYSE and RLL had by mutual agreement amended the contract and settled the commitment for purchase of Compactin including any shortfalls, and that claims for damages are therefore not maintainable. RLL has sought an award declaring that the contract has been lawfully terminated by RLL and that the claim made by FYSE for wrongful termination and liquidated damages merit dismissal FYSE has filed its reply reiterating its claim for damages The matter is currently pending.

C. Oscar Investments Limited ("OIL")

Income Tax

There are two matters pertaining to income tax claims pending before various authorities in India, against OIL, for the assessment years 1990-1991 and 1996-1997, where the aggregate amount disallowed as deduction is Rs.1.77 million. These matters are currently pending.

Non-Compliance with Listing Requirements

OIL received a notice dated April 2, 2004 from the BSE in relation to non-compliance with clause 51 of the listing agreement by OIL. Subsequently, pursuant to a notice dated December 23, 2004, the BSE had suspended trading in the securities of OIL with effect from December 21, 2004, until the completion by OIL of all the formalities for revocation of the suspension. Pursuant to the information provided by OIL, the BSE by its letter dated June 20, 2005 and September 29, 2006 intimated OIL of the decision of the Listing Committee of the BSE to revoke the suspension in the trading of the securities of OIL, subject to (i) payment of the reinstatement fees of Rs. 180,000; (ii) submission of an undertaking stating that the promoters' shareholding shall be subject to a lock-in for a period of one year from the date of revocation; and (iii) submit profile of directors as per the format prescribed; and (d) provide an undertaking to the BSE that the submissions made to the Registrar of Companies and the BSE are the same. Through letters dated September 15, 2005 and October 11, 2006, OIL informed the BSE of fulfillment of all the requirements specified by the BSE. Pursuant to the same, the BSE has revoked the suspension of the trading of the securities of OIL pursuant to order dated November 16, 2006, effective from November 22, 2006.

Further, OIL had in the past not submitted timely disclosures required as per Regulations 6(2) and 6(4) of the Takeover Code as on February 20, 1997 and under Regulations 8(3) of the Takeover Code for the years 1998-2002 and 2006. However, the requisite disclosures under Regulations 6(2) and 6(4) of the Takeover Code have been submitted to the BSE through letter(s) dated October 19, 2006. Further, the requisite disclosures under Regulations 8(3) for the years 1998 – 2002 and 2006 have been submitted to the BSE through letter dated October 31, 2006. In addition, OIL had not in the past submitted timely disclosures in relation to the requirements of clauses 35, 47, 49 and 51 of the Listing Agreement for the period ending September 2006. However appropriate information in relation to the same were submitted by OIL on October 31, 2006.

D. Ranbaxy Holding Company ("RHC")

The National Pharmaceutical Pricing Authority (NPPA) has raised a demand notice dated February 24, 2000 for approximately Rs.32.97 million with interest on the erstwhile Oscar Laboratories Private Limited (since amalgamated with Ranbaxy Holding Company), on the ground of overcharging "Gramogyl" formulations. Ranbaxy Holding Company has challenged this demand in the High Court of Delhi by way of Writ Petition No. 3125 of 2001 filed by RHC against the Union of India, NPPA and the Drug Control Department, NCT of Delhi. As per order of the High Court of Delhi, Ranbaxy Holding Company has deposited a sum of Rs. 12.97 million with the High Court of Delhi, against the aforesaid demand. The matter is pending for final disposal in the High Court of Delhi, for which the next date of hearing is yet to be notified.

Income Tax

There are certain cases pertaining to income tax pending before various authorities in India, including the High Courts of Delhi and of Punjab and Haryana, and the Income Tax Appellate Tribunal at Chandigarh, for the assessment years 1988-1989 to 1994-1995, 1992-1993 to 1998-1999, and 1998- 99, where the aggregate amount disallowed as deduction is Rs. 62.41 million. These matters are currently pending.

E. SRL Ranbaxy Limited ("SRL")

Writ Petitions

There are two writ petitions pending against SRL before various authorities in India. The claims against

SRL cannot be quantified as no specific amount has been claimed in the writ petitions. The details of these cases are as follows:

a. Dr. Anil Bansal, the owner of City Med Collection Centre, Agra and a franchisee of SRL filed a complaint against SRL and others, before the City Civil Court, Agra (Complaint No. 590 of 2002) alleging that SRL had sent back drug samples sent by the complainant through a courier agency, without testing the same and also without assigning any reason, with the intention of maligning the image of the complainant. The complainant also alleged that he tried sending other samples through the courier agency, however, the accused told the courier agency not to collect the samples from the complainant. SRL filed a petition (Criminal Misc. No. 4102 of 2006) before the High Court of Uttar Pradesh at Allahabad, praying that this complaint be quashed. The High Court of Uttar Pradesh at Allahabad, through its order dated April 20, 2006 has directed that the proceedings in the City Civil Court, Agra be stayed. The matter is currently pending.

b. Mr. Rajesh Kumar Srivastava, a correspondent with a daily newspaper, filed a suit (Civil Contempt Petition No. 820 of 2002) in the High Court of Uttar Pradesh, alleging that the judgment of the court in an earlier case, D.K. Joshi v. State of Uttar Pradesh, decided on April 25, 2000, were not being complied with. The court had in this matter directed that the concerned state regulatory authorities should take steps to identify unqualified and unregistered medical practitioners operating in the state of Uttar Pradesh, and to initiate legal action against them immediately. The High Court of Uttar Pradesh, through its order dated January 28, 2004, directed all hospitals, nursing homes and pathology labs to provide full details of all the medical facilities and the qualifications of the staff, and to register themselves with the Chief Medical Officer of the District.

Other proceedings

In connection with this contempt petition, the Association of Pathologists and Microbiologists, Varanasi Forum, filed Application No. 44973 of 2003, in the High Court of Uttar Pradesh, providing a list of alleged unauthorized laboratories operating in the city of Varanasi. The High Court of Uttar Pradesh directed the Chief Medical Officer, Varanasi, through its order dated April 28, 2004, to issue fresh notice providing names of pathology centres and laboratories scheduled to close within two weeks, for failure to comply with the directions earlier issued by the High Court of Uttar Pradesh in this matter. The High Court of Uttar Pradesh in its order dated April 28, 2004, further directed that criminal cases be registered under the Indian Medical Council Act, 1956, and the Indian Penal Code, etc., against all pathology centres and laboratories failing to comply with the court's directions in this matter.

Pursuant to this order of the High Court of Uttar Pradesh, the Chief Medical Officer, Varanasi, also closed Rangoli Pathology Lab of Varanasi, which is a collection centre of SRL. Rangoli Pathology Lab filed an application praying that the court be pleased to clarify its order dated April 28, 2004, to indicate that it did not apply to collecting centres that merely forward samples to accredited laboratories for pathological tests. The applicant also prayed for the order of closure of the Rangoli Pathology Lab to be lifted. S.S. Diagnostics Centre, which is also a collection centre of SRL, also filed a similar application in the same matter. The High Court of Uttar Pradesh, vide its order dated July 7, 2004, issued an order directing that these collection centres be allowed to operate only as collection centres, so long as they did not carry out any pathology procedures or hold themselves out as pathologists. The matter is currently pending.

Medical Negligence Cases

There are 20 complaints pertaining to medical negligence under the Consumer Protection Act, 1985 before various consumer redressal forums in India, which have been filed against SRL by patients or their representatives. The aggregate amount claimed in these complaints is approximately Rs. 17.50 million. The major complaint in this regard, i.e. the complaint wherein an amount over Rs. 5 million has been claimed is as follows.

a. Mr Aditya Mohan and his parents have filed a complaint against SRL, before the National Consumer Disputes Redressal Commission (being Complaint No. 165/2002), claiming compensation of Rs. 5 million alleging that as per tests conducted by SRL he was misdiagnosed as suffering from Hepatitis C but it was subsequently discovered after great expense, that he was in fact suffering from pulmonary tuberculosis. The complainant expired in 2004, but no application was moved to substitute the name of the complainant. The National Consumer

Disputes Redressal Commission observed through its order dated August 16, 2004, that the complaint would not, however, abate. The next date of hearing is yet to be fixed.

Additionally, there are 19 other cases relating to medical negligence filed against SRL by various parties, before various consumer redressal forums in India, where the aggregate claim in each case is less than Rs. 5 million. The aggregate claim against SRL in all these cases is approximately Rs. 12.50 million.

Notices

There are several notices issued by various persons against SRL which have not culminated into any legal proceedings.

F. Fortis Financial Services Limited ("FFSL")

Criminal Cases

Mr. Shantaram Chavan has filed a criminal case (No. 47 of 1995) under section 406 and 420 read with section 34 of the Indian Penal Code against FFSL (then known as Empire Finance Corporation) and one Mr. Henry Rozario Alexander, in the court of the Judicial Magistrate First Class at Lashkar, Pune. The matter is currently pending.

Sales Tax Litigation

There are six matters relating to FFSL's sales tax assessments for the period 1987-1997, pending at various stages of adjudication, India, where the claim against FFSL in each case is less than Rs. 5 million. The aggregate claim against FFSL is Rs. 8.84 million.

Income Tax

There are six matters relating to FFSL's income tax assessments for the period 1992-2000, pending at various stages of adjudication, India, where the claim against FFSL in six of these cases is less than Rs. 5.02 million (excluding tax). None of the cases have a tax liability of more than Rs. 5 million or more.

Civil Suits

Unimetal Ispat Limited had filed a suit (M.S. No. 13 of 1997) against FFSL, before the Civil Judge (Senior Division) at Alipore, raising an aggregate claim of Rs. 1.1 million, in which a decree was granted by the Civil Judge (Senior Division) at Alipore. FFSL has filed an appeal in this matter in the High Court of Kolkata. The matter is currently pending.

Labour Litigation

Mr. Harish Joshi, a former employee of FFSL, has filed a complaint against FFSL at the labour court, New Delhi, on the ground that his employment was terminated without any reason or notice. The matter is presently at the evidence stage.

G. Fortis Healthcare Holdings Limited ("FHHL")

There are no pending litigations against FHHL as on the date of filing of this Draft Red Herring Prospectus.

H. Luxury Farms Private Limited ("LFPL")

There are no pending litigations against LFPL as on the date of filing of this Draft Red Herring Prospectus.

I. R.C. Nursery Private Limited ("RCNPL")

There are no pending litigations against RCNPL as on the date of filing of this Draft Red Herring Prospectus.

J. Vistas Realtors Private Limited ("VRPL")

There are no pending litigations against VRPL as on the date of filing of this Draft Red Herring Prospectus.

K. Greenview Buildtech Private Limited ("GBPL")

There are no pending litigations against GBPL as on the date of filing of this Draft Red Herring Prospectus.

L. Malav Holdings Private Limited ("MHPL")

There are no pending litigations against MHPL as on the date of filing of this Draft Red Herring Prospectus.

M. Shivi Holdings Private Limited ("SHPL")

There are no pending litigations against SHPL as on the date of filing of this Draft Red Herring Prospectus.

N. Fortis HealthStaff Limited ("FHSL")

There are no pending litigations against FHSL as on the date of filing of this Draft Red Herring Prospectus.

O. Fortis HealthWorld Limited ("FHWL")

There are no pending litigations against FHWL as on the date of filing of this Draft Red Herring Prospectus.

P. Chetak Pharmaceuticals Private Limited ("CPPL")

There are no pending litigations against CPPL as on the date of filing of this Draft Red Herring Prospectus.

Q. Trendy Exim Private Limited ("TEPL")

There are no pending litigations against TEPL as on the date of filing of this Draft Red Herring Prospectus.

R. Regius Aviation Private Limited ("RAL")

There are no pending litigations against RAL as on the date of filing of this Draft Red Herring Prospectus.

VII. Past Penalties paid by the Subsidiaries and the Promoter Group Companies

Except as described above, there are no past penalties paid by the Subsidiaries and the Promoter Group companies.

VIII. Miscelleneous

The SEBI has, through its order dated January 24, 2007, held that Vidyut Investments Limited, which is a wholly owned subsidiary of RLL, a Promoter Group Company, had aided and abetted KP Group entities in market manipulation of certain securities in violation of Regulations (4) (a) to (e) of the Fraudulent and Unfair Trade Practices Regulations issued by SEBI and directed Vidyut not to buy, sell or deal in securities for a period of two years. The appeal filed at the Securities Appellate Tribunal by Vidyut Investments Limited against this order dated January 24, 2007, is currently pending.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see the section titled "Regulations and Policies in India" beginning on page 65.

Approvals related to the Issue

1. Approval from the National Stock Exchange dated [●];

2. Approval from the Bombay Stock Exchange dated [●];

3. The Board of Directors has, pursuant to a resolution dated April 20, 2007, authorised the Issue;

4. The shareholders of our Company have, pursuant to a resolution dated May 21, 2007 under Section 81(1A) of the Companies Act, authorised the Issue; and

5. Our Company has received approval (Ref. No. FC.II: 98 (2007)/85(2007)) dated May 7, 2007 from the FIPB, pursuant to our application dated March 26, 2007, for issue of up to 18,600,000 Equity Shares or up to 22% of the post issue paid-up capital of our Company, to non-resident investors, such as FIIs, VCFs, FVCIs, multilateral and bilateral development financial institutions and non-resident Indians on repatriation basis at an offer price to be discovered through 100% book building route prescribed by the SEBI. The approval is subject to the investment activities of our Company being confined to only the approved 19 NBFC activities. Our Company has made an application dated June 21, 2007 to the FIPB for obtaining its clarification and seeking amendment to the said approval for (a) further investment in our subsidiary, RIHCL and; (b) the Pre-IPO Placement.

Approvals obtained by our Subsidiaries for change in shareholding pattern

Our subsidiaries, RSL and RCL, have received the following approvals for change in shareholding pattern of our Company, pursuant to the Issue:

S. No.	Approval Granted	Authority	Reference/ Registration Number	Date Granted	Validity
A.	**Religare Securities Limited**				
1.	Change in shareholding pattern of our Company pursuant to the Issue	BSE	MSD/MM/AK/RBP/3068/2007	May 14, 2007	Valid till further change
2.	Change in shareholding pattern of our Company [(a)(b)(c)]	NSE	NSE/MEM/79/46251-Y	May 11, 2007	November 30, 2007
B.	**Religare Commodities Limited**				
1.	Change in shareholding pattern of our Company [(a)(d)]	MCX	MCX/Mem/KS/KJ/206/193/07	May 28, 2007	--
2.	Change in shareholding pattern of our Company pursuant to the Issue	NMCE	NMCE/MEMBERSHIP/2007-08/0325	May 15, 2007	--
3.	Change in shareholding pattern of our Company pursuant to the Issue	NCDEX	NCDEX/Memb/340	May 24, 2007	--

a) Any further change in shareholding pattern of our Company or the concerned subsidiary, than what has been indicated in the annexure thereto, will require prior approval of the exchanges;

b) The dominant promoters, Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh will continue to hold at least 40% of the total paid up share capital of RSL through our Company, at all points of time;

c) The approval will automatically lapse to the extent of changes not carried out, in case any fresh proposal for changes in shareholding is made;

d) The approval is subject to the approval of the FMC.

Business Approvals

We have received the following significant Government and other approvals pertaining to our business which is conducted through our Subsidiaries:

S. No.	Approval Granted	Authority	Reference/ Registration Number	Date Granted	Validity
A.	**Religare Enterprises Limited**				
1.	Certificate of exemption from the requirement of obtaining a Certificate of Registration as a NBFC in terms of section 45-IA of the Reserve Bank of India Act, 1934	RBI	DNBS.ND.No. 2901/Regn.New/04.18. 999/2006-07	December 19, 2006	Valid till further notice
B.	**Religare Securities Limited**				
1.	Certificate of Registration as a Stock Broker (member of the NSE) in cash segment	SEBI	INB230653732	November 1, 1994	Valid till suspension or cancellation
2.	Certificate of Registration as a Stock Broker (member of OTCEI) in cash segment	SEBI	INB200653738 Membership No. 2045	August 30, 1995	Valid till suspension or cancellation$^{\alpha}$
3.	Certificate of Registration as a clearing member of the NSE in derivative (futures and options) segment	SEBI	INF230653732	November 15, 2000	Valid till suspension or cancellation
4.	Certificate of Registration as a Trading member of the NSE in derivative (futures and options) segment	SEBI	INF230653732	November 15, 2000	Valid till suspension or cancellation
5.	Certificate of Registration as AMFI Mutual Fund Advisor	AMFI	ARN-5893	April 24, 2003	April 23, 2008
6.	Permission for provision of internet based trading services	NSE	NSEIL/FO/INET/2004/ 63914	March 8, 2004	Valid till re-issued
7.	Permission for provision of internet based trading services	BSE	MEB/SNK/AB/AC/884 8/2005	October 1, 2005	Valid till re-issued
8.	Permission for provision of internet based trading services	NSE	NSEIL/INET/21755-V	April 26, 2006	Valid till re-issued
9.	Permission for provision of internet based trading services	BSE	MEB/SNK/AB/CS/139/ 2006	April 12, 2006	Valid till re-issued
10.	Certificate of Registration as a Stock Broker (member of the BSE) in cash segment	SEBI	INB010653732	October 15, 2004	Valid till suspension or cancellation
11.	Renewal of Certificate of Registration as Portfolio Manager [(a)]	SEBI	INP000000738	November 28, 2005	Valid from December 1, 2005 to November 30, 2008
12.	Renewal of Certificate of Registration as Participant in	SEBI	IN-DP-NSDL-150-2000	June 22, 2005	Valid from July 19, 2005 to July

	NSDL[(b)]				18, 2010
13.	Certificate of Registration as Participant in CDSL	SEBI	IN-DP-CDSL-202-2003	April 20, 2006	Valid from February 27, 2003 to February 26, 2008
14.	Registration as clearing member of the derivatives segment of the BSE	SEBI	INF010653732	February 19, 2007	Valid till suspension or cancellation
15.	Registration as trading member of the derivatives segment of the BSE	SEBI	INF010653732	February 19, 2007	Valid till suspension or cancellation
16.	Certificate of Registration as a Merchant Banker in Category I**	SEBI	INM000011062	December 12, 2006	Valid till December 11, 2009
C.	**Religare Commodities Limited**				
1.	Certificate of Membership (as of January 8, 2004)	NCDEX	NCDEX-CO-04-00109	August 25, 2004	Valid till cessation or suspension of membership
2.	Certificate of Membership as Trading-cum-Clearing Member of MCX (as of March 3, 2004)	MCX	10575	December 5, 2005	Valid till suspension or cancellation
3.	Allotment of Unique Membership Code	FMC	MCX/TCM/CORP/0517	December 22, 2005	Valid till suspension or cancellation
4.	Allotment of Unique Membership Code	FMC	NCDEX/TCM/CORP/0264	December 29, 2005	Valid till suspension or cancellation
5.	Allotment of Unique Membership Code	FMC	NMCE/TCM/CORP./0050	November 2, 2006	Valid till suspension or cancellation
D.	**Religare Finvest Limited**				
1.	Certificate of Registration as AMFI Mutual Fund Advisor	AMFI	ARN-33764	December 15, 2005	December 14, 2010
2.	'In-principle' approval for registration as a 'Depository Participant' with CDSL	SEBI	--	June 14, 2007	--
3.	Certificate of Registration to commence business of NBFC without accepting public deposits	RBI (Department of Non-Banking Supervision)	B-14-02107	November 10, 2006 January 3, 2001*	Valid till suspension or cancellation
E.	**Religare Insurance Broking Limited**				
1.	License granted for acting as composite insurance broker	IRDA	CB341/06	November 17, 2006	Valid till November 16, 2009
F.	**Religare Wealth Management Services Limited**				
1.	Certificate of Registration as AMFI Mutual Fund Advisor	AMFI	ARN-49707	May 7, 2007	May 7, 2012

** Registration in the name of Skylark Securities Private Limited*

*** RSL has through its application dated May 22, 2007, applied to the SEBI for transfer of registration of RSL as a Category I Merchant Banker in favour of RCML, one of our subsidiaries, without change in the SEBI Reg. number.*

[(a)] *RSL received the certificate of registration as a Portfolio Manager with the SEBI (Reg. No.INP000000738) on November 28, 2002 with effect from December 1, 2002 till November 30, 2005.*
[(b)] *RSL received the certificate of registration as a Depository Participant with the SEBI (Reg. No. IN-DP-NSDL-150-2000) on July 19, 2000, with effect from July 19, 2000 till July 18, 2005.*
[α] *RSL has through its application dated May 25, 2007 applied for surrender of its membership with OTCEI.*

***Applied for*:**

1. RSL and Aegon International N.V. have submitted an application dated June 18, 2007, for acting as sponsors to a mutual fund proposed to be set up pursuant to a joint venture agreement dated December 28, 2006 to participate in the Indian mutual fund asset management business.

2. We are in the process of seeking the approval of the RBI for our proposal to set up a wholly owned subsidiary of our Company in the Netherlands, which shall, subject to applicable regulatory approvals, be incorporated as Religare International N.V. and which shall act as the holding company for our international operations.

3. Religare Finance Limited has through its application dated May 9, 2007, applied to the RBI for registration as an NBFC not accepting public deposits.

4. An application by RFL to the RBI for undertaking distribution of mutual funds.

Taxation Related Approvals

S. No.	Approval Granted	Authority	Reference/ Registration Number	Date Granted	Validity
A.	**Religare Enterprises Limited**				
1.	Permanent Account Number	IT Department	AAACV5888N	February 22, 1999	Valid till suspension or cancellation
2.	Certificate of Registration under Section 69 of the Finance Act, 1994 granting Service Tax Code	Deputy Commissioner, Service Tax, Delhi	AAACV5888NST001	November 16, 2006	Valid till suspension or cancellation
3.	Tax Deduction Account Number	IT Department	DELR13001C	Not Applicable	Valid till suspension or cancellation
B.	**Religare Securities Limited**				
1.	Permanent Account Number	IT Department	AAACF1952D	September 9, 1998	Valid till suspension or cancellation
2.	Allotment of Tax Deduction Account Number	IT Department	DELR13404G		Valid till suspension or cancellation
3.	Permission for change in centralized registration, in respect of change in name as an amendment to ST-2 and addition of 154 branches	CST, Delhi	DL-I/ST/R-IXSB/FORTIS/545/96 (AAACF1952DST002)	March 22, 2004	Valid till suspension or cancellation
C.	**Religare Commodities Limited**				
1.	Permanent Account Number	IT Department	AAACF8356R	November 2, 2004	Valid till suspension or cancellation
2.	Tax Deduction Account Number	IT Department	DELF02492A	Not Applicable	Valid till suspension or cancellation

3.	Centralised Certificate of Registration under Section 69 of the Finance Act, 1994 for forward contract services	CST, Delhi	AAACF8356RST001	December 7, 2006	Valid only for premises bearing No. G-36, Connaught Circus, New Delhi, until change of activity or surrender of certificate
4.	Certificate of Registration under the Gujarat Value Added Tax Act, 2003 in Unjha, Mahesana	Commercial Tax Department, Government of Gujarat	24040302656	January 4, 2007	Valid till suspension or cancellation
5.	Certificate of Registration under Delhi Value Added Tax Act, 2004	Department of Trade and Taxes, GNDT of Delhi	07570319822	November 27, 2006	Valid from October 18, 2006 until cancelled
6.	Certificate of Registration under the Central Sales Tax (Registration & Turnover) Rules, 1957	Department of Trade and Taxes, GNDT of Delhi	07570319822	November 27, 2006	Valid from October 18, 2006 until cancelled
D.	**Religare Finvest Limited**				
1.	Permanent Account Number	IT Department	AAFCS6801H	Janaury 17, 2002	Valid till suspension or cancellation
2.	Tax Deduction Account Number	IT Department	DELF02758A	Not Applicable	Valid till suspension or cancellation
E.	**Religare Venture Capital Private Limited**				
1.	Permanent Account Number	IT Department	AADCR3526N	August 23, 2006	Valid till suspension or cancellation
2.	Tax Deduction Account Number	IT Department	DELR13295C	Not Applicable	Valid till suspension or cancellation
F.	**Religare Insurance Broking Limited**				
1.	Permanent Account Number	IT Department	AADCR2415E	March 20, 2006	Valid till suspension or cancellation
2.	Certificate of Registration under Section 69 of the Finance Act, 1994 granting Service Tax Code	Deputy Commissioner, Service Tax, Delhi	AADCR2415EST001	December 22, 2006	Valid until cancelled
3.	Tax Deduction Account Number	IT Department	DELR12937B	Not Applicable	Valid till suspension or cancellation

Labour Related Approvals

S. No.	Approval Granted	Authority	Reference/ Registration Number	Date Granted	Validity
A.	**Religare Enterprises Limited**				
1.	Allotment of the Employees’	Regional Provident	DL/34102	August 2,	Valid until

	Provident Fund Code	Fund Commissioner		2006	cancelled
B.	**Religare Securities Limited**				
1.	Allotment of the Employees' State Insurance Corporation Code	Regional Director, Employees' State Insurance Corporation	31-32966-A-102	June 6, 1994	Valid until cancelled
2.	Employees' State Insurance Corporation Coverage for 210, Taj Building, 1st Floor, DN Road, Fort, Mumbai – 400 001	Assistant Director, Employees' State Insurance Corporation	31-32966-A-102	January 22, 2004	Effective as of January 6, 1988 until cancelled
C.	**Religare Commodities Limited**				
1.	Allotment of the Employees' State Insurance Corporation Code	Joint Director, Employees State Insurance Corporation	11-10-63606-101	November 30, 2006	Valid until cancelled
2.	Allotment of the Employees' Provident Fund Code	Regional Provident Fund Commissioner	DL/33430	August 26, 2005	Valid until cancelled
D.	**Religare Finvest Limited**				
1.	Allotment of the Employees' Provident Fund Code	Regional Provident Fund Commissioner	DL/33467	September 22, 2005	Valid until cancelled
E.	**Religare Insurance Broking Limited**				
1.	Allotment of the Employees' Provident Fund Code	Regional Provident Fund Commissioner	DL/34101	August 2, 2006	Valid until cancelled

Corporate Approvals

S. No.	Approval Granted	Authority	Reference/ Registration Number	Date Granted	Validity
A.	**Religare Enterprises Limited**				
1.	Certificate of Incorporation as "Vajreshwari Cosmetics Private Limited"	RoC, Punjab, Himachal Pradesh & Chandigarh at Jalandhar	5719 of 1984	January 30, 1984	Valid till cancellation or winding up
2.	Fresh Certificate of Incorporation consequent to the change of name to "Religare Enterprises Private Limited"	RoC, Punjab, Himachal Pradesh & Chandigarh at Jalandhar	5719	January 31, 2006	Valid till cancellation or winding up
3.	Fresh Certificate of Incorporation consequent to the change in status of our Company to a public limited company	RoC, NCT at New Delhi	U74899DL1984 PLC146935	August 11, 2006	Valid till cancellation or winding up
B.	**Religare Securities Limited**				
1.	Certificate of Incorporation as "Empire Credit Private Limited"	RoC, Maharashtra, Mumbai	11-40236 of 1986	June 26, 1986	Valid till cancellation or winding up
2.	Fresh Certificate of Incorporation consequent to the change in status of our	RoC, Maharashtra, Mumbai	11-40236 of 1986	November 11, 1987	Valid till cancellation or winding up

	Company to a public limited company				
3.	Fresh Certificate of Incorporation consequent to the change of name to "Fortis Securities Limited"	RoC, Maharashtra, Mumbai	11-40236	August 16, 1996	Valid till cancellation or winding up
4.	Fresh Certificate of Incorporation consequent to the change of name to "Religare Securities Limited"	RoC, Maharashtra, Mumbai	11-40236	December 22, 2005	Valid till cancellation or winding up
C.	**Religare Commodities Limited**				
1.	Certificate of Incorporation as "Fortis Comdex Limited"	RoC, NCT at New Delhi	55-123220 of 2003	November 25, 2003	Valid till cancellation or winding up
2.	Certificate of commencement of business to "Fortis Comdex Limited"	RoC, NCT at New Delhi	55-123220	December 2, 2003	Valid till cancellation or winding up
3.	Fresh Certificate of Incorporation consequent to the change of name to "Religare Comdex Limited"	RoC, NCT at New Delhi	55-123220	January 17, 2006	Valid till cancellation or winding up
4.	Fresh Certificate of Incorporation consequent to the change of name to "Religare Commodities Limited"	RoC, NCT at New Delhi	55-123220	June 2, 2006	Valid till cancellation or winding up
D.	**Religare Finvest Limited**				
1.	Certificate of Incorporation as "Skylark Securities Private Limited"	RoC, NCT at New Delhi	55-64132 of 1995	January 6, 1995	Valid till cancellation or winding up
2.	Fresh Certificate of Incorporation consequent to the change of name to "Fortis Finvest Private Limited"	RoC, NCT at New Delhi	55-64132	September 23, 2004	Valid till cancellation or winding up
3.	Fresh Certificate of Incorporation consequent to the change of name to "Fortis Finvest Limited"	RoC, NCT at New Delhi	55-64132	October 7, 2004	Valid till cancellation or winding up
4.	Fresh Certificate of Incorporation consequent to the change of name to "Religare Finvest Limited"	RoC, NCT at New Delhi	55-64132	April 4, 2006	Valid till cancellation or winding up

E.	**Religare Venture Capital Private Limited**				
1.	Certificate of Incorporation as "Religare Venture Capital Private Limited"	RoC, NCT at New Delhi	U65192DL2006 PTC151298	July 26, 2006	Valid till cancellation or winding up
F.	**Religare Insurance Broking Limited**				
1.	Certificate of Incorporation as "Religare Insurance Advisory Services Private Limited"	RoC, NCT at New Delhi	U74140DL2006 PTC144608	January 10, 2006	Valid till cancellation or winding up
2.	Fresh Certificate of Incorporation consequent to the change in status of our Company to a public limited company	RoC, NCT at New Delhi	U74140DL2006 PLC144608	May 17, 2006	Valid till cancellation or winding up
3.	Fresh Certificate of Incorporation consequent to the change of name to "Religare Insurance Broking Limited"	RoC, NCT at New Delhi	U74140DL2006 PLC144608	August 4, 2006	Valid till cancellation or winding up
G.	**Religare Capital Markets Limited**				
1.	Certificate of Incorporation as "Religare Capital Markets Limited"	RoC, NCT at New Delhi	U51909DL2007 PLC159042	February 9, 2007	Valid till cancellation or winding up
2.	Certificate of commencement of business to "Religare Capital Markets Limited"	RoC, NCT at New Delhi	U51909DL2007 PLC159042	March 14, 2007	Valid till cancellation or winding up
H.	**Religare Realty Limited**				
1.	Certificate of Incorporation as "Religare Realty Limited"	RoC, NCT at New Delhi	U45200DL2007 PLC158928	February 7, 2007	Valid till cancellation or winding up
2.	Certificate of commencement of business to "Religare Realty Limited"	RoC, NCT at New Delhi	U45200DL2007 PLC158928	March 8, 2007	Valid till cancellation or winding up
I.	**Religare Finance Limited**				
1.	Certificate of Incorporation as "Religare Finance Limited"	RoC, NCT at New Delhi	U65923DL2007 PLC159330	February 15, 2007	Valid till cancellation or winding up
2.	Certificate of commencement of business to "Religare Finance Limited"	RoC, NCT at New Delhi	--	Pending*	--
J.	**Religare Wealth Management Services Limited**				
1.	Certificate of Incorporation as "Religare Wealth Management Services	RoC, NCT at New Delhi	U74999DL2007 PLC160580	March 15, 2007	Valid till cancellation or winding up

	Limited”				
2.	Certificate of commencement of business to “Religare Wealth Management Services Limited”	RoC, NCT at New Delhi	U74999DL2007 PLC160580	April 4, 2007	Valid till cancellation or winding up

** Religare Finance Limited has through its application dated May 9, 2007, applied to the RBI for registration as an NBFC not accepting public deposits and until receipt of the same, will not be able to obtain the certificate for commencement of business.*

Branch Related Approvals

The significant approvals for operation of the top 10 revenue earning branches of RSL are as provided below:

S. No.	Approval Granted*	Authority	Reference/ Registration Number	Date Granted	Valid till
A.	**Religare Securities Limited**				
1.	Certificate of Registration under the Mumbai Shops & Establishments Act, 1948 for Anant Kanekar Marg, Bandra (East)	Inspector	HE-II/005329	November 2, 2006	November 1, 2007
2.	Certificate of Registration under the Mumbai Shops & Establishments Act, 1948 for 14th Road, Bandra (West)	Inspector	HW-II/006162	December 14, 2006	December 13, 2007
3.	Certificate of Registration under the Gujarat Shops and Establishments Act, 1948 for Parimal Garden, Ellisbridge, Ahmedabad	Deputy Municipal Commissioner	PII/EL/12/0000065	May 11, 2007	May 10, 2008
4.	Certificate of Registration under the Gujarat Shops and Establishments Act, 1948 for 3rd Floor, Corner Square, Race Course Circle, Baroda.	Deputy Municipal Commissioner	7249	May 22, 2007	May 21, 2009

**The requirement to obtain a trade license/ registration under applicable law is not applicable in respect of four of our branches situated in the NCT of Delhi and in the Union Territory Chandigarh.*

In addition to the above stated, RSL has applied for the approvals in relation to the following branches:

S. No.	Approval Applied for	Authority	Date of Application
1.	Certificate of Registration under the Tamil Nadu Industrial Establishments (National and Festival Holidays) Rules, 1959 for 4th floor, City Tower, No. 117, Theagaraya Road, T. Nagar, Chennai - 600 017	Asst. Inspector of Labour	December 2006
2.	Certificate of Enlistment (Trade License) under the West Bengal Shops and Establishments Act, 1963, for 1&2, Old Court House Corner, Tobacco House,5th Floor, Room No. 506, Kolkata - 700 001	License Department, Kolkata Municipal Corporation	May 18, 2007

Intellectual Property Related Approvals

We presently do not own any trademarks.

Applied for:

RSL has filed the following applications with the Trademark Registry, GoI, for grant of certificates of registration of the following names and marks under the Schedule IV to the Trademark Rules, 2002, all of which are currently pending registration:

S. No.	Description of application	Class	Filed on	Reference No.
1.	"LEO"	Class 36	May 12, 2006	2681
2.	"ELEPHANT"	Class 36	May 12, 2006	2682
3.	"HAWK EYE"	Class 36	May 12, 2006	2683
4.	"PANTHER"	Class 36	May 12, 2006	2676
5.	"TORTOISE"	Class 36	May 12, 2006	2676
6.	"CATERPILLAR"	Class 36	May 12, 2006	2684
7.	Composite mark "R-ACE (PRO)"	Class 36	May 4, 2006	2022
8.	Composite mark "R-ACE"	Class 36	May 4, 2006	2021
9.	Composite mark "R-ALLY"	Class 36	May 4, 2006	2020
10.	Composite mark "R-ACE (LITE)"	Class 36	May 4, 2006	2023

Our Promoter Group company, Ranbaxy Holding Company, has made the following applications with the Trademark Registry, GoI, for grant of certificates of registration of the following names and marks under the Fourth Schedule of the Trademark Rules, 2002, all of which are currently pending registration:

S. No.	Description of application	Class	Filed on	Reference No.
1.	Composite mark "RELIGARE"*	Classes 9, 16, 35, 36 and 42	November 22, 2005	18684
2.	"RELIGARE"*	Classes 9, 16, 35, 36 and 42	November 29, 2005	18330
3.	"TRADE REWARDS"*	Classes 9, 16, 35, 36 and 42	April 20, 2007	1331718
4.	"Partnering Wealth Creation"*	Classes 9, 16, 35, 36 and 42	April 20, 2007	1331719

** Our Company has entered into a trademark license agreement dated January 4, 2006 for license from Ranbaxy Holding Company of the rights over the trademarks "Religare" and composite mark "Religare" for which applications have been made before the trademark registration authorities in various countries.*

Our Promoter Group company, Ranbaxy Holding Company has filed the following applications under Classes 9, 16, 35, 36 and 42, with the trademark authorities in the countries mentioned below under their respective laws and regulations, all of which are currently pending registration:

S. No.	Country	Description of application	Filed on	Reference No.
1.	European Union	"RELIGARE"	December 19, 2005	004818795
2.	European Union	"RELIGARE" (stylised)	December 19, 2005	004811592
3.	Australia	"RELIGARE"	December 29, 2005	1092451
4.	Australia	"RELIGARE" (stylised)	December 13, 2005	1090597
5.	USA	"RELIGARE"	January 31, 2006	78802996
6.	USA	"RELIGARE" (stylised)	December 9, 2005	78770427

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated April 20, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on May 21, 2007. We have also obtained all necessary contractual consents required for the Issue. For further information, see the section titled "Government and Other Approvals" beginning on page 402.

Prohibition by SEBI

Except as provided under the section titled "Outstanding Litigation and Material Developments" beginning on page 377, our Company, our Subsidiaries, our Directors, our Promoters, and the members of our Promoter Group with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters and Promoter group entities have confirmed that none of them have been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

Our Company is an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

Clause 2.2.2 of the SEBI Guidelines states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) (i) *The issue is made through the book-building process, with at least 50% of net offer to public being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

(a)(ii) *The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded*

AND

(b) (i) *The minimum post-issue face value capital of the company shall be Rs. 10 crores.*

OR

(b) (ii) *There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:*

(a) *Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*

(b) *Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.*"

- Our Company will comply with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Issue is proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event our Company fails to do so, the full subscription monies shall be refunded to the Bidders.

- Our Company will comply with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Issue respectively.

- Our Company is also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue Equity Share capital of our Company shall be Rs. 757.61 million, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, our Company is eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED June 30, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN

CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

Disclaimer from the Company and the BRLMs

The Book Running Lead Managers and our Company accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his/her own risk.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not Issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLMs and our Company dated June 26, 2007, and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding centers or elsewhere.

Our Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.religare.in, would be doing so at his or her own risk.

Neither our Company nor the Underwriters is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and are being offered or sold only outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus will be filed with SEBI at Corporation Finance Department, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the office of the Registrar of Companies, NCT, India.

Listing

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares. [•] will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven Working Days of finalization of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company, the Bankers to the Issue; and (b) the Book Running Lead Managers, the Syndicate Member, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI Guidelines, M/s. Price Waterhouse, Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[•], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

As the offered Equity shares have not been and will not be registered under the US Securities Act of 1933, M/s. Price Waterhouse, Chartered Accountants, has not issued and the Company has not filed consent under the US Securities Act of 1933.

Expert Opinion

Except for the report provided by [●], furnishing the rationale for its grading which will be updated at the time of filing of the Red Herring Prospectus with the RoC/ Designated Stock Exchange, pursuant to Clauses 2.5A, 5.6B and 6.17.3A of the SEBI Guidelines, our Company has not obtained any expert opinions. A copy of such report will be annexed to the Red Herring Prospectus.

Expenses of the Issue

Except as disclosed in the sections titled "Objects of the Issue" and "Statement of General Tax Benefits" beginning on pages 33 and 39, the expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

(Rs. in million)

Activity	Expenses (Rs. in million)	As a % of Issue size	As a % of Total Issue Expenses
Lead management fee, underwriting and selling commissions	[•](1)	[•]	[•]
Advertising and Marketing expenses	[•](2)	[•]	[•]
Printing and stationery	[•](2)	[•]	[•]
Others (Registrar's fees, legal fees, etc.)	[•](2)	[•]	[•]
Total estimated Issue expenses	**[•]**	**[•]**	**[•]**

(1) Will be completed after finalization of the Issue Price.
(2) Will be incorporated at the time of filing of the Red Herring Prospectus.

Other than listing fee, which will be paid by [ ], all expenses with respect to the Issue will be payable by our Company.

Fees Payable to the Book Running Lead Managers and Syndicate Member

The total fees payable to the Book Running Lead Managers and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the engagement letter with the BRLMs dated Janaury 23, 2007, a copy of which will be available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding dated March 28, 2007 signed with our Company, a copy of which will be available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

Our Company has not made any public or rights issues during the last five years.

Previous issues of shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

There has been no public issue of our Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Companies under the Same Management

Our Company does not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act, other than our Subsidiaries and group companies, the details of which are provided in the sections titled "History and Certain Corporate Matters" and "Our Promoters and Promoter Group" beginning on pages 74 and 105, respectively.

Promise v/s performance

Except as disclosed in the section titled "Our Promoters and Promoter Group" beginning on page 105, neither our Company nor any Promoter Group companies have made any previous public or rights issues.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchange.

Other Disclosures

Our Promoter Group or our Directors have not purchased or sold any securities of our Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Ravi Batra, our Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Ravi Batra
19, Nehru Place,
New Delhi – 110 019, India
Telephone: +91 11 3081 5452
Facsimile: +91 11 3081 5288
Email: investorservices@religare.in

Changes in Auditors

There have been no changes in our statutory auditors over the last three years, except as below:

S.No.	Name of Auditor	Date of change	Reason for change
1.	M/s. M S Sekhon & Co., Chartered Accountants	September 30, 2006	Resignation
2.	M/s. Price Waterhouse, Chartered Accountants	September 30, 2006	Appointment

Capitalisation of Reserves or Profits

Our Company has not capitalized its reserves or profits during the last five years.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Payment of benefits to officers of our Company

Except certain post-retirement benefits and statutory benefits upon termination of their employment or upon superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in the Company or superannuation.

None of the beneficiaries of loans and advances are related to our Directors.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a resolution of our Board dated April 20, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at the EGM of the shareholders of our Company held on May 21, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank pari passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and/or other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

Our Company shall pay dividends to shareholders of our Company as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each. The Floor Price of Equity Shares is Rs.[●] per Equity Share and the Cap Price is Rs.[●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section titled "Main Provisions of the Articles of Association" beginning on page 454.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the applicable law, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares will be in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [•] Equity Shares, subject to a minimum Allotment of [•] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in New Delhi, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in terms of Clause 2.2.2A of the SEBI Guidelines, our Company shall ensure that the number of prospective Allottees to whom Equity Shares will be Allotted will not be less than 1,000. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and are being offered or sold only outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for eligible NRIs and FIIs registered with SEBI or FVCIs registered with SEBI. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation. As per existing regulations, OCBs cannot participate in the Issue.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. For details, see the section titled "Main Provisions of the Articles of Association" beginning on page 454.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

ISSUE STRUCTURE

The present Issue of 11,364,152 Equity Shares, at a price of Rs. [•] for cash aggregating to Rs. [•] million, is being made through the 100% Book Building Process.

Our Company is exploring the possibility of a Pre-IPO Placement. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement, will be reduced from the Issue, subject to a minimum Issue size of 10% of the post-Issue share capital.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [•] Equity Shares	Up to [•] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to [•] Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for Allotment/allocation	At least 60% of Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows: (a) [•] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) [•] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/Allotment Lot	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares	[●] Equity Shares in multiples of [●] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the member of the Syndicate.	Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the member of the Syndicate.	Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the member of the Syndicate.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on Bidding	Full Bid Amount on Bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with Depository Participants within two Working Days from the date of the finalisation of basis of allocation. Please note that only Bidders having a bank account at any of the 15 centres where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other Bidders, including Bidders who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched within 15 days of the Bidding/ Issue Closing Date “Under Certificate of Posting” for refund orders less than or equal to Rs. 1,500 and through speed post/registered post or Direct Credit, NEFT, RTGS or ECS at the sole or first Bidder’s sole option, for refund orders exceeding Rs. 1,500.

Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched and/ or demat refund instructions have not been given to the clearing system in the disclosed manner within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bidding/ Issue Programme

BID/ISSUE OPENS ON	**[●], 2007**
BID/ISSUE CLOSES ON	**[●], 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the Bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/ Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and [●] p.m.** (Indian Standard Time) and uploaded till (i) 5 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, no later than **[●]** p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on Working Days.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. (The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price.) If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLMs. In case of QIB Bidders, the Company in consultation with the BRLMs, as the case may be, may reject Bids at the time of acceptance of Bid-cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

The information below is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws, regulations or approvals.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian public, Eligible NRIs applying on a non-repatriation basis	[•]
Non-Residents, Eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	[•]

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.

2. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);

3. HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

4. Companies, corporate bodies and societies registered under the applicable laws in India and

authorised to invest in equity shares;

5. Indian Mutual Funds registered with SEBI;

6. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;

7. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);

8. FIIs registered with the SEBI;

9. Venture Capital Funds registered with the SEBI;

10. State Industrial Development Corporations;

11. Multilateral and bilateral development financial institutions;

12. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;

13. Scientific and/or industrial research organisations in India authorised to invest in equity shares;

14. Insurance Companies registered with the IRDA;

15. Subject to the applicable law, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

16. Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and

As per existing regulations promulgated under the FEMA, OCBs cannot Bid in the Issue.

Participation by Associates of BRLMs and Syndicate Member

The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Member may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [•] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

1. Bid-cum-Application Forms will be made available for Eligible NRIs at our registered and corporate office, with the members of the Syndicate and the Registrar to the Issue.

2. NRI applicants may note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the application form meant for Resident Indians.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 75,761,016 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company. The Company has not obtained board or shareholders approval to increase the FII limit to more than 24%. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding limit has been increased to [●]% of the post-Issue paid-up capital of the Company (i.e., [●]% of [●] Equity Shares).

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered VCFs and FVCIs

In accordance with the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The Securities and Exchange Board of India (Venture Capital) Regulations, 1996 and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any individual VCF in one company should not exceed 25% of the corpus of the VCF. An FVCI can invest its entire funds committed for investments into India in one company. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The SEBI has issued a press release on October 16, 2006 stating that the shareholding of SEBI-registered VCFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The

Company and the BRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount (provided revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund".

Information for the Bidders:

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi). This advertisement, subject to the provisions of S. 66 of the Companies Act shall be in the format prescribed in Schedule XX – A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005.

3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.

4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

5. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Member or their authorized agent(s) to register their Bids.

6. The Members of the Syndicate shall accept Bids from the Bidder during the Issue Period in accordance with the terms of the Syndicate Agreement.

7. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

8. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. [●] each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can Bid at any price within the Price Band, in multiples of Rs. [●].

9. The Company in consultation with the BRLMs reserves the right to revise the Price Band, during the Bidding/Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

10. The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi). This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines, as amended by the SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005. The BRLMs and Syndicate Member shall accept Bids from the Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.

2. The Bidding/Issue Period shall be for a minimum of three Working Days and not exceeding seven Working Days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi), and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

3. During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

4. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revisions of Bids" on page 431) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

5. The Bidder cannot Bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the section titled "Issue Procedure – Bids at Different Price Levels and Revision of Bids" on page 431.

6. The Members of the Syndicate will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand

option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

7. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

8. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described in the section titled "Issue Procedure – Terms of Payment and Payment into the Escrow Accounts" on page 438.

Bids at Different Price Levels and Revision of Bids

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band in multiples of Re. 1.

2. The Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed in the Red Herring Prospectus.

3. In case of a revision of the Price Band, the Bid/Issue Period shall be extended for three additional Working Days, subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) with a wide circulation, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.

4. The Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

5. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

6. Retail Individual Bidders applying for a maximum Bid in any of the Bidding options not exceeding Rs. 100,000 may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders and such Bids shall be rejected.

7. Retail Individual Bidders who Bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders Bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

8. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if such Bidder wants to continue to Bid at Cut-off Price), with the member of the Syndicate [to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment

would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

9. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account.

10. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Build up of the Book and Revision of Bids

1. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

2. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

3. The Bidder can make this revision any number of times during the Bidding/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

4. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

5. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the BRLMs and/or their affiliates shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

6. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bidcum Application form, the decision of the Company in consultation with the BRLMs, based on the physical records of the Bid-cum-Application forms, shall be final and binding on all concerned.**

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable ([•] colour for Resident Indians and [•] colour for NRIs and FIIs applying on a repatriation basis).

2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

3. For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares, thereafter subject to a maximum Bid Amount of Rs. 100,000.

4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

5. NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

6. Bids by Non Residents, Eligible NRIs, FVCIs, FIIs etc. on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

7. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

8. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid/ Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all Bidding centres and the website of the BSE and the NSE. A graphical representation of consolidated demand and price would be made available at the Bidding centres during the Bidding /Issue Period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

   - Name of the investor. Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
   - Investor Category – Individual, Corporate, FII, Eligible NRI, Mutual Fund, Eligible Employee etc.
   - Numbers of Equity Shares Bid for.
   - Bid price.
   - Bid-cum-Application Form number.
   - Margin Amount paid upon submission of Bid-cum-Application Form.
   - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. In case of QIB Bidders, the BRLMs and/or their affiliates have the right to accept the Bid or reject the Bids. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the section titled "Issue Procedure – Grounds for Technical Rejection" on page 441.

8. The permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed to signify that the Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

10. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply having regard to the applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

2. Read all the instructions carefully and complete the Resident Bid-cum-Application Form ([•] in colour) or Non-Resident Bid-cum-Application Form ([•] in colour) as the case may be;

3. Ensure that the details about Depository Participant and Beneficiary Account are correct and the Beneficiary Account is activated as Allotment of Equity Shares will be in the dematerialized form only;

4. Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate;

5. Ensure that you have been given a TRS for all your Bid options;

6. Ensure that you Bid within the Price Band;

7. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

8. Where Bid(s) is/are for Rs. 50,000 or more, each of the Bidders, should mention their PAN allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid-cum-Application Form. If you have mentioned "Applied for" or "Not Applicable", in the Bid-cum-Application Form in the section dealing with PAN number, ensure

that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

9. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

10. Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

3. Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;

4. Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

5. Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;

6. Do not Bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);

7. Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

8. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS

EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through EFT, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with the SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue form), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with the SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

3. In a single name or joint names (not more than three and in the same order as their Depository Participant details). Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

All applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

2. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

3. In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

4. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

5. Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

6. Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form instead of those obtained from the Depositories.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account will be transferred to the Refund Account for the benefit of the Bidders who are entitled to refunds as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form, draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure – Terms of Payment and Payments into the Escrow Account" on page 438) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of EFT or RTGS mechanism. Bid-cum-Application Forms accompanied by cash/stock invest/ money order shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 423. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest Bidding option of the Bidder. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form. QIB Bidders will be required to deposit a margin of at least 10% at the time of submitting their Bids.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/Allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of resident QIB Bidders: "Escrow Account– [•] Public Issue – QIB – R"

    - In case of Non Resident QIB Bidders: "Escrow Account– [•] Public Issue – QIB – NR"

    - In case of Resident Retail Bidders: "Escrow Account– [•] Public Issue – Retail - R"

    - In case of Non Resident Retail Bidders: "Escrow Account– [•] Public Issue – Retail- NR"

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder Bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank, which will hold the monies deposited in the Escrow Accounts for the benefit of the Bidders until the Designated Date.

7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.

8. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

9. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

10. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid-cum-Application Form.

11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as probable multiple master.

2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/ GIR numbers are different, the same will be deleted from this master.

3. The addresses of all these applications from the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.

4. The applications will be scanned for similar DP ID and client identity numbers. In cases where applications bear the same numbers, these will be treated as multiple applications.

5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post Allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Draft Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

THE COMPANY'S RIGHT TO REJECT BIDS

In case of QIB Bidders, the Company, in consultation with the BRLMs, may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing.

In case of Non-Institutional Bidders, and Retail Individual Bidders who Bid, our Company has a right to reject Bids based on technical grounds.

Consequent refunds shall be made as described in this Draft Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;

2. Age of First Bidder not given;

3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;

5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;

6. GIR number furnished instead of PAN;

7. Bids for lower number of Equity Shares than specified for that category of investors;

8. Bids at a price less than lower end of the Price Band;

9. Bids at a price more than the higher end of the Price Band;

10. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000, uploaded after 5.00 p.m. on the Bid/Issue Closing Date;

11. Bids for number of Equity Shares which are not in multiples of [•];

12. Category not ticked;

13. Multiple Bids as defined in this Draft Red Herring Prospectus;

14. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

15. Bids accompanied by Stockinvest/money order/postal order/cash;

16. Signature of sole and / or joint Bidders missing;

17. Bid-cum-Application Forms does not have the stamp of the BRLMs or the Syndicate Member;

18. Bid-cum-Application Forms does not have Bidder's depository account details;

19. Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Forms;

20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;

21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

22. Bids in respect where the Bid-cum-Application Form do not reach the Registrar prior to the finalisation of the basis of Allotment;

23. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

24. Bids by OCBs;

25. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and

26. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

2. The Company in consultation with the BRLMs shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.

3. The allocation to QIBs will be at least 60% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs, and the Designated Stock Exchange.

5. Allocation to Eligible NRIs, FVCIs, FIIs etc. applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the RBI, while granting permission for Allotment of Equity Shares to them in this Issue.

6. The BRLMs, in consultation with the Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

7. The Company reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.

8. In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

9. The Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

10. The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/ Allotment to the Bidders.

2. After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after receiving final observations, if any, on this Draft Red Herring Prospectus from the SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines, in two widely circulated national newspapers (one each in English and Hindi) and a with a wide circulation.

Issuance of CAN

1. Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

2. The BRLMs and/or their affiliates would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of Bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

3. Bidders who have been allocated/Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of Bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

4. The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid Applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to [•], 2007, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the Allottees shall be within two Working Days of the date of Allotment.

2. In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/Allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

2. The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4. If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

2. The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4. In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For QIBs

1. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

2. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

3. Allotment shall be undertaken in the following manner:

   (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

      (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

      (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

      (iii) Equity Shares remaining unsubscribed, if any, and not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

   (b) In the second instance Allotment to all QIBs shall be determined as follows:

      (i) In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

      (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

      (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

4. The aggregate Allotment to QIB Bidders shall not be less than [•] Equity Shares.

   The BRLMs, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI Guidelines. The drawing of lots (where required) to finalize the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

S. No.	Particulars	Issue details

1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details Of QIB Bids

S.No	Type of QIB Bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB Bidders other than MFs), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB Bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 423.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 million shares in QIB category.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million Equity Shares (including 5 MF applicants who applied for 200 million Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494

   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494

   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time of Schedule for Allotment and demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●], 2007 and expire on [●], 2007. Following the expiration of the Bidding Period, the Company, in consultation with the BRLMs, will determine the Issue Price, and, in consultation with the BRLMs, the basis of allocation and entitlement to Allotment based on the Bids received and subject to confirmation by the Stock Exchange(s). Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Guidelines require the Company to complete the Allotment to successful Bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

1. Bidders will be categorized according to the number of Equity Shares applied for.

2. The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

3. Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

4. In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares.

5. If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

7. Investors should note that the Equity Shares will be Allotted to all successful Bidders in dematerialized form only. Bidders will not have the option of being Allotted Equity Shares in physical form.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refunds would be mandatorily done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by Registrar from the Depository Participants.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid-cum-Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with Depository Participants within two Working Days from the date of the finalization of basis of allocations. Applicants residing at fifteen centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or direct credit. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company, as the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two Working Days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven Working Days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act, which is reproduced below:

''Any person who:
(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,
shall be punishable with imprisonment for a term which may extend to five years''.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven Working Days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and

- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of proceeds of Issue

Our Board of Directors certify that:

1. All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

2. Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

3. Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

4. Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the Net Proceeds.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment [and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.] In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated May 16, 2007 with NSDL, the Company and the Registrar to the Issue.

b) Agreement dated May 18, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s identification number) appearing in the Bid-cum-Application Form or Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

Subscription by foreign investors (NRIs/FIIs)

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and are being offered and sold only outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in

any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

SHARE CAPITAL

6. The authorized Share capital of the Company shall be such as given in the clause V of the Memorandum of Association or altered from time to time there at, payable in the manner as may be determined by the Directors, with powers to increase or reduce the Share capital and to divide the Shares in the capital for the time being into several classes and to attach thereto respectively such preferential or such rights, privileges, or conditions as may be determined in accordance with the regulations of the Company and to vary, modify, abrogate any such right, privilege or condition in such manner as may, for the time being, be provided by the regulations of the Company, and to consolidate or subdivide the Shares and issue Shares of higher or lower denomination.

7. The Company shall cause to be kept a Register of Members, an Index of Members, a Register and Index of Debenture holders.

8. Subject to the provisions of Section 80 of the Companies Act, 1956, the Company may issue preference shares, which are or at the option of the Company are liable to be redeemed and/or converted into equity share capital, on such terms and in such manner and time, as the resolution authorizing such issue shall prescribe.

SHARES

9. Subject to the provisions of directions/guidelines, if any, issued by the Central Government or other statutory body, the Board of Directors of the Company shall have the power to issue, offer and allot to or for the benefit of such person or persons as are in the permanent employment and the Directors (including Whole Time Directors) of the Company at any time equity Shares of the Company and or warrants with an option exercisable by the holder of such options to subscribe for equity Shares / equity linked securities and / or bonds, Debentures, preference Shares or other securities convertible into equity Shares at such price in such manner, during such period and/or on such terms & conditions under any Employees Stock Option Scheme / Plan as may be decided by the Board prior to the issue and offer thereof subject, however, to 10% of the aggregate of the number of issued equity Shares of the Company or subject to such ceiling limits as may be prescribed from time to time by or under such directions/guidelines.

10. Subject to the provisions of These presents, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit.

18. Subject to the provisions of the Act and any statutory amendments or re-enactments thereof and compliance of the provisions thereof by the Company, the Company is authorized to purchase its own Shares or other specified securities.

53. Subject to the provisions of Section 81 of the Act and These presents, the Shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services

rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in a General Meeting.

INCREASE AND REDUCTION OF CAPITAL

19. (1) Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares, either out of un-issued capital or out of the increased Share capital then:

(a) such further Shares shall be offered to the persons who at the date of the offer, are holders of the equity Shares of the Company, in proportion as nearly as circumstances admit, to the capital paid-up on these Shares at that date;

(b) such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined;

(c) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him;

(d) after the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

(2) Notwithstanding anything contained in the preceding sub-clause (1), the further Shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in sub-clause (1) (a) hereof) in any manner whatsoever.

(a) If a Special Resolution to that effect to that effect is passed by the Company in General Meeting, or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any,of the Chairman) by the Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (1) (c) hereof shall be deemed:

(a) to extend the time within which the offer should be accepted; or

(b) to authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debenture issued or loans raised by the Company.

(i) to convert such Debentures or loans into Shares in the Company; or

(ii) to subscribe for Shares in the Company (whether such option is conferred in These Articles or otherwise)

PROVIDED THAT the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term-

(a) either has been approved by the Central Government before the issue of the Debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and

(b) in the case of Debentures or loans other than Debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a Special Resolution passed by the Company in General Meeting before the issue of the Debentures or raising of the loans.

20. The Company in a General Meeting may, from time to time, by an Ordinary Resolution increase the Share capital of the Company by the creation of new Shares by such sum, to be divided into Shares of such amount as may be deemed expedient.

ALTERATION OF SHARE CAPITAL

26. The Company, by an Ordinary Resolution may, from time to time:

(a) Consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares.

(b) Sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived.

(c) Cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its Share capital by the amount of Share so cancelled.

VARIATION OF SHARE HOLDER'S RIGHTS

28. If at any time the Share capital is divided into different classes of Shares, all or any of the rights and privileges attached to any class (unless otherwise prohibited by the terms of issue of the Shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, whether or not the Company is being wound up, be modified, commuted, affected, abrogated, varied or dealt with by the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of three fourths of the issued shares of that class. To every such separate meeting the provisions of these regulations relating to General Meeting shall mutatis mutandis apply but so that necessary quorum shall be five members or all the members holding or represented by proxy of the entire issued shares of the class in the question.

SHARE CERTIFICATES

29. The certificate of title to Shares shall be issued within three months of allotment. In the case of transfer of Shares the Share certificates shall be issued within one month after the application for registration of transfer is made.

30. a. Every person whose name is entered as a Member in the Register shall be entitled to receive within three months after allotment, one or more certificates for all the Shares registered in his name, or if the Directors so approve, to several certificates each for one or more of such Shares.

b. Every certificate shall be under the Seal and shall specify the Shares to which it relates and the amount paid up thereon.

c. In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to the first person named in the Register shall be sufficient evidence of delivery to all such holders.

The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company. Nothing contained herein shall apply to transfer of a security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of a Depository.

NOMINATION OF SHARES

34. Every holder of shares in, or holder of debentures of, a Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.

35. Where the shares in, or debentures of, a company are held by more than one person jointly, the joint holders may together nominate, in the prescribed form, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

36. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary otherwise, in respect of such shares in, or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the Company or as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

37. Where the nominee is a minor, it shall be lawful for the holders of the shares, or holder of debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.

DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST

38. Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such a share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in the manner provided in Section 187 C of the Act.

39. A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in section 187 C of the Act.

41. Notwithstanding anything contained in These presents, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file, within the time prescribed from the date of declaration, a return in the prescribed form with the Registrar with regard to such declaration.

CALLS ON SHARES

42. The Board may, from time to time, subject to terms on which any Shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on Shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times.

43. Each Member shall pay the amount of every call so made on him to the persons and the times and places appointed by the Board, provided that option or right to make call on Shares shall not be

given to any person except with the sanction of the Company in a General Meeting. A call may be made payable by installment and be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of Board.

44. No call shall exceed one fourth of the nominal amount of a Share or be made payable at less than one month from date fixed for the payment of the last preceding call. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and the person or persons to whom such call, shall be paid. Provided that, before the time for payment of such call the Directors, may, by notice in writing to the Members, revoke the same or extend the time for payment thereof.

45. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the nominal amount of the Share or by way of premium, every such amount or installment shall be payable as if it were call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls or otherwise shall relate to such amount or installment accordingly.

46. If the sum payable of any call or installment be not paid on or before the day appointed for payment, the holder for the time being of the Shares in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 18 % (Eighteen Percent) per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine from time to time. The Directors may in their absolute discretion waive the payment of interest, wholly or in part in the case of any person liable to pay such call or installment.

47. The Board may, if it thinks fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest provided that money paid in advance shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced. The Company may pay interest at such rate not exceeding 18 % (Eighteen Percent) or as determined by the Board from time to time unless the Company in the General Meeting shall otherwise direct.

The provisions of These presents will *mutatis mutandis* apply to the calls on the Debentures of the Company.

FORFEITURE OF SHARES

54. If a Member fails to pay any sum payable in respect of any call or any installment of a call on or before the day appointed for payment thereof, the Board may at any time there after during such time as any part of the said call or installment remains unpaid, serve a notice on such Member requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that they may have been incurred by the Company by reason of such non-payment.

55. The notice aforesaid shall name a further day not being earlier than the expiry of 30 (thirty days) from the date of service of notice, on or before which such call or payment required by notice, is to be made and a place at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall state that in the event of non-payment, on or before the date so named the Shares in respect of which such call or installment was payable shall be liable to be forfeited.

56. If the requirements of any such notice as aforesaid are not complied with, any Shares in respect of which such notice has been given may at any time thereafter, before the payment of calls or installment, interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture, subject to Section 205 A of the Act.

57. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register of members but no forfeiture shall in any manner be invalidated by any omission or failure to give such notice or to make such entry as aforesaid.

58. Any Share so forfeited shall be deemed to be property of the Company, and may be sold or otherwise disposed off on such terms and in such manner as the Board thinks fit.

59. The Board may at any time before any Share so forfeited shall have been sold or otherwise disposed off, annul the forfeiture upon such terms and conditions, as it thinks fit.

(i) A person whose Shares have been forfeited shall cease to be Member in respect of forfeited Shares, but shall not withstanding the forfeiture remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the Shares.

(ii). The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the Shares.

(iii). The forfeiture of a Share shall involve the extinction of all interest in and also for all claims and demands against the Company in respect of the Shares and all other rights, incidental to the Share except any such of those rights as by These presents are expressly saved.

COMPANY'S LIEN ON SHARES

66. The Company shall have a first and paramount lien upon all the Shares (other than fully paid up Shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any Shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all Dividends and bonus from time to time declared in respect of such Shares. Subject to Section 205A of the Act, unless otherwise agreed the registration of a transfer of Shares shall operate as a waiver of the Company's lien if any, on the Shares. The Directors may, at any time declare any Share wholly or in part to be exempt from the provisions of this clause.

67. For the purpose of enforcing such lien the Board may sell the Shares in such manner as it thinks fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such Member, his executor or administrator or other legal representative as the case may be and default shall have been made by him or them in payment of the sum payable as aforesaid in respect of such Share for 14 (fourteen) days after the date of such notice.

68. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon Share before the sale) be paid to the person entitled to the Share at the date of the sale.

69. Upon any sale after forfeiture or surrender or for enforcing a lien purported in exercise of the powers herein conferred, the Board may appoint some person to execute the instrument of transfer of the Share sold and cause the purchaser's name to be entered in the Register in respect of the Share sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money. After his name has been entered into the Register in respect of such Share the validity of the sale shall not be impeached by any person on any ground whatsoever and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.

CONVERSION OF SHARES INTO STOCK

64. The Company may, by an Ordinary Resolution:

i). Convert any paid-up Shares into stock; and

ii). Reconvert any stock into paid-up Shares of any denomination.

65. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

TERM OF ISSUE OF DEBENTURE

70. Any debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special resolution.

TRANSFER AND TRANSMISSION OF SHARES

74. Every instrument of transfer of shares shall be in the form prescribed under the Act or as near thereto as the circumstances may admit and shall be in accordance with the provisions of Section 108 of the Act, from time to time

71. Save as provided in Section 108 of the Act, no transfer of Share shall be registered unless a proper instrument duly stamped and executed by or on behalf of the transferor and by or on behalf of transferee and specifying the name, address and occupation of the transferee has been delivered to the Company along with the certificate relating to the Shares or if no such certificate is in existence along with the letter of allotment of the Shares, in accordance with the provisions of Section 108 of the Act. The transferor shall be deemed to remain a Member in respect of such Share until the name of the transferee is entered in the Register in respect thereof. The signature of one credible witness who shall add his address shall duly attest each signature to such transfer. Provided, that, where on application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as the Board may think fit so as to indemnify the Company.

72. Application for the registration of the transfer of a Share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of the partly paid Share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of These presents, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

73. Subject to the provisions of Sections 111A of the Act the Directors may, at its own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of Shares whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a Member of the Company but in such cases the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a transfer alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has lien on the shares, transfer of Shares/ Debentures in whatever lot shall not be refused.

81. The executor or administrators of a deceased Member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Member. In case of the death of any one or more of the joint holders of any registered Shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such Shares. But nothing herein contained shall be taken to release Board may require him to obtain a Grant of Probate or letters of Administration or other legal representation as the case may be from some competent court. Provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with the production of probatory letters of administration or such other legal representation upon such terms as to indemnify or otherwise as the Board in its absolute discretion may consider necessary.

82. Any committee or guardian of a lunatic or infant Member or any person be coming entitled to transfer of Shares in consequence of the death, bankruptcy, insolvency of any Member, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Articles or of the title as the Board thinks sufficient, may with consent of the Board (which it shall not be under any obligation to give) be registered as a Member in respect of such Shares or any subject to the regulations as to transfer herein before contained. (The Article is hereinafter referred to as The Transmission Article).

84. a) If the person becoming entitled to Shares shall elect to be registered as Member in respect of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

1. If the person aforesaid shall elect to transfer the Shares, he shall testify his election by execution of an instrument of transfer of Shares.

2. All the limitations, restrictions and provisions of These presents relating to the right to transfer and the registration of transfer of Share shall be applicable to any such notice or transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the Member had not occurred and the notice of transfer were a transfer signed by that Member.

85. A person so becoming entitled under the Transmission Article to a Share by reason of death, lunacy, bankruptcy or insolvency of a Member shall, subject to the provision of the Articles or Section 206 of the Act, be entitled to the same Dividend and other advantages to which he would be entitled if he was the Member registered in respect of the Share except that he shall not before being registered as a Member in respect of the Share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all Dividends, Bonuses or other money payable in respect of the Share, until the requirements of the notice have been complied with.

BORROWING POWERS

87. The Board of Directors may from time to time subject to the Section 58A, 292 and 293 of the Act, at their discretion raise or borrow any sum or sums of money for the purpose of the Company and subject to the applicable provisions of the Act may secure payment or repayment of same in such manner and upon such terms and conditions in all respect as may be prescribed by the Board, in particular by the creation of any mortgage or charge or other encumbrances on any of the immovable properties of the Company or hypothecation, pledge or charge on and over the Company's stocks, book debts and other movable properties.

88. The Board of Directors may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions as they think fit and in particular, by the issue of bonds, perpetual or redeemable Debentures or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company both present and future including its uncalled capital for the time being or by giving, accepting or endorsing on behalf of the Company any promissory notes, bills of exchange or other negotiable instruments and no Debenture shall carry any voting right whether generally or in respect of any particular class or classes of business.

PROCEEDINGS AT GENERAL MEETING

97. In addition to any other meetings, a General Meeting of the Company shall be held within such interval as specified in Section 166 (1) of the Act, and subject to the provisions of Section 166 (2) of the Act, at such time and place as may be determined by the Board. Each such General Meeting shall be called an 'Annual General Meeting' and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall be called an Extraordinary General Meeting.

98. The Board may, whenever it thinks fit, call an Extraordinary General Meeting. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, the Directors present in India may call an Extraordinary General Meeting, in the same manner and as nearly as possible as that in which such a meeting may be called by the Board.

100. No business shall be transacted at General Meeting of the Company unless a quorum of Members is present at the time when the meeting proceeds to business. Five Members present in person shall be the quorum for the meeting of the Company. No business shall be transacted at any General Meeting unless the requisite quorum shall be present throughout the meeting.

104. a). Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the vote to which he may be entitled as a Member.

b). A declaration by the Chairman that a resolution has on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without further proof.

VOTES OF MEMBERS

108. Subject to any rights or restrictions for the time being attached to any class or classes of Shares:

a. On a show of hands, every Member present in person, shall have one vote, and

b. On a poll, the voting rights of Members shall be as laid down in Section 87 of the Act.

109. Except as conferred by Section 87 of the Act the holders of preference Shares shall have no voting right. Where the holder of any preference Share has a right to vote on any resolution in accordance with the provisions of Sub-section (2) of Section 87 of the Act, his voting right on a poll as the holder of such Share shall subject to the provision of Section 89 and Sub-section (2) of Section 92 of the Act be in the same proportion as the capital paid in respect of the preference Share bears to the total paid up equity capital of the Company.

110. Where a Company or body corporate (hereinafter called "**Member Company**") is a Member of the Company, a person duly appointed by resolution in accordance with Section 187 of the Act to represent such Member Company at a meeting of the Company shall not by reason of such appointment, be deemed to be a Proxy and the production at the meeting of the copy of such resolution duly signed by one Director of such Member Company and certified by him as true copy of the resolution shall, on production thereof at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by Proxy on behalf of the same Member Company or body corporate which he represents, as that Member Company or body corporate could exercise if it were an individual Member.

111. Where there are joint registered holders of any Shares any one of such persons may vote at any meeting either personally or by Proxy in respect of such Shares as if he were solely entitled thereto and if more than one of the said persons so present whose name stands first in the Register in respect of such Shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any Share stands shall for the purposes of this Article be deemed joint-holders thereof.

112. If any Member were of unsound mind he may vote whether on a show of hands or at a poll by his committee curator bonus or other legal curator and such last mentioned persons may give their vote by Proxy on a poll. If any Member is a minor, his guardian may give the vote in respect of his share. If more than one person claim to exercise the right of vote under this clause, the Chairman of the meeting may select in his absolute discretion any one person and will accept his vote.

114. On a poll, votes may be given either personally or by Proxy or in the case of a company, by a representative duly authorized as aforesaid.

116. The instrument appointing a Proxy shall be In writing under the hand of the appointer or of his attorney duly authorized In writing or, if such appointer is a body corporate under its common seal or under the hand of its attorney duly authorized.

117. The instrument appointing a Proxy and the power of attorney or other authority [if any] under which it is signed or a notarial certified copy of that power or authority shall be deposited at the office not less than 48 (Forty Eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of Proxy shall not be treated as valid.

118. A vote given in accordance with the terms of an instrument of Proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the proxy was executed or transfer of the Shares in respect of which the proxy is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Chairman at the office before the meeting provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of Proxy and that the same has not been revoked.

DIRECTORS

122. The number of Directors of the Company shall not be less than three and not more than twelve.

123. The management of the Company shall vest in the Board of Directors.

124. Not less than two-thirds of total number of Directors of the Company shall:

(a). be persons whose period of office is liable to determination by retirement of Directors by rotation; and

(b). save as otherwise expressly provided in the Act or These presents, be appointed by the Company in a General Meeting.

126. The Directors shall have powers at any time and from time to time to appoint any other person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by These presents. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company but shall be eligible for re-election at such Meeting.

PROCEEDINGS OF DIRECTORS MEETINGS

138. a). The Directors may meet together for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings as they may think fit, subject to the provision of Section 285 of the Act.

b). The Chairman, Director or any officer authorized by the Directors may call a meeting of the Board of Directors.

c). Subject to the provisions of Sections 316, 372A(2) and 386 of the Act, questions arising at any meeting of the Directors shall be decided by a majority of votes and in case of any equality of votes, the Chairman shall have a second or casting vote.

140. Subject to Section 287 of the Act, the quorum for the meeting of the Board shall be one third of its total strength or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength in number, the remaining Directors, that is to say, the number of Directors who are not interested, present at the Meeting being not less than two, shall be the quorum during such meeting.

ANNUAL RETURN

164. The Company shall make the requisite Annual Return in accordance with Sections 159 and 161 of the Act.

RESERVE

165. The Board may Subject to Section 205 (2A) of the Act from time to time, before recommending any Dividend set apart any portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any Debentures, debts or other liabilities of the Company or for equalisation of Dividends or for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of Section 372A of the Act, invest the several sums so set aside upon such investments (other than Shares in the Company) as it may think fit and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserves into such special funds as it thinks fit, with full power to employ the reserve or any part thereof in the business of the Company and that without being bound to keep the same separated from the other assets. The Board may also carry forward any profits, which it may think prudent not to divide without setting them aside as a reserve.

166. All moneys carried to the reserves shall nevertheless remain and be the profits of the Company available. Subject to due provisions being made for actual loss or depreciation, for the payment of Dividends and such moneys and all other moneys of the Company not immediately required for the purpose of the Company may, subject to the provisions of Section 372A of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or be kept at any Bank or deposit or otherwise as the Board may from time to time think proper.

CAPITALISATION OF PROFITS / RESERVES

167. 1). The Company in General Meeting may, upon the recommendation of Board, resolve:

a). To capitalise whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account, or to the credit of the profit and loss account or otherwise available for distribution and

b). That such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the Members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

2). The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) below, either in or towards:

a). Paying up any amounts for the time being unpaid on any Shares held by such Members respectively.

b). Paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid up, to and among such Members in the proportion aforesaid or,

c). Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii) above

3). A Share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares or for any other purpose specified in Section 78 of the Act.

4). The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

168. 1). Whenever such a resolution as aforesaid shall have been passed, the Board shall:

a). Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares if any; and

b). Generally do all acts and things required to give effect thereto.

2). The Board shall have full power:

a). To make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of Shares becoming distributable in fractions and,

b). To authorise any person to enter, on behalf of the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing Shares.

3). Any agreement made under such authority shall be effective and binding on all such Members.

DEMATERIALISATION OF SECURITIES

169. The provisions of this Article shall apply only in respect of Securities held in Depository mode and the provisions of the other Articles shall be construed accordingly.

170. Not withstanding anything contained in These presents, the Company shall be entitled to dematerialise its existing shares, debentures and other securities as also re-materialise its shares, debentures and other securities held in Depository Mode and/or offer securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder.

171. (a) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates in accordance with provisions of the other Articles or to hold the same with a Depository. Such a person who is the beneficial owner of the securities may/can at any time opt out of the Depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall in the manner and within the time prescribed therein, issue to the beneficial owner the required certificates of securities.

(b) If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

(c) The Board of Directors of the Company shall have the power to fix a fee payable by the investor to the Company for the services of dematerialising and or rematerialising of the Company's securities as they in their discretion may determine.

DIVIDENDS

178. Subject to the rights of Members entitled to a Share (if any) with preferential or special rights attached thereto the profits of the Company which shall from time to time be determined to be divided in respect of any year or other period shall be applied in the payment of Dividend on the equity Shares of the Company, but so that the holder of a partly paid up Share shall be only

entitled to such proportion of the distribution upon a fully paid up Share proportionately to the amount paid or credited thereon during any portion or portions of the period in respect of which the Dividend is paid, but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date, such Share shall rank for Dividend accordingly. Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to Dividend or to participate in profits.

179. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by These presents and subject to the provisions of These presents shall be divisible among the Members in the proportion of the amount of capital paid or credited as paid up on the Shares held by them respectively.

180. The Company in Annual General Meeting may declare a Dividend to be paid to the Members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

181. No larger Dividend shall be declared than that recommended by the Board, but the Company in General meeting may declare a smaller Dividend.

185. No Members shall be entitled to receive payment of any Dividend or interest in respect of his Share or Shares whilst any money be due or owing from him as is presently payable to the Company in respect of such Share or Shares otherwise on account of any debts, liabilities or engagements of the Members of the Company either alone or jointly with any other person or persons and the Directors may deduct from the Dividend or interest payable to any Member all sums of money due from him to the Company subject to Section 205 A of the Act.

190. Notice of any Dividends, whether interim or otherwise, shall be given to the person entitled to Share therein in the prescribed manner, if any.

191. Unless otherwise directed in accordance with Section 206 of the Act, any Dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or in the case of joint holders to the registered address of that one whose name stands first on the register in respect of the joint holding or to such person and at such address as the Member or person entitled or sub joint-holders as the case may be, direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled or such joint holders as the case may be, may direct.

UNPAID OR UNCLAIMED DIVIDEND

192. (a) Where the Company has declared a Dividend but has not been paid or claimed within 30 days from the date of declaration, to any Shareholder entitled to the payment of the Dividend, the Company shall within [7] days from the date of expiry of the said period of [30] days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Religare Enterprises Limited" and transfer to the said account, the total amount of Dividend which remains unpaid or unclaimed.

(b) Subject to the provisions of Section 205B of the Act, any money transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund ("Fund") and that no claim by any person to any money transferred to the Fund shall lie on or after the commencement of the Companies (Amendment) Act, 1999.

(c) No unclaimed or unpaid dividend shall be forfeited by the Board and all unclaimed and unpaid dividends shall be dealt with as per Section 205A and 205 B of the Act and rules made thereunder.

193. The Company shall not be responsible for the loss of any cheque, Dividend warrant or postal order sent by post in respect of Dividends, whether by request or otherwise, at the registered address or the address communicated to the office before hand by the Member or for any Dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

WINDING UP

212. On winding up preference Shares rank as regards capital in priority to equity Shares to the extent of the paid up value of the said Shares but to no other rights or participating in its assets.

213. Subject to law of the land for the time being in force, if the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of said paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Member in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the Shares held by them respectively, and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of winding up the excess shall be distributed amongst the Members in proportion to the paid–up capital at the commencement of the winding up paid up held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

214. 1) In the event of the Company being wound up the holders of preference Share, if any, shall be entitled to have the surplus assets available for distribution amongst Members as such applied in the first place in repayment to them the amount paid up on the preference Shares held by them respectively and any arrears of Dividend upto the commencement of the winding up, whether declared or not. If the surplus assets available as aforesaid shall be insufficient to repay the whole of the amount paid up on the preference Shares and any arrears of Dividend, such assets shall be distributed amongst the holders of preference Shares so that the losses shall be borne by the holders of preference Shares as nearly as may be in proportion to the capital paid up or which ought to have been paid up on the Shares held by them at the commencement of the winding up the arrears of Dividend as aforesaid.

2). The assets, if any, available for distribution after payment to the preference Shareholders as aforesaid shall be distributed amongst the holders of equity Shares in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares in respect of which they were respectively registered.

3). The Article is to be without prejudice to the rights and privileges amongst the holders of preference Shares of different series.

INDEMNITY

217. Subject to provisions of Section 201 of the Act, Every Director, Manager, Secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company, against all bonafide liability incurred by him as such Director, Manager, Secretary, officer, employee or Auditor in defending any bonafide proceedings, whether civil or criminal or in which judgment is given in his favour or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief if granted to him by the Court.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated January 23, 2007 to the BRLMs from our Company appointing them as the BRLMs.

2. Memorandum of Understanding amongst our Company and the BRLMs dated June 26, 2007.

3. Memorandum of Understanding between our Company and Registrar to the Issue, dated March 28, 2007.

4. Escrow Agreement dated [•], 2007 between the Company, the BRLMs, the Escrow Banks and the Registrar to the Issue.

5. Syndicate Agreement dated [•], 2007 between the Company, the BRLMs and the Syndicate Member.

6. Underwriting Agreement dated [•], 2007 between the Company, the BRLMs and the Syndicate Member.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.

2. Our certification of incorporation.

3. Board resolutions in relation to the Issue dated April 20, 2007.

4. Shareholders' resolutions in relation to the Issue dated May 21, 2007.

5. Shareholders' resolution dated April 12, 2007, for appointment of Managing Director, Mr. Sunil Godhwani.

6. Report of the auditors, M/s. Price Waterhouse, Chartered Accountants, prepared as per the Indian GAAP and disclosed in this Draft Red Herring Prospectus.

7. Statement of General Tax Benefits from M/s. Price Waterhouse, Chartered Accountants dated June 19, 2007, Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.

8. Copies of annual reports of our Company for the Fiscals 2003, 2004, 2005, 2006 and audited financial statements for Fiscal 2007.

9. Consent of the auditors, M/s. Price Waterhouse, Chartered Accountants, for inclusion of their reports prepared as per the Indian GAAP and their report on accounts, in the form and context in which they appear in the Draft Red Herring Prospectus.

10. Consents of Bankers to the Company, BRLMs, Registrar to the Issue, Legal Counsel to the Company, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs,

Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

11. Listing Agreement dated [•] with [•].

12. Applications dated [•], 2007 and [•], 2007 filed with the BSE and the NSE, respectively, for obtaining their in-principle approval.

13. In-principle listing approvals dated [•], 2007 and [•], 2007 from the BSE and the NSE, respectively.

14. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated May 16, 2007.

15. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated May 18, 2007.

16. Due diligence certificate dated June 30, 2007 to SEBI from the BRLMs.

17. SEBI observation letter No. [•] dated [•], 2007.

18. Approval received from the FIPB (Ref. No. FC.II: 98 (2007)/85(2007)) dated May 7, 2007.

19. Application by our Company dated June 21, 2007 to the FIPB for obtaining its clarification and seeking amendment to the approval dated May 7, 2007, for (a) further investment in our subsidiary, RIHCL and; (b) the Pre-IPO Placement.

20. Share Subscription Agreement dated December 2, 2006, entered into by our Company with Hottinger & Cie Banquiers.

21. Joint venture agreement dated December 28, 2006, entered into by our Company with Aegon International N.V., for undertaking mutual fund asset management business.

22. Joint venture agreement dated December 28, 2006, as restated pursuant to a supplemental agreement and a restated joint venture agreement, both dated June 19, 2007 amongst Religare Insurance Holding Company Limited, Aegon India Holding B.V., Ranbaxy Holding Company and Aegon International N.V., for undertaking the business of life insurance.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Malvinder Mohan Singh
Chairman and Director

Mr. Shivinder Mohan Singh
Director

Mr. Sunil Godhwani
Managing Director

Mr. Harpal Singh
Director

Mr. Padam Bahl
Director

Mr. Deepak Ramchand Sabnani
Director

Mr. J. W. Balani
Director

Signed by the Chief Financial Officer

Mr. Anil Saxena

Signed by the Company Secretary

Mr. Ravi Batra

Date: June 30, 2007

Place: New Delhi