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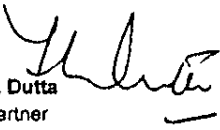
AXA BUSINESS SERVICES PRIVATE LIMITED

Balance Sheet as at December 31, 2007

| | Schedule | 2007 Rupees | 2006 Rupees |
|--|----------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds: | | | |
| Capital | 1 | 263,240,100 | 444,923,100 |
| Reserves and Surplus | 2 | 1,796,209,757 | 1,441,205,376 |
| | | <u>2,059,449,857</u> | <u>1,886,128,476</u> |
| Loan Funds: | | | |
| Secured Loans | 3 | 116,269,861 | 124,171,676 |
| Unsecured Loan | 4 | 13,478,744 | 15,509,592 |
| | | <u>129,748,605</u> | <u>139,681,268</u> |
| | | <u>2,189,198,462</u> | <u>2,025,809,744</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets: | | | |
| Gross Block | 5 | 992,474,583 | 901,296,631 |
| Less: Depreciation | | 495,232,158 | 351,810,105 |
| Net Block | | 497,242,425 | 549,486,526 |
| Capital Work-in-Progress | | 25,815,947 | 6,848,379 |
| | | <u>523,058,372</u> | <u>556,334,905</u> |
| Investments | 6 | 508,805,263 | 760,884,796 |
| Deferred Tax Asset [Schedule 16 Note 11(c)] | | 12,727,459 | - |
| Current Assets, Loans and Advances: | | | |
| Sundry Debtors | 7 | 250,721,257 | 276,515,489 |
| Cash and Bank Balances | 8 | 913,581,052 | 429,229,365 |
| Other Current Assets | 9 | 100,853,490 | 110,422,577 |
| Loans and Advances | 10 | 469,941,404 | 400,236,303 |
| | | <u>1,735,097,203</u> | <u>1,216,403,734</u> |
| Less: Current Liabilities and Provisions: | | | |
| Liabilities | 11 | 549,010,123 | 476,146,212 |
| Provisions | | 41,479,712 | 31,667,479 |
| | | <u>590,489,835</u> | <u>507,813,691</u> |
| Net Current Assets | | <u>1,144,607,368</u> | <u>708,590,043</u> |
| | | <u>2,189,198,462</u> | <u>2,025,809,744</u> |
| Notes on Accounts | 16 | | |


The Schedules referred to above and the notes thereon form an integral part of the Accounts.

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


S. Dutta
 Partner
 For and on behalf of
Price Waterhouse & Co.
 Chartered Accountants
 Place: Bangalore
 Date: February 11, 2008


C. Bhat
 Director

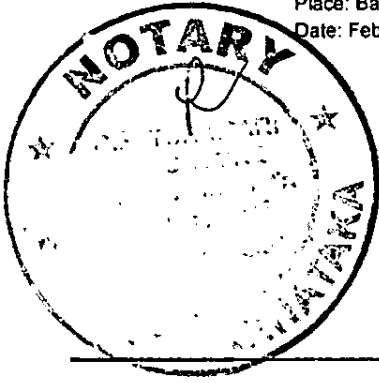

S. Banerjee
 Director

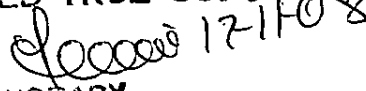

U Raghavendran
 Company Secretary
 Place: Pune
 Date: February 11, 2008

WEDNESDAY



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AXA Business Services Pvt. Ltd.

Uma Raghavendran
 Company Secretary & Associate VP Compliance

AXA Business Services Pvt. Ltd.

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AXA BUSINESS SERVICES PRIVATE LIMITED


Profit and Loss Account for the year ended December 31, 2007

| | Schedule | 2007 Rupees | 2006 Rupees |
|--|----------|----------------------|----------------------|
| INCOME | | | |
| Services | 12 | 2,280,470,740 | 2,098,668,668 |
| Other Income | 13 | 164,319,781 | 102,060,079 |
| | | <u>2,444,790,521</u> | <u>2,200,748,747</u> |
| EXPENDITURE | | | |
| Operating and Other Expenses | 14 | 1,915,028,073 | 1,383,024,095 |
| Depreciation | | 160,730,232 | 151,231,073 |
| Interest | 15 | 6,834,230 | 3,782,589 |
| | | <u>2,082,592,535</u> | <u>1,538,037,757</u> |
| Profit before Taxation | | 362,197,986 | 662,710,990 |
| (Less): Provision for Taxation (Schedule 16 Note 11) | | | |
| Current Tax | | (8,901,617) | (6,000,000) |
| Fringe Benefit Tax | | (11,019,447) | (22,849,227) |
| Deferred Tax | | <u>12,727,459</u> | <u>-</u> |
| Profit after Taxation | | 355,004,381 | 633,861,763 |
| Profit brought forward from previous year | | 1,441,205,376 | 807,343,613 |
| Profit available for appropriation | | <u>1,796,209,757</u> | <u>1,441,205,376</u> |
| Appropriations: | | | |
| Transfer to Capital Redemption Reserve | | 181,683,000 | - |
| Balance carried forward | | <u>1,614,526,757</u> | <u>1,441,205,376</u> |
| | | <u>1,796,209,757</u> | <u>1,441,205,376</u> |
| Earnings Per Share (Schedule 16 Note 21): | | | |
| Basic and Diluted | | 13.49 | 24.08 |

Notes on Accounts 16


The Schedules referred to above and the notes thereon form an integral part of the Accounts.

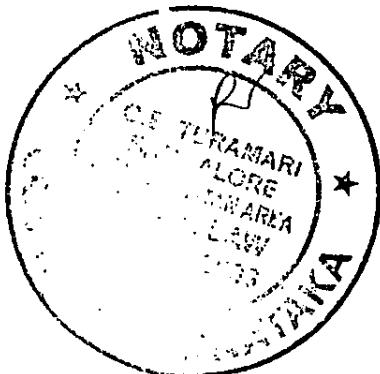
This is the Profit and Loss Account referred to in our report of even date


S. Dutta
 Partner
 For and on behalf of
Price Waterhouse & Co.
 Chartered Accountants
 Place: Bangalore
 Date: February 11, 2008


C. Buch
 Director



S. Banerjee
 Director


U. Raghavendran
 Company Secretary
 Place: Pune
 Date: February 11, 2008



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AXA Business Services Pvt. Ltd.


Uma Raghavendran
 Company Secretary & Associate VP Compliance

AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

17 Balance Sheet Abstract and Company's General Business Profile

1 Registration Details

| | | | |
|--------------------|-------------------|------------|----|
| Registration No. | 18761 | State code | 08 |
| Balance Sheet Date | December 31, 2007 | | |

2 Capital raised during the year (Amount in Rs.000)

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Rights Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |

3 Position of mobilisation and deployment of funds (Amount in Rs.000)

| | | | |
|-------------------|---------|--------------|-----------|
| Total Liabilities | 720,238 | Total Assets | 2,779,688 |
|-------------------|---------|--------------|-----------|

Sources of Funds

| | | | |
|-----------------|---------|----------------------|-----------|
| Paid up Capital | 263,240 | Reserves and Surplus | 1,796,210 |
| Secured Loans | 116,270 | Unsecured Loans | 13,479 |

Application of Funds

| | | | |
|--------------------|-----------|---------------------------|---------|
| Net Fixed Assets | 523,058 | Investments | 508,805 |
| Net Current Assets | 1,144,607 | Miscellaneous Expenditure | Nil |
| Accumulated Losses | Nil | Deferred Tax Asset | 12,727 |




4 Performance of company (Amount in Rs.000)

| | | | |
|-----------------------------------|-----------|-----------------------|-----------|
| Turnover (Including Other Income) | 2,444,791 | Total Expenditure | 2,082,593 |
| Profit before Taxation | 362,198 | Profit after Taxation | 355,004 |
| Earning per Share (Rs.) | 13.49 | Dividend Rate (%) | Nil |

6 Generic names of three principal products/ services of the company (as per monetary terms)

| | |
|---------------------|-----------------|
| ITC Code No. | Not Specified |
| Product Description | Data Processing |
| ITC Code No. | Not Specified |
| Product Description | Call Centre |


Signatures to Schedules 1 to 17 forming part of the Balance Sheet and Profit and Loss Account.

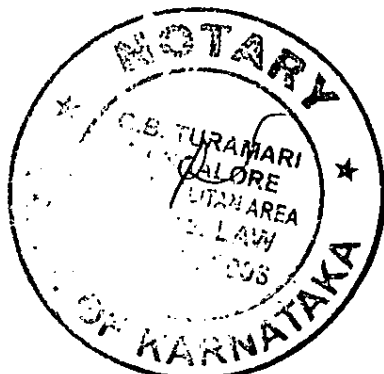
| | | | |
|-------------------------|---|--|---|
| Place: Bangalore |  |  |  |
| Date: February 11, 2008 | C. Burch Director | S. Banerjee Director | U. Raghavendran Company Secretary |

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Uma Raghavendran
Company Secretary & Associate VP Compliance

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AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

16. Notes on Accounts – Contd.

21. Earnings Per Share:

Rupees

| | <u>2007</u> | <u>2006</u> |
|--|-------------|-------------|
| Nominal Value of equity share | 10 | 10 |
| Weighted average number of equity shares outstanding | 26,324,010 | 26,324,010 |
| Profit after Taxation considered for the calculation of basic and diluted earnings per share | 355,004,381 | 633,861,763 |
| Earnings Per Share – Basic and Diluted (Rs.) | 13.49 | 24.08 |

22. Amount transferred to Capital Redemption Reserve account consequent to redemption of Preference Shares during the year are as follows:

| | <u>2007</u> |
|---|--------------------|
| 10% Redeemable Non-Cumulative Preference Shares | 92,000,000 |
| 5% Redeemable Non-Cumulative Preference Shares | 89,683,000 |
| | <u>181,683,000</u> |

23. Certain employees are eligible for the stock option plan of GIE AXA, France, a fellow subsidiary. However, this staff benefit has no impact on the operating results of the Company, as there is no recharge of expenses by GIE AXA, France in this regard.

24. The Employees' State Insurance Act, 1948 is currently not applicable to the Company as the employees fall outside the ambit of the said Act.

25. The Company, as per consistent practice, amortises leasehold improvements by considering the primary and secondary period of lease. The leasehold rentals are charged in the books as per the lease agreements, which is supported by an accounting opinion by the Company. *Obtained*

Had the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India on "Accounting for Scheduled Rent Increases in case of an Operating Lease" been followed (i.e., charging the aggregate of the rent payable over the primary and secondary period on a straight line basis over the said period), the rental expenses would be higher by Rs.58,267,334 (including for prior period Rs.53,859,895) with corresponding effect on the profits of the Company.

26. Previous year's figures have been reclassified/ regrouped, wherever necessary.



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Uma Raghavendran

Uma Raghavendran
Company Secretary & Associate VP Compliance



AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

16. Notes on Accounts – Contd.

Rupees

15. Employee Benefits – Contd.:

- (c) The projected unit credit method for determining the liability towards gratuity and leave encashment as envisaged in AS 15 (Revised), applicable for accounting periods commencing after December 7, 2006, has been adopted by the Company in the earlier years and accordingly there are no material amounts to be adjusted against opening balance of revenue reserves as per transitional provisions of AS 15 (Revised).
- (d) As this is the first year of implementation of AS 15 (Revised), the corresponding figures for the previous year have not been furnished.

16. Leases:

(a) Operating Leases:

- (i) Operating leases for office premises and other facilities including staff residences are generally for a period of 10 to 108 months and renewable on a periodic basis by mutual consent of both parties. Most of the operating leases provide for a percentage increase in rent, at the end of the original leases' term, for future renewed periods. The operating leases in respect of office premises are cancellable by the lessor, only on breach of contract terms, and other operating leases are cancellable by the lessor/ lessee with 1 to 6 months' notice. However, some of the operating leases have lock-in periods ranging from 6 to 36 months.

| | | |
|--|-------------|-------------|
| | <u>2007</u> | <u>2006</u> |
| Rent expenses (Net) [including minimum lease payments Rs.98,542,543 (2006: Rs.92,959,813)] | 156,386,394 | 134,951,539 |

| | | |
|---|-------------------|--------------------|
| Future minimum lease rentals payable under non-cancellable lease: | | |
| - not later than one year | 60,568,720 | 95,531,527 |
| - one to five years | 31,002,859 | 90,818,825 |
| | <u>91,571,579</u> | <u>186,350,352</u> |

- (ii) Rent income represents lease rental received towards portion of the office premises sub-let. Such leases are generally for a period of 11 months with options for renewal against increased rent.

| | | |
|--|------------|------------|
| Rent (income) [including minimum lease payments received: Nil (2006: Nil)] | 27,413,021 | 14,616,000 |
|--|------------|------------|

(b) Finance Leases:

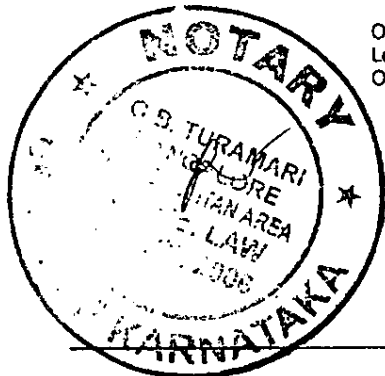
The Company has acquired Computer Systems and Office Equipment on a three year lease, which is classified as finance lease as envisaged in the Accounting Standard (AS) 19 - Leases, issued by the ICAI. Additionally, the Company has acquired Vehicles on hire purchase, which is treated as a lease under AS 19.

| | | |
|-------------------------|--------------------|--------------------|
| | <u>2007</u> | <u>2006</u> |
| Minimum lease payments: | | |
| Less than one year | 70,797,257 | 69,115,255 |
| One to five years | 54,848,367 | 125,645,624 |
| | <u>125,645,624</u> | <u>194,760,879</u> |

| | | |
|--------------------------|--------------------|---------------------|
| (Less): Interest not due | | |
| Less than one year | (5,244,128) | (4,780,416) |
| One to five years | (4,131,635) | (9,375,763) |
| | <u>(9,375,763)</u> | <u>(14,156,180)</u> |

| | | |
|--|-------------|-------------|
| Present value of minimum lease payment | 116,269,861 | 124,171,676 |
|--|-------------|-------------|

| | | |
|--------------------|--------------------|--------------------|
| Of the above: | | |
| Less than one year | 65,553,129 | 64,334,838 |
| One to five years | 50,716,732 | 59,836,838 |
| | <u>116,269,861</u> | <u>124,171,676</u> |



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Uma Raghavendran
Company Secretary & Associate VP Compliance



AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

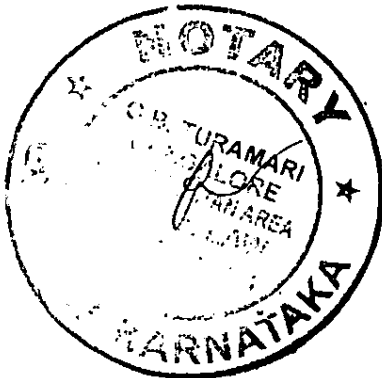
16. Notes on Accounts – Contd.

Rupees

15. Employee Benefits:

- (a) For the financial year ended December 31, 2007, the Company has adopted Accounting Standard 15 (revised 2005) [AS 15 (Revised)] on Employee Benefits. Disclosures envisaged in AS 15 (Revised) towards gratuity are given below:

| | <u>Gratuity</u> |
|--|--------------------|
| i) Reconciliation showing the movements during the year in the net liability of Defined Benefit Obligation (Gratuity) recognised in the Balance Sheet: | |
| Obligations at the beginning of the year | 25,267,163 |
| Add: Current Service cost | 13,160,237 |
| Add: Interest cost | 2,021,373 |
| Add: Actuarial (gain)/ loss due to change in assumptions | (60,325) |
| Less: Benefits paid during the year | <u>(2,502,731)</u> |
| Obligations at the end of the year | <u>37,885,717</u> |
| ii) Reconciliation of opening and closing balances of the fair value of plan assets: | |
| Fair Value of Plan assets at the beginning of the year | - |
| Add: Expected Return on Plan Assets | - |
| Add: Actuarial (gain)/ loss | - |
| Add: Contributions | 2,502,731 |
| (Less): Benefits Paid | <u>(2,502,731)</u> |
| Fair Value of Plan assets at the end of the year | <u>-</u> |
| iii) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet: | |
| Present Value of Obligation as at December 31, 2007 | 37,885,717 |
| (Less): Fair Value of Plan Assets as at December 31, 2007 | - |
| Amount recognised in the Balance Sheet | <u>37,885,717</u> |
| iv) Expense recognised in Profit and Loss account under "Operating and Other Expenses" in Schedule 14: | |
| Current service cost | 13,160,237 |
| Add: Interest cost | 2,021,373 |
| (Less): Expected Return on Plan Assets | - |
| Add: Actuarial (gain)/ loss due to change in assumptions | <u>(60,325)</u> |
| | <u>15,121,285</u> |
| v) The principal actuarial assumptions used as at the Balance Sheet date are as follows: | |
| Discount rate per annum | 8.00% |
| Interest rate per annum | 8.00% |
| Expected return on plan assets | 8.00% |
| (b) The Guidance on Implementing AS 15 (Revised) states that benefit involving employer established provident funds, which require interest shortfalls to be made good by the employer, are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure such provident fund liabilities and accordingly, the Company is unable to disclose the related information. | |



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Uma Raghavendran
Company Secretary & Associate VP Compliance



AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

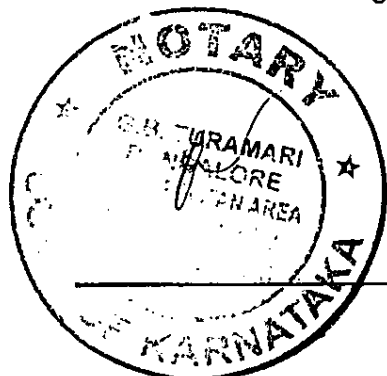
16. Notes on Accounts – Contd.

Rupees

14. Related Party Disclosures – Contd.

B. Summary of transactions with related parties during the year is as follows:

| Nature of transaction | Holding Companies [A(a)(ii)] | Fellow Subsidiaries [A(b)(i)] | Key Management Personnel [A(c)] | Others [A(d)] | Total |
|--|---------------------------------|----------------------------------|------------------------------------|------------------|---------------|
| Operating and Other expenses: | | | | | |
| Employee Cost (refer Note 7 above): | | | | | |
| O.Sanders | - | - | 11,579,281 | - | 11,579,281 |
| | (-) | (-) | (-) | (-) | (-) |
| S. Banerjee | - | - | 9,274,893 | - | 9,274,893 |
| | (-) | (-) | (6,432,009) | (-) | (6,432,009) |
| C. Buch | - | - | 9,310,441 | - | 9,310,441 |
| | (-) | (-) | (7,073,595) | (-) | (7,073,595) |
| Others | - | - | 1,379,049 | - | 1,379,049 |
| | (-) | (-) | (26,793,593) | (-) | (26,793,593) |
| Contribution to Provident Fund: | | | | | |
| AEPFT | - | - | - | 22,302,673 | 22,302,673 |
| | (-) | (-) | (-) | (13,274,190) | (13,274,190) |
| IT Infrastructure Support and Maintenance: | | | | | |
| ATS | - | 174,244,143 | - | - | 174,244,143 |
| | (-) | (137,094,902) | (-) | (-) | (137,094,902) |
| Software: | | | | | |
| ATS | - | 5,533,686 | - | - | 5,533,686 |
| | (-) | (46,026,331) | (-) | (-) | (46,026,331) |
| AGS | - | 47,600,000 | - | - | 47,600,000 |
| | (-) | (-) | (-) | (-) | (-) |
| Communication: | | | | | |
| ATS | - | 80,785,428 | - | - | 80,785,428 |
| | (-) | (67,752,846) | (-) | (-) | (67,752,846) |
| Interest on Fixed Loans: | | | | | |
| ATS | - | 4,193,654 | - | - | 4,193,654 |
| | (-) | (2,115,405) | (-) | (-) | (2,115,405) |
| Reimbursement of Operatin and Other Expenses (refer Note 10 above): | | | | | |
| AIMF | - | 44,177,526 | - | - | 44,177,526 |
| | (-) | (10,181,113) | (-) | (-) | (10,181,113) |
| ASL | - | 18,618,234 | - | - | 18,618,234 |
| | (-) | (16,474,253) | (-) | (-) | (16,474,253) |
| ALI | - | 16,288,612 | - | - | 16,288,612 |
| | (-) | (32,817,661) | (-) | (-) | (32,817,661) |
| AUK | - | 12,844,910 | - | - | 12,844,910 |
| | (-) | (28,961,066) | (-) | (-) | (28,961,066) |
| BAGI | - | 17,850,359 | - | - | 17,850,359 |
| | (-) | (-) | (-) | (-) | (-) |
| Others | - | 76,841,411 | - | - | 76,841,411 |
| | (-) | (97,751,309) | (-) | (-) | (97,751,309) |



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Uma Baghavendran

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Schedule to Accounts

16. Notes on Accounts – Contd.

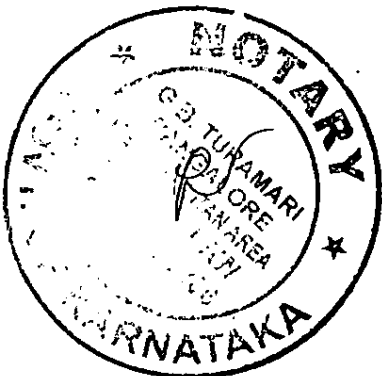
Rupees

14. Related Party Disclosures – Contd.

| Ref. | Description of relationship | Names of related parties |
|------|---|---|
| d. | Others (entities where key management personnel are able to exercise significant influence) | AXA Employees' Provident Fund Trust (AEPFT) |

B. Summary of transactions with related parties during the year is as follows:

| Nature of transaction | Holding Companies [A(a)(ii)] | Fellow Subsidiaries [A(b)(i)] | Key Management Personnel [A(c)] | Others [A(d)] | Total |
|------------------------------|------------------------------|-------------------------------|---------------------------------|---------------|------------------------------|
| Services: | | | | | |
| ASL | - (-) | 799,732,083 (732,894,583) | - (-) | - (-) | 799,732,083 (732,894,583) |
| ALI | - (-) | 410,715,645 (398,475,383) | - (-) | - (-) | 410,715,645 (398,475,383) |
| AUK | - (-) | 343,244,947 (310,337,263) | - (-) | - (-) | 343,244,947 (310,337,263) |
| APPP | - (-) | 242,853,390 (255,492,940) | - (-) | - (-) | 242,853,390 (255,492,940) |
| AAP | - (-) | 227,244,239 (178,826,938) | - (-) | - (-) | 227,244,239 (178,826,938) |
| Others | - (-) | 256,680,436 (222,661,561) | - (-) | - (-) | 256,680,436 (222,661,561) |
| Rent (Income): | | | | | |
| ATS | - (-) | 17,819,300 (14,616,000) | - (-) | - (-) | 17,819,300 (14,616,000) |
| AGS | - (-) | 9,038,120 (-) | - (-) | - (-) | 9,038,120 (-) |
| BAGI | - (-) | 340,025 (-) | - (-) | - (-) | 340,025 (-) |
| Reimbursement of FBT: | | | | | |
| ALI | - (-) | 1,394,036 (1,744,584) | - (-) | - (-) | 1,394,036 (1,744,584) |
| ASL | - (-) | 1,236,771 (1,015,203) | - (-) | - (-) | 1,236,771 (1,015,203) |
| AUK | - (-) | 1,201,174 (1,571,798) | - (-) | - (-) | 1,201,174 (1,571,798) |
| Others | - (-) | 3,278,552 (600,483) | - (-) | - (-) | 3,278,552 (600,483) |



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Schedule to Accounts

16. Notes on Accounts - Contd.

Rupees

14. Related Party Disclosures:

A. Names of related parties and description of relationship:

| Ref. | Description of relationship | Names of related parties |
|------|--|--------------------------|
| a. | Parties where Control exists: | |
| (i) | Ultimate Holding Company | AXA SA, France |
| (ii) | Holding Company | Societe Beaugon, France |
| | Graywood Investments Limited, United Kingdom (GIL) | |

b. Parties under common control with whom transactions have taken place during the year:

(i) Fellow Subsidiaries

- AXA UK Pic, United Kingdom (AUK)
- AXA Sunlife Services Pic, United Kingdom (ASL)
- AXA PPP Healthcare, United Kingdom (AAPP)
- AXA Asia Pacific Holdings Limited, Australia (AAP)
- AXA Life Insurance Company Limited, Japan
- AXA Equitable Life Insurance Co., United States
- AXA Belgium SA, Belgium
- AXA Services AG, Germany
- AXA Insurance UK Pic, United Kingdom (ALI)
- Alliance Bernstein, LP, United States
- Alliance Bernstein Investor Services Inc, United States
- AXA Assistance (UK) Limited, United Kingdom
- AXA China Region Insurance Co Limited, Hong Kong (ACL)
- GIE AXA, France
- AXA Technology Services Inc, United States
- AXA Technology Services India Private Limited, India (ATS)
- AXA Assurances Inc, Canada
- AXA Group Solutions SA, France
- AXA Group Solutions Private Limited, India (AGS)
- Krungthai AXA Life Insurance Company Limited, Thailand
- AXA Investment Managers Limited, United Kingdom
- AXA Investment Managers SA, France (AIMF)
- Denplan Limited, United Kingdom
- Bharti AXA Life Insurance Company Limited, India (BAL)
- Bharti AXA General Insurance Company Limited (BAGI)
- Bharti AXA Investment Managers Private Limited

c. Key Management Personnel

Chief Executive Officer

C. Buch

Joint Chief Executive Officer

S. Banerjee

Wholetime Directors

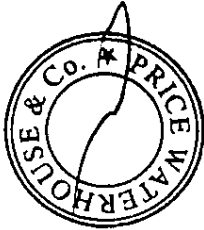
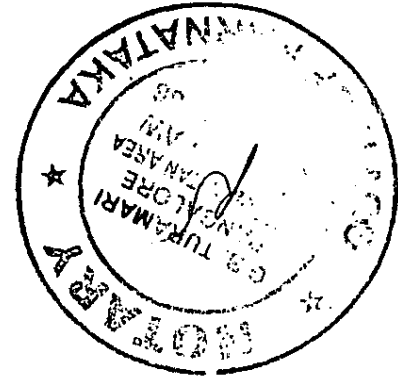
O. Sanders

P. Bisht (for part of the year)

M. Chalisgaonkar (for part of the year)

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16. Notes on Accounts - Contd.

13. Segment Reporting:

(a) Primary Segment Disclosures:

The Company's operations predominantly relate to providing of non-voice (which includes data processing, project migration, IT services, etc.) and voice (which represents call centre) services, which have been classified as separate business segments. Accordingly, primary reporting disclosures for business segments, as envisaged in Accounting Standard (AS) 17 on Segment Reporting issued by ICAI, are given below.

Fixed assets used in the Company's business and liabilities contracted for are not identifiable in line with the following reportable segments as they are used interchangeably between the segments. All other assets and liabilities are un-allocable except for Sundry Debtors:

| | Non-Voice | Voice | Others | Total |
|-------------------------------------|-----------------|---------------|-------------|-----------------|
| External Sales | 1,743,798,193 | 504,631,694 | 32,040,853 | 2,280,470,740 |
| | (1,518,116,793) | (580,571,875) | (-) | (2,098,688,668) |
| Segment Profit (Loss) | 165,285,481 | 47,831,391 | - 8,404,437 | 204,712,435 |
| | (446,214,786) | (170,645,471) | (-) | (616,860,257) |
| Less: Interest on Fixed Loans | - | - | - | 6,834,230 |
| | (-) | (-) | (-) | (3,762,589) |
| Add: Unallocable Income | - | - | - | 164,318,781 |
| | (-) | (-) | (-) | (49,633,322) |
| Net Profit before Taxation | - | - | - | 362,187,986 |
| | (-) | (-) | (-) | (662,710,890) |
| Current Assets, Loans and Advances: | 191,882,444 | 55,528,193 | 3,310,620 | 250,721,257 |
| Sundry Debtors | (200,021,477) | (76,494,012) | (-) | (276,515,489) |

Note: Figures in brackets relate to previous year.

(b) Secondary Segment Disclosures:

The Company services its customers (only related parties) who are based in Australia, Asia (Japan, Hong Kong and India) Europe (United Kingdom, France, Germany and Belgium) and America (United States and Canada) through its facilities based in India. Accordingly, secondary segment reporting disclosures are given on geographic lines.

| | Australia | Asia | Europe | America | Total |
|----------------|---------------|--------------|-----------------|---------------|-----------------|
| External Sales | 227,244,239 | 78,652,082 | 1,824,518,749 | 150,055,670 | 2,280,470,740 |
| | (178,826,938) | (73,253,647) | (1,737,553,535) | (109,054,548) | (2,098,688,668) |

Note: Figures in brackets relate to previous year.

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Schedule to Accounts

16. Notes on Accounts – Contd.

Rupees

(c) Deferred Tax:

The net Deferred Tax Asset/ (Liability) as on December 31, 2007 amounting to Rs.12,727,459 (2006: Nil) has been arrived at as follows:

| | 2007 | 2006 |
|--|-------------------|-------------|
| Deferred Tax Asset/ (Liability) arising from: | | |
| (i) Difference between carrying amount of fixed assets in the financial statements and the Income Tax Return (Net) | (1,371,494) | (3,138,598) |
| (ii) Expenses charged in the financial statements but allowable as a deduction in the future years under the Income Tax Act, 1961: | | |
| Provision for Gratuity | 12,877,354 | - |
| Provision for Leave Encashment | 1,221,599 | - |
| (iii) Unabsorbed Depreciation allowance carried forward as per the Income Tax Act, 1961 | - | 3,138,598 |
| Net Deferred Tax Asset/ (Liability) | 12,727,459 | - |
| Net Deferred Tax Credit for the year accounted for as: | | |
| Credit in Profit and Loss Account under 'Provision for Taxation' | 12,727,459 | - |

Notes:

- (i) The tax impact for the above purpose has been arrived at applying a tax rate of 33.99% (2006: 33.66%) being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961.
 - (ii) No deferred tax asset/ liability has been accounted for in the books in respect of certain timing differences, which are expected to reverse within the tax holiday period based on Accounting Standards Interpretation (ASI) 5 issued by the Institute of Chartered Accountants of India (ICAI).
 - (iii) Deferred tax asset on unabsorbed depreciation allowance has not been accounted for by virtue of Accounting Standards Interpretation (ASI) 9 on "Virtual certainty supported by convincing evidences" issued by the ICAI.
12. (a) The Company has entered into forward exchange contracts for hedging the foreign exchange fluctuation risk on its receivables, which has been accounted for in line with AS 11 "The Effects of Changes in Foreign Exchange Rates" (revised 2003) issued by ICAI. Accordingly, the contracted foreign currency payable to banks of Rs.235,822,882 (2006: Rs.282,475,547) and related amount receivable of Rs.243,705,786 (2006: Rs.277,959,188), in the subsequent year, have been disclosed under Other Liabilities (Schedule 11) and Advances recoverable in cash or in kind or for value to be received (Schedule 10) respectively, while the differential premium credit carried forward is Rs.259,934 (2006: Rs.175,457).

| | 2007 | 2006 |
|---|---------------|---------------|
| (b) Forward foreign exchange contracts entered into by the Company to cover its estimated foreign currency transactions but not represented by assets | 1,134,513,582 | 1,096,608,025 |

The above contracts have not been accounted for in the books in the absence of guidelines available in AS 11 (revised) for accounting of forward exchange contracts entered into to hedge the foreign currency risks of future transactions in respect of which firm commitments are made.



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Schedule to Accounts

16. Notes on Accounts – Contd.

10. Operating and Other expenses (Schedule 14) is net of recovery of Rs.186,621,052 (2006: Rs.186,185,402) on account of expenditure recoverable from a holding company and fellow subsidiaries in connection with services rendered, as detailed below:

Rupees

| | 2007 | 2006 |
|--|--------------------|--------------------|
| Salaries, Bonus, etc. | 83,885,957 | 34,964,753 |
| Staff Welfare | 3,089,791 | 65,003 |
| Rent | 27,816,143 | 86,780,188 |
| Software Development Support and Maintenance | 2,882,172 | 1,047,960 |
| Legal and Professional | 5,433,296 | - |
| Recruitment and Training | 2,250,621 | - |
| Travelling and Conveyance | 53,805,016 | 60,300,247 |
| Communication | 2,517,868 | 3,018,917 |
| Miscellaneous | 4,940,188 | 8,334 |
| | 186,621,052 | 186,185,402 |

The above netting off against expenses does not have any impact on the profit for the year.

11. Taxation:

(a) Transfer Pricing:

The Finance Act, 2001, has introduced, with effect from assessment year 2002-03 (effective April 1, 2001) detailed Transfer Pricing regulations (the regulations) for computing the income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. The regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the due date of filing the Return of Income.

For the fiscal year ended March 31, 2007, the Company had undertaken a study to comply with the regulations for which the prescribed certificate of the Accountant has been obtained and this did not envisage any tax liability.

For the fiscal year ended March 31, 2008, the Company will carry out a similar study to comply with the regulations.

(b) Current Tax:

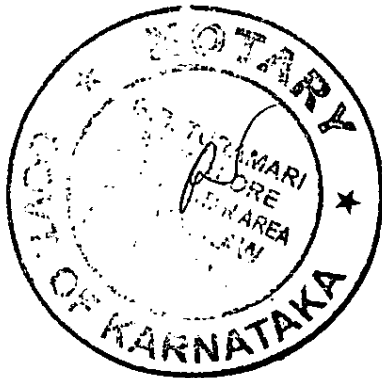
The tax year of the Company being April to March, the provision for taxation for the year ended December 31, 2007 is the aggregate of the provision made for the period from January 01, 2007 to March 31, 2007 amounting to Rs.5,290,221 (2006: Rs.4,000,000) and the provision based on the figures for the remaining nine months period from April 1, 2007 to December 31, 2007 amounting to Rs.3,621,396 (2006: Rs.2,000,000). The ultimate income tax liability for the fiscal year 2007-08, however, will be determined based on the results of the Company for the fiscal year ending March 31, 2008.



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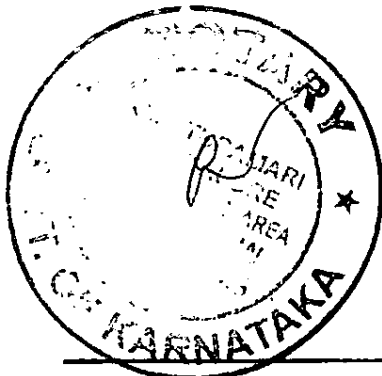
Schedule to Accounts

16. Notes on Accounts – Contd.

| | | Rupees | |
|------|---|--------------------|--------------------|
| | | 2007 | 2006 |
| 7. | Whole Time Directors' Remuneration (excluding Provision for Gratuity and Leave Encashment): | | |
| | Salaries, Bonus, etc. (Note) | 30,792,364 | 38,608,078 |
| | Contribution to Provident and Other Funds | 701,754 | 1,232,142 |
| | Perquisites (calculated in accordance with Income Tax Rules) | 49,546 | 458,977 |
| | | 31,543,664 | 40,299,197 |
| | Note: Performance incentives, as per the Company's scheme, included above are based on the disbursements made by the Company during the year. | | |
| 8. | Auditors Remuneration (Included in Legal and Professional in Schedule 14)*: | | |
| | Statutory Audit [Including Rs.525,000 (2006: Rs.150,000) relating to earlier year] | 2,500,000 | 1,450,000 |
| | Group reporting Audit [Including Nil (2006: Rs.150,000) relating to earlier year] | - | 150,000 |
| | Tax Accounts and Tax Audit | 450,000 | 750,000 |
| | Certification | 75,000 | 75,000 |
| | Others [Including Rs.700,000 (2006: Nil) relating to earlier year] | 700,000 | - |
| | Out of Pocket Expenses | 42,346 | 18,765 |
| | *Excluding service tax | | |
| 9. | The particulars of equity share holdings is as follows: | | |
| (i) | Held by Graywood Investments Limited (GIL), United Kingdom, the holding company: | | |
| (a) | 2,039,999 (2006: 2,039,999) shares of Rs.10/- each with repatriable benefits | 20,399,990 | 20,399,990 |
| (b) | 8,766,319 (2006: 8,766,319) shares of Rs.10/- each pursuant to Reserve Bank of India (RBI) and Foreign Investment Promotion Board (FIPB) approvals | 87,663,190 | 87,663,190 |
| (c) | 15,517,690 (2006: 15,517,690) shares of Rs.10/- each under the automatic route in terms of the RBI Notification No. FERA 182/98 RB dated February 10, 1998, and the notification contained in Press Note No.07 (1999 Series) dated April 1, 1999 of the Department of Industrial Policy and Promotion | 155,176,900 | 155,176,900 |
| (ii) | 2 (2006: 2) shares of Rs.10/- each held by GRE Nominee Shareholdings Limited, United Kingdom, on behalf of GIL, the beneficial owner of the shares | 20 | 20 |
| | | 263,240,100 | 263,240,100 |

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Schedule to Accounts

16. Notes on Accounts – Contd.

Rupees

(ix) Earnings Per Share:

Annualised earnings/ (loss) per equity share (basic and diluted) is arrived at based on Net Profit/ (Loss) after taxation to the weighted average number of equity shares.

(x) Provisions:

Provisions are recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement, if virtually certain, is recognised as a separate asset.

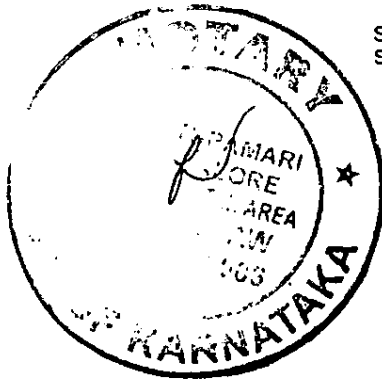
(xi) Leases:

Assets acquired under finance leases are capitalised at the lower of the fair value of the leased assets at the inception of the lease term and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

(xii) Impairment of Assets:

At each Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Profit and Loss Account to the extent the carrying amount exceeds the recoverable amount.

| | 2007 | 2006 |
|--|---------------|---------------|
| 2. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 13,629,145 | 7,795,956 |
| 3. Contingent Liabilities (Note): | | |
| Bank Guarantees | 58,261,000 | 6,548,187 |
| Income tax matters in dispute | 8,616,583* | 6,647,931 |
| Others | 5,000,000 | - |
| * Including Rs.7,192,390 paid under protest | | |
| Note: Contingent Liabilities disclosed above represents possible obligations where possibility of cash outflow to settle the obligation is remote. | | |
| 4. CIF Value of imports: | | |
| Capital Goods (including assets taken on Finance Lease) | 82,715,386 | 66,020,993 |
| 5. Expenditure in Foreign currency: | | |
| Travelling and Conveyance (Net of reimbursement aggregating to Rs.47,544,354 (2006: Rs.38,400,463)) | 9,002,870 | 12,786,083 |
| Software Development Support and Maintenance | 6,895,686 | 46,026,331 |
| Communication | 80,785,428 | 67,752,846 |
| IT Infrastructure Support and Maintenance | 174,244,143 | 135,002,223 |
| Miscellaneous | 1,420,822 | - |
| 6. Earnings in Foreign currency: | | |
| Services – Data processing, Call Centre, Project Migration and IT Services and others | 2,271,506,975 | 2,098,113,127 |



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16. Notes on Accounts – Contd.

Rupees

- (v) *Forward exchange contracts to hedge foreign currency risks of future transactions in respect of which firm commitments are made:*

The Company enters into forward foreign exchange contracts to mitigate the exposure in foreign currency on forecast cash flows in certain foreign currencies. The Company accounts for forward exchange contracts that constitute a hedge from an economic perspective based on their designation as "effective hedges" or "non effective hedges".

To designate a forward contract as an effective hedge, management objectively evaluates on an ongoing basis each contract with appropriate supporting documentation and evidence at the inception of each forward contract and on an ongoing basis to determine whether these forward contracts are effective in achieving offsetting cash flows attributable to the hedged risk or not.

The Company records the gain or loss on effective hedges in the Profit and Loss Account on maturity.

- (vi) *Employee Benefits:*

- (a) *Defined-contribution plans:*

Contribution to the Employees' Provident Fund and Employees' Pension Scheme are as per statute and are recognised as expenses during the period in which the employees perform the services.

- (b) *Defined-benefit plans:*

Liability towards gratuity is determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss Account.

- (c) *Other long term employee benefits:*

Liability towards leave encashment and compensated absences are recognised at the present value based on actuarial valuation at each balance sheet date.

- (d) *Short term employee benefits:*

Liability of earned leave, compensated absences, performance incentives etc. are recognised during the period when the employee renders the services.

- (vii) *Investments:*

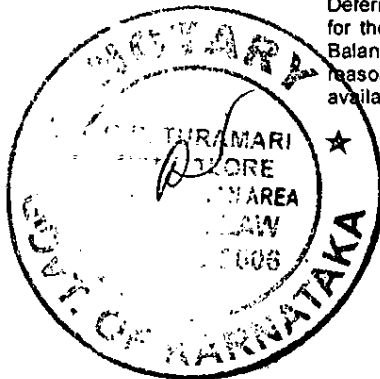
Long term Investments are stated at cost, and provision, where necessary, is made to recognise a decline, other than temporary, in the value of investments. Current Investments are stated at lower of cost and realisable value.

- (viii) *Taxes on Income:*

Current tax is determined on the basis of the Income Tax Act, 1961.

Fringe benefit tax is determined at current applicable rates on expenses falling within the ambit of 'Fringe Benefit' as defined under the Income Tax Act, 1961.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which such deferred tax asset can be realised.



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Schedule to Accounts

16. Notes on Accounts

Rupees

1. Significant Accounting Policies

(i) Method of Accounting:

The Company adopts historical cost concept and accrual basis in the preparation of its accounts.

(ii) Fixed Assets and Depreciation:

Fixed Assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenditure related to acquisition and installation of the assets concerned.

Depreciation is provided on a Straight Line Method (SLM) at rates prescribed in Schedule XIV to the Companies Act, 1956, except for the following, which are based on management's estimate of useful life of the assets concerned:

| | <u>Rate of depreciation</u> |
|--|-----------------------------|
| Computers | 33.33% |
| Office Equipment | 20.00% -33.33% |
| Furniture and Fixtures (lying at employees' residence) | 33.33% |
| Software | 33.33% |
| Vehicles | 25.00% - 50.00% |

Operating software is capitalised along with the related fixed assets while application software is charged off on purchase, except for major application software, which are amortised over its estimated useful life as determined by the management.

Fixed assets individually costing up to Rs.5,000 are depreciated at the rate of 100% on purchase.

Leasehold Improvements are amortised over the period of lease.

Assets acquired on finance lease are depreciated over the period of lease or estimated useful life as above, whichever is lower.

(iii) Revenue Recognition:

Revenue is recognised as and when the services are performed.

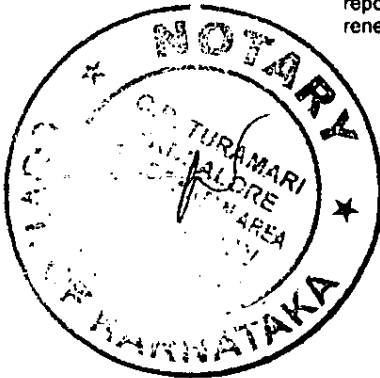
(iv) Foreign Currency Transactions:

Transactions in foreign currencies are recognised at rate of exchange as was prevailing on the date of the transaction.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

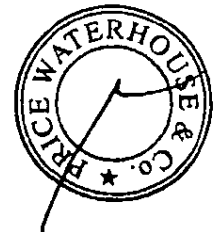
All monetary items of foreign currency liabilities/ assets are restated at the rates ruling at the year end and all the exchange gains/ losses arising there from are adjusted to the Profit and Loss Account except those covered by forward contract rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.



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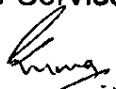


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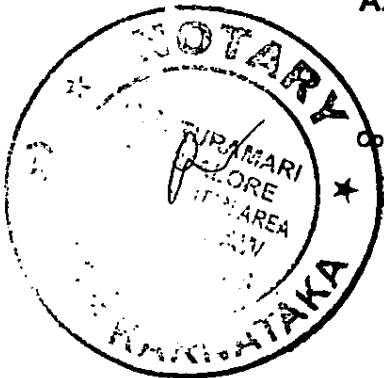
Schedules to Accounts

| | 2007 Rupees | 2006 Rupees |
|---|----------------------|----------------------|
| 13. Other Income | | |
| Interest from Banks (Gross) [Tax Deducted at Source: Rs.799,355 (2006: Rs.1,712,781)] | 4,003,694 | 6,263,032 |
| Interest - Others (Gross) [Tax Deducted at Source: Nil (2006: Nil)] | 1,188,492 | - |
| Dividend (Gross) [Tax Deducted at Source: Nil (2006: Nil)] | 48,095,913 | 18,006,787 |
| Profit on Sale of Investments | 6,793,565 | 4,375,900 |
| Rent [Including Rs.2,319,840 (2006: Nil) relating to earlier years] | 27,413,021 | 14,616,000 |
| Exchange Gain (Net) | 65,327,753 | 52,426,757 |
| Recovery of Fringe Benefit Tax | 7,110,533 | 4,932,068 |
| Liability no longer required written back | 4,236,714 | - |
| Miscellaneous | 2,150,096 | 1,439,535 |
| | <u>164,319,781</u> | <u>102,060,079</u> |
| 14. Operating and Other Expenses (Schedule 16 Note 10) | | |
| Employees' Cost: | | |
| Salaries, Bonus, etc. [Including Provision for Leave Encashment: Rs.1,693,679 (2006: Provision for Leave Encashment Rs.25,458)] | 980,342,803 | 642,489,119 |
| Contribution to Provident and Other Funds [Including Provision for Gratuity: Rs.12,618,554 (2006: Rs.5,366,253)] | 53,368,425 | 33,928,752 |
| Staff Welfare | 29,613,762 | 29,944,602 |
| | <u>1,063,324,990</u> | <u>706,362,473</u> |
| Rent [Including Rs.5,198,922 (2006: Nil) relating to earlier years] | 156,386,394 | 134,951,539 |
| Rates and Taxes | 3,250,786 | 5,759,069 |
| Insurance | 27,114,877 | 15,983,242 |
| Power and Fuel | 60,472,698 | 52,128,096 |
| Repairs and Maintenance - Others | 62,520,992 | 46,681,919 |
| IT Infrastructure Support and Maintenance | 174,244,143 | 137,094,902 |
| Software Development Support and Maintenance | 56,121,422 | 46,026,331 |
| Legal and Professional | 34,834,009 | 28,541,333 |
| Recruitment and Training | 19,494,690 | 14,281,479 |
| Travelling and Conveyance | 141,276,589 | 102,444,496 |
| Communication | 85,893,481 | 71,417,029 |
| Loss on Sale/ Scrapping of Fixed Assets (Net) | 7,861,403 | 605,552 |
| Miscellaneous | 22,231,599 | 20,746,635 |
| | <u>1,915,028,073</u> | <u>1,383,024,095</u> |
| 15. Interest | | |
| On Fixed Loans | 6,834,230 | 3,782,589 |
| | <u>6,834,230</u> | <u>3,782,589</u> |

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AXA BUSINESS SERVICES PRIVATE LIMITED

Schedules to Accounts

| | 2007 Rupees | 2006 Rupees |
|--|--------------------|--------------------|
| 10. Loans and Advances (Unsecured, Considered good) | | |
| Prepaid Expenses | 36,689,782 | 35,564,981 |
| Income Tax (Net of Provision) | 24,332,303 | 36,122,002 |
| MAT Credit Entitlement | 25,664,244 | - |
| Advances recoverable in cash or in kind or for value to be received (Note) | 383,255,075 | 328,549,320 |
| | <u>469,941,404</u> | <u>400,238,303</u> |

Note: Includes amount receivable on forward contracts:
Rs.243,705,786 (2006: Rs.277,959,188) (Schedule 16 Note 12).

11. Current Liabilities and Provisions

A. Liabilities

Sundry Creditors:

| | | |
|---|--------------------|--------------------|
| Dues to Micro Enterprises and Small Enterprises (Schedule 16 Note 18) | - | - |
| Others | 68,762,315 | 22,732,046 |
| Advance from Customers | 1,105,200 | 1,166,545 |
| Other Liabilities (Note) | 479,142,608 | 452,247,621 |
| | <u>549,010,123</u> | <u>476,146,212</u> |

Note: Includes foreign currency payable on forward contracts: Rs.235,822,882
(2006: Rs.282,475,547) (Schedule 16 Note 12).

B. Provisions

| | | |
|--------------------------------------|-------------------|-------------------|
| Fringe Benefit Tax (Net of Payments) | - | 4,500,000 |
| Gratuity | 37,885,717 | 25,267,163 |
| Leave Encashment | 3,593,995 | 1,900,316 |
| | <u>41,479,712</u> | <u>31,667,479</u> |

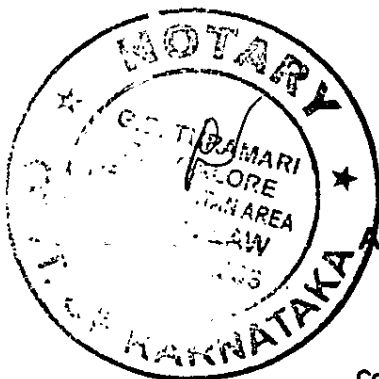
12. Services [Schedule 16 Note 1(iii)]

Exports:

| | | |
|-------------------|---------------|---------------|
| Data Processing | 1,683,910,066 | 1,424,169,304 |
| Call Centre | 504,631,694 | 580,571,875 |
| Project Migration | 34,504,902 | 52,744,540 |
| IT Services | 16,419,460 | 40,627,408 |
| Others | 32,040,853 | - |

Domestic:

| | | |
|-------------------|----------------------|----------------------|
| Data Processing | 5,277,983 | 157,493 |
| Project Migration | 3,685,782 | 175,090 |
| IT Services | - | 242,958 |
| | <u>2,280,470,740</u> | <u>2,098,688,668</u> |



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AXA BUSINESS SERVICES PRIVATE LIMITED

Schedules to Accounts

| | 2007 Rupees | 2006 Rupees |
|---|--------------------|--------------------|
| B. Investments [Schedule 16 Note 1(vii)] - Contd. | | |
| Current, Quoted | | |
| Brought forward | 508,805,263 | 720,547,885 |
| Citibank - Principal Cash Management Fund - Liquid - Weekly Dividend Reinvestment Nil (2006: 2,009,556) units of Rs.10 each fully paid (sold during the year) | - | 20,336,911 |
| Standard Chartered - FMP Quarterly Series Dividend Nil (2006: 2,000,000) units of Rs.10 each fully paid (sold during the year) | - | 20,000,000 |
| | <u>508,805,263</u> | <u>760,884,796</u> |

* Aggregate Net Asset Value (NAV) as at the year end: Rs.512,722,852 (2006: Rs.760,884,796).

Notes:

- (i) Includes Rs.51,000,000 (2006: Nil) under lien with bank against guarantees.
- (ii) Particulars of Investments purchased and sold/ restated during the year is provided in Note 20 on Schedule 16.

7. Sundry Debtors

(Unsecured, Considered Good)

| | | |
|----------------------|--------------------|--------------------|
| Exceeding Six Months | 2,901,495 | 78,736 |
| Other Debts | 247,819,762 | 276,436,753 |
| | <u>250,721,257</u> | <u>276,515,489</u> |

Note: Represents due from fellow subsidiaries: Rs.250,721,257 (2006: Rs.276,515,489).

8. Cash and Bank Balances

| | | |
|---|--------------------|--------------------|
| Cash on hand | 179,125 | 285,176 |
| Balances with Scheduled Banks: | | |
| Current Accounts [Note (i)] | 467,338,663 | 364,944,189 |
| Balances in other Banks in Current account: | | |
| Citibank - London [Note (ii)] | 28,730,465 | - |
| Term Deposits [Note (iii)] | 417,332,799 | 64,000,000 |
| | <u>913,581,052</u> | <u>429,229,365</u> |

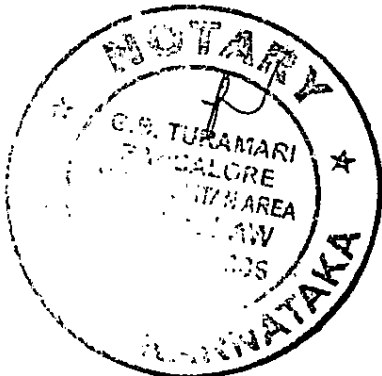
Notes:

- (i) Includes Rs.484,515,871 (2006: Rs.335,918,581) in Exchange Earners' Foreign Currency (EEFC) Account.
- (ii) Maximum amount outstanding during the period Rs.28,730,465 (2006: Nil).
- (iii) Includes Rs.5,000,000 (2006: Rs.6,548,187) under lien with bank against guarantees.

9. Other Current Assets

(Unsecured, Considered good)

| | | |
|-----------------------------------|--------------------|--------------------|
| Other Deposits | 100,052,308 | 109,491,078 |
| Interest Accrued on Term Deposits | 801,182 | 931,499 |
| | <u>100,853,490</u> | <u>110,422,577</u> |



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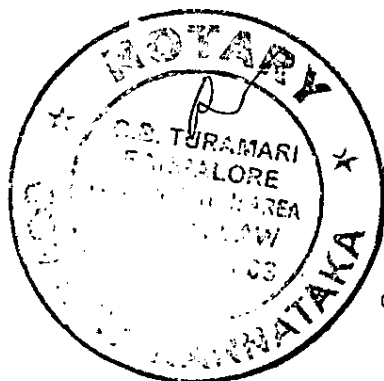


AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

| | 2007 Rupees | 2006 Rupees |
|---|--------------------|--------------------|
| 6. Investments [Schedule 16 Note 1(vii)] - Contd. | | |
| Current, Quoted | | |
| Brought forward | 481,413,106 | 75,000,000 |
| Deutsche Bank - DWS Credit Opportunities Cash Fund 1,856,783 (2006: Nil) units of Rs.10 each fully paid [1,800,000 (2006: Nil) units purchased during the year and 56,783 (2006: Nil) units accrued during the year under dividend reinvestment plan] | 18,715,626 | - |
| Citibank - HDFC Cash Management Savings Plus - Daily Dividend Reinvestment 801,456 (2006: Nil) units of Rs.10 each fully paid [800,000 (2006: Nil) units purchased during the year and 1,456 (2006: Nil) units accrued during the year under dividend reinvestment plan] | 8,039,806 | - |
| Citibank - Birla Sweep Fund - Dividend - Reinvestment 63,326 (2006: Nil) units of Rs.10 each fully paid (purchased during the year) | 636,725 | - |
| Standard Chartered - GSSIF-MT-Fortnightly Dividend Nil (2006: 13,750,000) units of Rs.10. each fully paid (sold during the year) | - | 137,500,000 |
| Standard Chartered - Liquid Maturity Plan Nil (2006: 115,181) units of Rs.1,000 each fully paid (sold during the year) | - | 115,192,126 |
| Citibank - Templeton India Treasury Management Nil (2006: 58,855) units of Rs.1,500 each fully paid (sold during the year) | - | 89,009,155 |
| Standard Chartered - FMP Quarterly Series (2) Dividend Nil (2006: 7,000,000) units of Rs.10 each fully paid (sold during the year) | - | 70,000,000 |
| Citibank - DSP Meryll Lynch Liquidity Fund - Daily Dividend Reinvestment Nil (2006: 5,076,723) units of Rs.10 each fully paid (sold during the year) | - | 50,818,000 |
| Standard Chartered - FMP Yearly Series Growth Nil (2006: 5,000,000) units of Rs.10 each fully paid (sold during the year) | - | 50,000,000 |
| Citibank - Prudential ICICI Liquid Plan Nil (2006: 3,545,380) units of Rs.10 each fully paid (sold during the year) | - | 42,017,715 |
| Deutsche Bank - DWS Fixed Term Fund 28 - Dividend Option Nil (2006: 4,000,000) units of Rs.10 each fully paid (sold during the year) | - | 40,000,000 |
| Citibank - Principal Cash Management Fund - Liquid - Dally Dividend Reinvestment Nil (2006: 3,064,180) units of Rs.10 each fully paid (sold during the year) | - | 30,648,541 |
| Citibank - HDFC Cash Management Fund Nil (2006: 1,914,402) units of Rs.10 each fully paid (sold during the year) | - | 20,362,348 |
| <i>Carry forward</i> | <u>508,805,263</u> | <u>720,647,885</u> |

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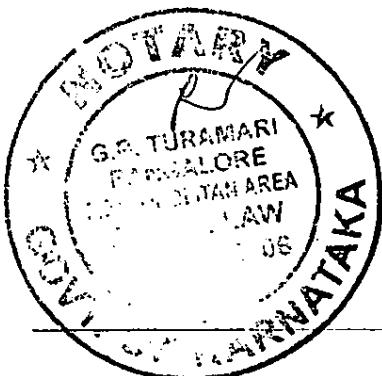


AXA BUSINESS SERVICES PRIVATE LIMITED

Schedule to Accounts

| | 2007 Rupees | 2006 Rupees |
|---|--------------------|-------------------|
| 6. Investments [Schedule 16 Note 1(vii)] | | |
| Current, Quoted | | |
| Other than Trade | | |
| Standard Chartered - FMP Arbitrage Fund Dividend - Plan B 8,650,996 (2006: 4,500,000) units of Rs.10 each fully paid [3,873,417 (2006: 4,500,000) units purchased during the year and 277,579 (2006:Nil) units accrued during the year under dividend reinvestment plan] | 90,332,837 | 45,000,000 |
| Deutsche Bank - Prudential ICICI - Blended Plan A - Fixed Maturity Plan 2,885,725 (2006: 2,885,725) units of Rs.10 each fully paid | 30,000,000 | 30,000,000 |
| Citibank - Templeton Floating Rate Fund - Dividend Reinvestment 8,083,161 (2006: Nil) units of Rs.10 each fully paid [7,759,640 (2006: Nil) units purchased during the year and 323,521 (2006: Nil) units accrued during the year under dividend reinvestment plan] | 85,215,913 | - |
| Citibank - Redeemable Non Convertible Debentures - Series 167 51 (2006: Nil) debentures of Rs.1,000,000 each (purchased during the year) [Note (i)] | 51,000,000 | - |
| Standard Chartered - Fixed Maturity Plan - Quarterly Series (19th) - Dividend 5,000,000 (2006: Nil) units of Rs.10 each fully paid (purchased during the year) | 50,000,000 | - |
| Standard Chartered - Grindlays Floating Rate Fund - Inst Plan B - Daily Dividend 4,007,092 (2006: Nil) units of Rs.10 each fully paid [3,998,057 (2006: Nil) units purchased during the year and 9,035 (2006: Nil) units accrued during the year under dividend reinvestment plan] | 40,092,958 | - |
| Standard Chartered - FMP Arbitrage Fund - Series 1 - Dividend - Plan B 4,000,000 (2006: Nil) units of Rs.10 each fully paid (purchased during the year) | 40,000,000 | - |
| Citibank - Templeton Short Term Income Plan - Weekly Dividend Reinvestment 28,123 (2006: Nil) units of Rs.1,000 each fully paid [27,571 (2006: Nil) units purchased during the year and 552 (2006: Nil) units accrued during the year under dividend reinvestment plan] | 30,550,568 | - |
| Citibank - Birla Sunlife Interval Income Fund - Daily Dividend Reinvestment 2,414,092 (2006: Nil) units of Rs.10 each fully paid [2,400,000 (2006: Nil) units purchased during the year and 14,092 (2006: Nil) units accrued during the year under dividend reinvestment plan] | 24,220,830 | - |
| Standard Chartered - Fixed Maturity Plan (10th) Growth 2,000,000 (2006: Nil) units of Rs.10 each fully paid (purchased during the year) | 20,000,000 | - |
| Citibank - Redeemable Non Convertible Debentures - Series 180 20 (2006: Nil) debentures of Rs.1,000,000 each (purchased during the year) | 20,000,000 | - |
| <i>Carry forward</i> | <u>481,413,106</u> | <u>75,000,000</u> |

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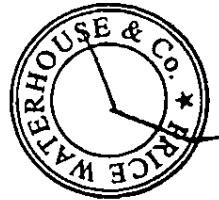
Schedule to Accounts

5. Fixed Assets [Schedule 16 Note 1(ii)]

| | Rupees | | | | | | | | | | | |
|--|-----------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-----------|------|
| | Gross Block (at cost) | | Deletions | | 2007 | | 2006 | | Depreciation | | Net Block | |
| | 2006 | Additions | Deletions | 2007 | 2006 | Additions | Deletions | 2007 | 2006 | 2007 | 2007 | 2006 |
| Leasehold Improvements | 251,816,264 | 10,143,011 | 3,477,397 | 258,481,878 | 55,645,691 | 31,803,737 | 2,323,507 | 85,125,921 | 173,355,957 | 196,170,573 | | |
| Plant and Machinery | 46,466,868 | 4,438,502 | 1,249,950 | 49,655,440 | 6,780,569 | 2,208,468 | 198,037 | 8,791,000 | 40,864,440 | 39,666,319 | | |
| Computer Systems | 167,860,350 | - | 74,982 | 167,785,368 | 144,558,171 | 20,577,609 | 61,282 | 165,074,498 | 2,710,870 | 23,302,179 | | |
| Computer Software | 16,140,312 | 2,050,000 | - | 18,190,312 | 2,711,891 | 5,607,945 | - | 8,319,836 | 9,870,476 | 13,428,421 | | |
| Office Equipment | 139,533,217 | 14,713,052 | 27,600 | 154,218,669 | 45,118,717 | 19,778,849 | 6,962 | 64,890,604 | 89,328,065 | 94,414,500 | | |
| Furniture and Fixtures | 75,544,207 | 8,710,578 | 12,340,633 | 71,914,152 | 27,238,225 | 5,447,448 | 4,918,552 | 27,767,121 | 44,147,031 | 48,305,982 | | |
| Vehicles (Note 1) | 40,232,360 | 40,190,461 | 16,385,900 | 64,036,921 | 15,541,171 | 12,069,200 | 8,400,559 | 19,209,812 | 44,827,109 | 24,691,189 | | |
| | <u>737,593,598</u> | <u>80,245,604</u> | <u>33,556,462</u> | <u>784,282,740</u> | <u>297,594,435</u> | <u>97,493,256</u> | <u>15,908,899</u> | <u>379,178,792</u> | <u>405,103,948</u> | <u>439,899,163</u> | | |
| Assets acquired on Finance Lease: | | | | | | | | | | | | |
| Computer Systems (Note 2) | 91,842,842 | 41,844,489 | 6,543,191 | 127,144,140 | 29,986,143 | 48,730,932 | 1,220,285 | 77,496,790 | 49,647,350 | 61,856,699 | | |
| Office Equipment (Note 2) | 71,860,191 | 26,107,424 | 16,919,912 | 81,047,703 | 24,229,527 | 14,506,044 | 178,995 | 38,556,576 | 42,491,127 | 47,630,664 | | |
| | <u>901,296,631</u> | <u>148,197,517</u> | <u>57,019,565</u> | <u>982,474,583</u> | <u>351,810,105</u> | <u>160,730,232</u> | <u>17,308,179</u> | <u>495,232,158</u> | <u>497,242,425</u> | <u>549,486,526</u> | | |
| 2006 | 757,819,321 | 209,545,664 | 66,068,354 | 901,296,631 | 260,004,777 | 151,231,073 | 59,425,745 | 351,810,105 | | | | |
| | | | | | | | | | <u>25,815,947</u> | <u>6,848,379</u> | | |
| | | | | | | | | | <u>523,058,372</u> | <u>556,334,905</u> | | |

Capital Work-in-Progress [Including Capital Advances: Rs.22,995,367 (2006: Rs.1,373,227)]

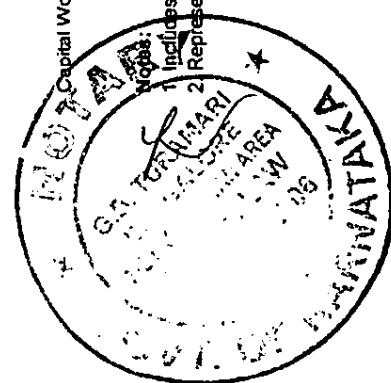
1 Includes Rs.64,036,921 (2006: Rs.40,232,360) acquired on hire purchase.
2 Represents assets acquired from a fellow subsidiary.



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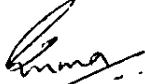
Schedule to Accounts

4. Unsecured Loan

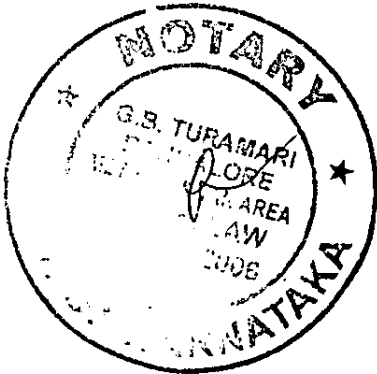
From Bank - Book Overdraft

| 2007 Rupees | 2006 Rupees |
|-------------------|-------------------|
| 13,478,744 | 15,609,592 |
| <u>13,478,744</u> | <u>15,609,592</u> |

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AXA BUSINESS SERVICES PRIVATE LIMITED

Schedules to Accounts

| | 2007 Rupees | 2006 Rupees |
|--|-----------------------------|-----------------------------|
| 1. Capital | | |
| Authorised: | | |
| 10,000,000 (2006: 10,000,000) 10% Redeemable Non-Cumulative Preference Shares of Rs.10/- each [Note (i)] | 100,000,000 | 100,000,000 |
| 52,500,000 (2006: 52,500,000) 5% Redeemable Non-Cumulative Preference Shares of Rs.10/- each [Note (ii)] | 525,000,000 | 525,000,000 |
| 37,500,000 (2006: 37,500,000) Equity Shares of Rs.10/- each | <u>375,000,000</u> | <u>375,000,000</u> |
| | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| Issued, Subscribed and Paid-up: | | |
| Nil (2006: 9,200,000) 10% Redeemable Non-Cumulative Preference Shares of Rs.10/- each fully paid up in cash [Note (i)] | - | 92,000,000 |
| Nil (2006: 8,968,300) 5% Redeemable Non-Cumulative Preference Shares of Rs.10/- each fully paid up in cash [Note (ii)] | - | 89,683,000 |
| 26,324,010 (2006: 26,324,010) Equity Shares of Rs.10/- each fully paid up in cash (Schedule 16 Note 9) | <u>263,240,100</u> | <u>263,240,100</u> |
| | <u>263,240,100</u> | <u>444,923,100</u> |

Notes:

- (i) 9,200,000 (2006: Nil) 10% Redeemable Non-Cumulative Preference shares held by Graywood Investments Limited, United Kingdom, the holding company, redeemed during the year (Schedule 16 Note 22).
- (ii) 8,968,300 (2006: Nil) 5% Redeemable Non-Cumulative Preference Shares held by Graywood Investments Limited, United Kingdom, the holding company redeemed during the year (Schedule 16 Note 22).

2. Reserves and Surplus

Capital Redemption Reserve:

| | | |
|--|-----------------------------|-----------------------------|
| As per last Balance Sheet | - | - |
| Add: Transfer from Profit and Loss Account (Schedule 16 Note 22) | <u>181,683,000</u> | <u>181,683,000</u> |
| Profit and Loss Account balance | <u>1,614,526,757</u> | <u>1,441,205,376</u> |
| | <u>1,796,209,757</u> | <u>1,441,205,376</u> |

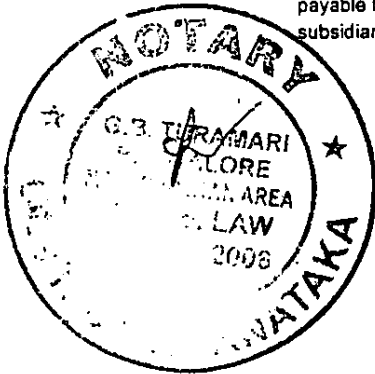
3. Secured Loans

From a Financial Institution:

| | | |
|--|---------------------------|---------------------------|
| Hire Purchase Loans [Note (i)] [Repayable within one year: Rs.9,190,129 (2006: Rs.7,198,956)] | 35,110,041 | 19,771,847 |
| Finance Lease Obligation [Note (ii)] | <u>81,159,820</u> | <u>104,399,829</u> |
| | <u>116,269,861</u> | <u>124,171,676</u> |

Notes:

- (i) Secured by way of a charge on fixed assets acquired out of the loans.
- (ii) Represents principal portion of minimum lease payments payable for assets acquired on finance lease from a fellow subsidiary (Schedule 16 Note 16(b)).



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AXA BUSINESS SERVICES PRIVATE LIMITED


Cash Flow Statement for the year ended December 31, 2007 - Contd.

| | 2007 Rupees | | 2006 Rupees |
|---|----------------------|---------------------|--------------------|
| <i>Total - brought forward</i> | 669,866,032 | | 52,659,479 |
| C. Cash flow from Financing Activities | | | |
| Proceeds from Borrowings | 30,810,612 | | 13,307,000 |
| Repayments of Borrowings | (15,472,418) | | (11,074,208) |
| Interest Paid (including on Finance Lease) | (6,074,190) | | (4,108,088) |
| Redemption of Preference Shares | (181,683,000) | | - |
| Net Cash from/ (used in) Financing Activities | (172,418,996) | | (1,875,296) |
| Adjustment for Unrealised Foreign Exchange (Loss)/ Gain on Cash and Cash Equivalents | (11,064,501) | | 6,526,753 |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | 486,382,535 | | 57,310,936 |
| Cash and cash equivalents as at January 1, 2006: | | | |
| Cash and Bank Balances | 429,229,365 | 360,387,551 | |
| Book Overdraft | <u>(15,509,592)</u> | <u>(3,978,714)</u> | 356,408,837 |
| Cash and cash equivalents as at December 31, 2007: | | | |
| Cash and Bank Balances | 913,581,052 | 429,229,365 | |
| Book Overdraft | <u>(13,478,744)</u> | <u>(15,509,592)</u> | 413,719,773 |

Notes:


1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at December 31, 2007 and the relative Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared in consonance with the requirements of Accounting Standard (AS) - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India and the reallocations required for the purpose are as made by the Company.
3. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm with current year's classification.

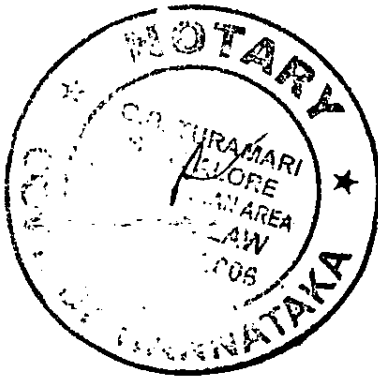
This is the Cash Flow Statement referred to in our report of even date


S. Dutta
 Partner
 For and on behalf of
Price Waterhouse & Co.
 Chartered Accountants
 Place: Bangalore
 Date: February 11, 2008

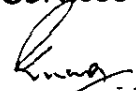

C. Buch
 Director


S. Banerjee
 Director


U Raghavendran
 Company Secretary
 Place: Pune
 Date: February 11, 2008



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Uma Raghavendran
 Company Secretary & Associate VP Compliance

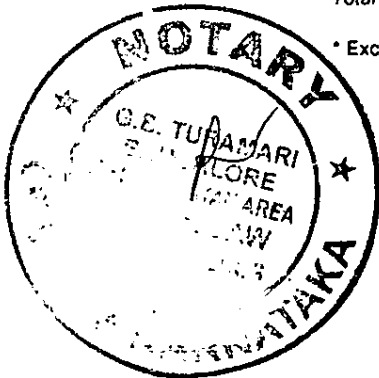
AXA BUSINESS SERVICES PRIVATE LIMITED

Cash Flow Statement for the year ended December 31, 2007

| | 2007 Rupees | 2006 Rupees |
|---|---------------------|----------------------|
| A. Cash flow from Operating Activities | | |
| Profit before Taxation | 362,197,986 | 662,710,990 |
| Adjustments for: | | |
| Depreciation | 160,730,232 | 151,231,073 |
| Interest on Fixed Loans | 6,834,230 | 3,782,589 |
| Interest Income * | (4,003,694) | (6,263,032) |
| Dividend | (46,095,913) | (18,006,787) |
| Loss/ (Profit) on Sale/ Scrapping of Fixed Assets | 7,861,403 | 605,552 |
| Unrealised Foreign Exchange Loss/ (Gain) | 2,506,280 | (1,938,678) |
| (Profit)/ Loss on Sale/ Restatement of Investments | (8,793,565) | (4,375,900) |
| Operating profit before working capital changes | 483,236,969 | 787,745,807 |
| Adjustments for: | | |
| Trade and Other Receivables | (46,261,798) | (300,649,032) |
| Current Liabilities and Provisions | 86,416,104 | 282,015,552 |
| | <u>40,154,306</u> | <u>(18,633,480)</u> |
| Adjustment for Unrealised Foreign Exchange (Loss)/ Gain | 8,558,211 | (4,588,075) |
| | <u>48,712,517</u> | <u>(23,221,555)</u> |
| Cash generated from operations | 531,949,486 | 764,524,252 |
| Income tax payments net of refunds | 2,888,082 | (38,689,786) |
| Fringe benefit tax payments | <u>(15,519,447)</u> | <u>(24,241,565)</u> |
| Net Cash from/ (used in) Operating Activities | 519,318,121 | 701,592,901 |
| B. Cash flow from Investing Activities | | |
| Purchase of Fixed Assets | (99,213,172) | (141,910,735) |
| Sale of Fixed Assets | 9,786,160 | 6,037,057 |
| Investments made | (2,100,056,597) | (2,015,005,106) |
| Sale of Investments | 2,358,929,695 | 1,527,999,612 |
| Interest Received | 4,134,011 | 8,384,940 |
| Dividend Income | 46,095,913 | 18,006,787 |
| Finance Lease payments | (69,128,099) | (52,445,977) |
| Net Cash from/ (used in) Investing Activities | 150,547,911 | (648,933,422) |
| <i>Total - carried forward</i> | 669,866,032 | 52,659,479 |

* Excludes Interest Income on Income Tax Refund: Rs.1,188,492 (2006: Nil).

Contd.




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Uma
Uma Raghavendran
Company Secretary & Associate.VP Compliance

AUDITORS' REPORT

TO THE MEMBERS OF AXA BUSINESS SERVICES PRIVATE LIMITED

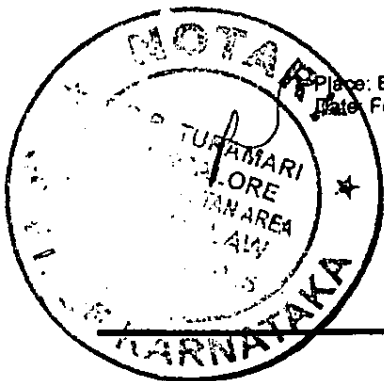
1. We have audited the attached Balance Sheet of AXA Business Services Private Limited as at December 31, 2007 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3.1 *As explained in Note 25 on Schedule 16, the leasehold rent is expensed in the accounts based on the terms of the lease agreement instead of following the opinion of the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) on "Accounting for Scheduled Rent Increases in case of an Operating Lease", i.e., the rent payable over the total lease period be charged on a straight line basis. Had the method prescribed by the ICAI been followed the leasehold rentals would be higher by Rs.58,267,334 with consequential effect on the profits and on the net worth of the Company.*
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
5. Further to our comments in paragraph 4 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, *subject to remarks in paragraph 3.1 above*, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2007, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and *subject to remarks in paragraph 3.1 above*, also give, a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2007;
 - (ii) in case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.


S. Dutta
Partner
Membership No. F 50081
For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

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AXA Business Services Pvt. Ltd.


Uma Raghavendran
Company Secretary & Associate VP Compliance

Place: Bangalore
Date: February 11, 2008



ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 4 of the Auditors' Report of even date to the members of
AXA Business Services Private Limited on the financial statements for the year ended December 31, 2007]

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) During the year, the Company has not disposed off a substantial part of its fixed assets.
- (ii) The Company has not granted or taken any loans, secured or unsecured, to/ from companies, firms or other parties listed in the register maintained under Section 301 of the Act and accordingly clauses (ii)(b), (ii)(c), (ii)(d), (ii)(f) and (ii)(g) of the Order are not applicable.
- (iii) In our opinion, having regard to the information and explanations given to us that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system 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, we have neither come across nor have been informed of any major weaknesses in the internal control procedures of the aforesaid areas.
- (iv) In our opinion and according to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register maintained under that Section. Accordingly, clause (v)(b) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (vii) (a) 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, as may be applicable and other material statutory dues with the appropriate authorities in India except dues in respect of sales-tax, as observed by us during the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India. The extent of arrears of statutory dues outstanding as at December 31, 2007 for a period of more than six months from the date they became payable in respect of respect of sales-tax are as follows:

| Name of the statute | Nature of dues | Amount (Rs.) | Period to which amount relates | Date of payment |
|---------------------------------|----------------|--------------|--------------------------------|-----------------|
| Maharashtra Value Added Tax Act | Sales-Tax | 20,987 | 2007-08 | - |

- (b) As at the year end, disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, as may be applicable, that have not been deposited on account of a dispute is as follows:

Rs.

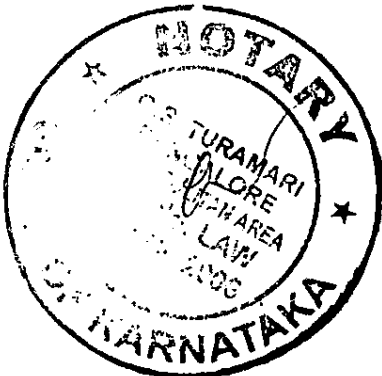
Income tax matters:

Demands arising out of order for assessment under Section 143(3) of the Income Tax Act for assessment year 2003-04 against which the Company has filed an appeal with the Commissioner of Income Tax (Appeals) I, Bangalore.

1,424,193 *

* Net of Rs. 1,450,000 paid.

- (viii) The Company has neither accumulated losses as at December 31, 2007 nor has it incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial period.



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AXA Business Services Pvt. Ltd.


Uma Raghavendran

Uma Raghavendran
Company Secretary & Associate VP Compliance



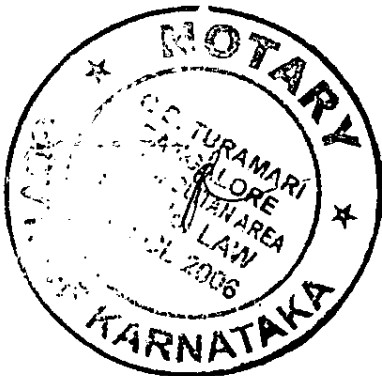
- (ix) The Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- (x) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by employees from banks or financial institutions during the year are not prejudicial to the interest of the Company.
- (xii) The company has not obtained any term loans.
- (xiii) On the basis of an overall examination, in our opinion, there are no funds raised on a short term basis, which have been used for long term investment, which has also been confirmed by the management.
- (xiv) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
- (xv) The other clauses of the Order namely clauses (ii), (viii), (xiii), (xiv), (xvii), (xix) and (xx) were not applicable to the Company during the year.


Place: Bangalore
Date: February 11, 2008


S. Dutta
Partner
Membership No. F 50081
For and on behalf of
Price Waterhouse & Co.
Chartered Accountants

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AXA Business Services Pvt. Ltd.


Uma Raghavendran
Company Secretary & Associate VP Compliance



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NOTARY
BANGALORE