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CHAIRMAN'S MESSAGE**Dear Shareholders,**

I feel privileged to address you once again in a year full of shocking events for the global as well as Indian bourses and your Company performed well under the exceptionally challenging environment.

Circumstances have changed drastically since my last interaction with you. India shining story which we observed for last five years has hit a sudden roadblock this year, signs of which were apparent from the start of this financial year. Sensex, after hitting a crest of 21,200 on January 10, 2008 has reversed its direction and started its one sided downward journey during the year. The financial year 2009 was characterised by very high level of volatility on Indian Bourses amidst increasing global uncertainty. Though seeds of this fall were sown during previous financial year itself with surfacing of sub-prime crisis in US, things became grave after fall of US financial giant Lehman Brothers in October 2008 followed by the failure of a number of other financial firms across globe. Shock and panic waves ran across the globe. Suddenly risk aversion became the theme and emerging markets had to bear the brunt. Bell weather Sensex lost more than 4,000 points during October 2008 and never seemed to recover since then. Decoupling theory which we have been talking suddenly looked like a theoretical fallacy. It indeed was. In spite of all our glorious growth numbers, it is money which keeps market growing. FII's pumped in USD 28.30bn during previous 3 years (FY06-08). Hit by redemption pressure and security concerns, they withdrew USD 11.96 bn from Indian Market during FY08-09. Initial half of last financial year, our domestic institutions tried to support the market but failure of global financial firms created panic like situation and domestic institutions also joined FII's in selling Indian market.

US sub-prime is half the story. Even corporate numbers were not supporting those in exorbitant multiples. One side corporate top-line took a hit from reduced demand; bottom-line was hit because of very high commodity prices during first half of the financial year. Making matter worse was adverse exchange rate movement and speculative derivative position created by Indian corporate which further dented the bottom-line. Since November IIP numbers have turned negative. Exports are dwindling and Capital Account turned negative for the first time during Q3 FY09 after a gap of 10 years. During FY09 we managed to log a GDP growth of 6.7%. Though there has been improvement in sentiment across investor community post election results and FII's have pumped massive USD 5.5bn between March 09 and May 09 we are not out of woods yet.



KEY HIGHLIGHTS

Following are the key highlights of the year;

- ❑ Increased branch and franchisee network to 106 from previous 49;
- ❑ Combined staff strength has grown to 332 from 243 during previous year;
- ❑ Insurance distribution and NBFC , the new business verticals launched during the year;
- ❑ 73% increase in number of clients in capital market and 189% in commodity market segment over the previous year.

Most prominent part of our growth strategy is focus on in-house research to cater to different segments of clients and meet their rising expectations. We sincerely believe in-house research is not only an essential part of business requirement it also gives control over quality of input and relative advantage in this intense business environment. We expanded our research team with highly qualified people having robust experience in the market.

FINANCIAL PERFORMANCE

In line with broad market consolidated turnover went down by 19% to Rs.3,999.66 lacs compared to previous year consolidated turnover of Rs.4,666.31 lacs. The company has incurred net loss of Rs.65.06 lacs during the year compared to Net Profit of Rs.1,655.36 lacs in the previous year. Depressed market along with business expansion initiatives have led to depressed financials. The networth of the company increased to Rs.8,223.31 lacs from Rs.5,926.25 lacs in FY08 due to issue of additional equity.

ROAD AHEAD

Rising unemployment and lowered economic activity has taken a toll on secondary market volumes while risk aversion by banks and financial institutions has led to reduced activity in the primary market. This has impacted both investment banking and equity broking business adversely. Depressed market has adverse bearing on insurance distribution business as well. There has been marked improvement in secondary market activity after thumping victory of new government, still sentiment is cautious. Additional liquidity pumping by global central banks are trying to defer the pain but it cannot be avoided for long. We will have to gear up to take these challenges head on by collective team work, optimum resource utilisation and cost control measures.

I express my sincere gratitude to you for showing trust in us during these difficult times and seek constant patronage.

Mumbai , May 23, 2009

J.T. Poonja
Chairman

MD'S MESSAGE**Dear Shareholders,**

I take pleasure in sharing with you the highlights of the performance of 'Fortune' Group for the year ended March 31, 2009.

The financial year 08-09 has been one of the most challenging years seen from business point of view when all bad omens occurred simultaneously. In spite of grim situation in the market, where many players were knocked out of business your company has been able to not only hold ground but also kept the business expansion process going. Though there were some weaknesses on profit & loss front, our balance sheet size grew by 30%. We also entered the new verticals of insurance distribution and NBFC and have also increased our branch and franchisee network on pan-India basis.

The weaker numbers in the financials are combined effect of bad market conditions and various growth initiatives taken by the Company. We firmly believe that irrespective of market condition we have to keep up investment for various growth opportunities. Various measures undertaken during the year have been outlined below:

- insurance distribution and NBFC are the expansion of product offerings during the year;
- increased point of presence to 106 locations across various states to enhance the market share and tap growth opportunities across small towns, cities and districts through organic and partnership routes;
- creating a scalable organisation structure to maintain operational efficiency amidst growing demands provide better synergistic linkages in addition to attracting a different set of investors, strategic partners, lenders etc;
- strengthening of processes by constantly upgrading much efficient and dependable technology to simplify processes and systems; and
- continuous training to ensure that employees at all levels are fully equipped to deliver a wide variety of products and services to the growing customer base.

BUSINESS WISE PERFORMANCE HIGHLIGHT

Financial year 08-09 has seen change in revenue mix and broking and distribution division was the largest revenue contributor with total revenue contribution of over 85.5% while investment banking division contributed 16.5% and rest came from NBFC and other businesses verticals.



INVESTMENT BANKING

Investment banking division was the main victim of changed market condition and lost almost 65% revenue compared to the previous year. More than 85% crash in market price of midcap stocks led to drying up primary market for equity of these companies. Buyers and sellers were not able to reach mutual price which lead to cancellation of deals. This has led to adverse impact on revenue of investment banking division.

BROKING AND RETAIL

Broking business has been lead performer during the year in spite of 39% fall registered in BSE benchmark index. Though we registered phenomenal growth in number of trades done during the year, overall turnover was less. This was because of contraction in deal size due to crash in price of equity, commodity and derivative products. There has been tremendous gain in number of new clients (both Institutional and retail) addition during the year. We have strengthened our research and sales team by inducting seasoned professionals which helped us protect the revenues in these turbulent times.

OTHERS

NBFC operational income has increased manifold during the year as compared to previous year.

The company is a leading distributor of IPOs and Mutual Funds and Insurance distribution is our new focus area. We are trying to strengthen this business vertical by increasing tie-up with various insurance players. Current uncertainty prevailing in the marketplace has hit the ULIP business which accounts for more than 80% of new policy issued.

Financial year 2008-09 has been a devastating year for the global equity market including the Indian market. It has dented the sentiment of investor community severely. Though there has been marked improvement in this after new government has been voted to power by thumping majority and FIs have started buying Indian equity asset class, current fiscal scenario is not very encouraging. Uncertainty is widespread and government finances look stretched. This may have adverse impact on government's ability to spend. In this challenging scenario the only way left is increased operational efficiency and enhanced revenue through new business initiatives.

I express my sincere gratitude to the Board of Directors for their continued support and guidance. My sincere thanks also goes to all our stakeholders, our customers, business associates, bankers, regulatory authorities, employees and shareholders for reposing their faith in these tough times.

Mumbai , May 23, 2009

Nimish C. Shah
Managing Director

BOARD OF DIRECTORS

Mr. J.T. Poonja	Executive Chairman
Mr. Nimish C. Shah	Managing Director
Mr. Diptesh Shah	Executive Director <i>(ceased w. e. f. 4th March, 2009)</i>
Mr. C. R. Mehta	Director
Mr. Gaurang A. Patel	Director
Mr. H. R. Prasad	Director <i>(w. e. f. 16th September, 2008)</i>
Mr. Manoj G. Patel	Director <i>(w. e. f. 16th September, 2008)</i>
Mr. Ramesh Venkat	Director
Mrs. Sangeeta J. Poonja	Director
Mr. Shailesh Haribhakti	Alternate Director <i>(w. e. f. 31st March, 2009)</i>
Mr. Sohan C. Mehta	Director



COMPANY DETAILS

FORTUNE'S LEADERSHIP TEAM

Mr. Kamlesh Gandhi	Director
Mr. Vishal Trehan	Country Head – Retail & Broking
Mr. Arun Kumar Bhangadia	Director – Business Development
Mr. Dileep H. Shinde	Head – Investment Banking
Mr. B. B. Tantri	Head – Operations
Mr. S. G. Muthu Kummar	Head – Corporate Affairs
Mr. S. Kalyanasundaram	Head – Treasury
Mr. Ramchandran Iyer	Head – Institutional Sales, Dealing and Research
Mr. Pranav Kumar	Zonal Head – Corporate Sales
Mr. Sanjay Makhija	Zonal Head – Institutional Sales
Mr. Naveen Sharma	Zonal Head – Northern Region
Mr. Govindaraj	Zonal Head – Southern Region

COMPANY SECRETARY

Mr. Haroon Mansuri

AUDITORS

M/s Nipun Sudhir & Associates
Chartered Accountants

LEGAL CONSULTANTS

M/s Purohit & Co.
Advocates

BANKERS

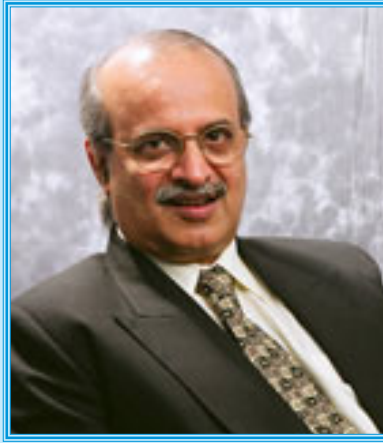
Axis Bank Ltd.
Dena Bank
ICICI Bank Ltd.
Standard Chartered Bank
Union Bank of India
Vijaya Bank

REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.
Unit No. 9, Ground Floor,
Shivshakti Industrial Estate,
7-B Sitaram Mills Compound,
J R Boricha Marg,
Lower Parel, Mumbai - 400 011

REGISTERED OFFICE

K. K. Chambers, 2nd Floor,
Sir P. T. Marg,
Fort, Mumbai 400 001
Website : www.ffsil.com



(Late) DIPTESH SHAH

On March 4, 2009 Fortune lost one of its most trusted and able pillar, our beloved Executive Director DIPTESH SHAH.

Diptesh, was associated with Fortune since 9th March, 2004 and much of Fortune's growth for the last couple of years is attributable to the key strategic inputs provided by Diptesh. A gem of a person, wonderful human being and exceptionally ethical professional. Diptesh brought on the table his rich knowledge in Investment Banking and his expertise in the entire financial services domain.

Diptesh's passing away has created a huge void which will be difficult to fulfill. We continue to miss his valuable insight and guidance as also his ever smiling face.

May God rest his soul in peace.



DIRECTORS' REPORT

Dear Shareholders

Your Directors are pleased to present their Eighteenth Annual Report together with the audited accounts on the business and operations of the Company for the year ended 31st March, 2009. The summarized financial results of the Company are given below:

Financial Highlights :

(Rupees in Lacs)

	2008-09	2007-08 *
Total Income	766.02	3,790.37
Profit before depreciation and Tax	321.77	1,744.59
Depreciation	21.24	120.26
Profit before tax	300.53	1,624.33
Provision for tax		
- Current tax	63.00	425.00
- Deferred tax	1.85	(60.60)
- Fringe benefits tax	3.35	8.75
Profit after tax	232.33	1,251.18
Less: Profit on discontinued operations	-	75.72
Profit on continuing operations	232.33	1,175.46
Balance brought forward from previous year	1,859.80	1,025.22
Tax in respect of earlier years (Net)	0.41	3.34
Balance available for appropriations	2,091.72	2,197.34
Transfer to General Reserve	23.23	117.54
Dividend	122.10	220.00
Balance carried to Balance Sheet	1,946.39	1,859.80
Weighted average number of equity shares		
- Basic	10,816,712	10,000,000
- Diluted	10,846,301	10,000,000
Nominal value per share (in rupees)	10.00	10.00
Basic and diluted earnings per share (in rupees)		
- Basic	2.15	11.75
- Diluted	2.14	11.75

* Figures for the year 2007-2008 include the erstwhile performance of the 'Discontinued Operations' of capital market undertaking, hence not comparable.

Performance Review :

The financial year 2008-09 was characterized by very high level of volatility on Indian Bourses amidst increasing global uncertainty. The cascading impact has led to severe demand slowdown. Collapse of various asset classes combined with reluctance of banks to lend has resulted into severe demand contraction. Many of the corporate projects have been deferred due to lack of demand and funding constraints. The overall domestic and global scenario has impacted investment banking adversely. Despite of all odds, the Company could survive even during the period of recession. The profit before tax stood at Rs. 300.53 Lacs as against Rs. 1,624.33 Lacs on the combined operations in the previous year.

Dividend :

Your Directors are pleased to recommend a payment of dividend of Rs. 1.10 per share payable to those members whose names appear in the Register of Members as on the date of Annual General Meeting. The dividend if declared as above, would involve an outflow of Rs. 122.10 Lacs.

Preferential issue of equity shares and equity warrants :

Pursuant to the consent granted by the members through Postal Ballot, the results of which were declared on 16th June, 2008, the Board of Directors on 4th July, 2008 allotted 11,00,000 equity shares of Rs. 10/- at a premium of Rs. 210/- per share aggregating to Rs. 2,420.00 lacs to the strategic investor and 4,00,000 equity warrants of Rs. 10/- each at a premium of Rs. 210/- per warrant convertible in to one equity share of Rs. 10/- each at a premium of Rs. 210/- per share, aggregating to Rs. 880.00 lacs on preferential basis to the promoters, relatives of promoters and a Company in which the promoter is interested. Consequent to this preferential issue of equity shares, the paid up equity capital of the Company has been increased to Rs. 1,110.00 lacs. The 11 lacs fresh equity shares rank pari-passu with the existing equity shares with respect to the voting rights and dividend entitlement. The preferential allotment of equity shares and equity warrants has not resulted in to any change in the composition of Board of Directors, management or control of the Company.

The holders of equity warrants have an option to apply for and obtain one equity share of Rs. 10/- each at a premium of Rs. 210/- per share for each equity warrant allotted to them. The option is exercisable with in a period of 18 months from the date of allotment of equity warrants. During the year, the holders of equity warrants have not exercised the options to convert equity warrants into equity shares.

The Board of Directors take this opportunity to thank the strategic investors who have shown confidence in the Management of the Company by investing in capital of the Company.

Future Prospects :

Risk aversion by banks and financial institutions has led to reduced activity in the primary market. This has impacted the investment banking adversely. Though current year may have challenges due to reduced capital market activities and general industrial slowdown, we see this as a good time to consolidate and invest in the business. India, as a market is highly under penetrated when it comes to various financial products and services, changing demographics with rising disposable income will create bigger and greater growth opportunities for financial service business in India in coming years.

Subsidiary Companies :

Your Company has received an exemption from the Ministry of Corporate Affairs, New Delhi, exempting the Company for compliance of Section 212 (1) of the Companies Act, 1956 accordingly, the accounts of the subsidiary companies are not attached with the annual report of the Company. However, the annual accounts of the subsidiary companies will be made available to the investors of the holding and subsidiary companies and will also be kept for inspection by the members at the Head Office of the Company.

The following information in aggregate for each of the subsidiary companies are disclosed in annual report stipulated in the letter issued by the Ministry of Corporate Affairs, New Delhi:

- (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investments (f) turnover/income (g) profit before tax (h) provision for tax (i) profit after tax and (j) proposed dividend.

Statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to the subsidiary companies is annexed as Annexure I and forms part of the Annual Report.

Fixed Deposits :

The Company has not accepted any deposit from the public during the year under review, to which the provisions of Section 58A of the Companies Act, 1956 and the rules made there under would apply.

Corporate Governance :

A report on the Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of the Corporate Governance and also the Management Discussion and Analysis Report as stipulated under Clause 49 of the Listing Agreement are forming part of the Annual Report.

All Board members and senior management personnel have affirmed compliance with code of conduct for the year 2008-2009. A declaration to this effect certified by the Executive Chairman of the Company is also attached in the Annual Report.



The Executive Chairman and the Chief Financial Officer (CFO) have certified to the Board with regard to the financial statements and other matters as required under Clause 49 of the Listing Agreement and the said certificate is contained in the Annual Report.

Auditors :

M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company hold office up to the conclusion of this Annual General Meeting and are recommended for reappointment. The Company has received a certificate under Section 224 (1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits as specified in that section.

Auditors' Report :

Your Directors refer to the observations made by the Auditors in their report and wish to state that the notes forming part of accounts are self explanatory and hence do not require any further comments.

Directors :

The Board of Directors in their meeting held on 16th September, 2008, appointed Mr. H. R. Prasad and Mr. Manoj G. Patel as Additional Directors of the Company. Mr. Prasad and Mr. Patel hold the office of Directorship till the ensuing Annual General Meeting. The Company has received deposit from the members of the company proposing the candidatures of Mr. Prasad and Mr. Patel as Directors of the Company.

Mr. Shailesh Haribhakti has resigned as a Director of the Company effective from 26th July, 2008. He has been appointed as an Alternate Director to Mr. Manoj G. Patel on 31st March, 2009.

Mr. Diptesh Shah ceased to be a Director of the Company due to untimely and sad demise on 4th March, 2009. The Board wishes to place on record his appreciation for the contribution made by him to the overall growth of 'Fortune' group during his tenure.

Mr. C.R. Mehta and Mr. Sohan C. Mehta, Directors retire by rotation and being eligible offer themselves for re-appointment.

Conservation of Energy, Technology Absorption :

The provision of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to your Company since your company is not under the scheduled industry pursuant to the said rules.

Foreign Exchange earning and outgo :

(Rupees in Lacs)

Particulars	2008-2009	2007-2008
Earnings :		
Subscription for issue of shares	2,436.75	–
Investment & Merchant banking	85.82	150.66
Outgo :		
Foreign Travelling	6.66	6.86
Subscription & Membership	4.45	3.66
Dividend	49.15	22.34

Particulars of employees :

Statement under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975, as amended by the Companies Amendment Act, 1988 is annexed as Annexure II and forms part of the Annual Report.

Employees Stock Option Scheme (ESOP) :

The Company has introduced stock options plan for our employees. The detail of options granted under Employee Stock Option (ESOP) Scheme 2006 is annexed as Annexure III and forms part of the Annual Report.

Directors' Responsibility Statement :

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed with explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the financial statements have been prepared on a going concern basis.

Acknowledgement :

The Management of your Company is grateful to customers, regulatory authorities, vendors, shareholders, business associates, company's bankers, financial Institutions, government authorities, etc. for their continued support and co-operation. The Directors appreciate and value the contributions made by every member of 'Fortune' family towards growth of the Company.

On behalf of the Board

Mumbai, May 23, 2009

J. T. Poonja
Executive Chairman

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Annexure I to Directors' Report

STATEMENT PURSUANT TO SECTION 212 (3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

1.	Names of the subsidiary companies	Fortune Equity Brokers (India) Limited	Fortune Commodities & Derivatives (India) Limited	Fortune Credit Capital Limited	Fortune Financial India Insurance Brokers Limited
2.	The financial years of the subsidiary companies	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
3.	Shares of the subsidiary companies held by Fortune Financial Services (India) Limited				
	a) No. of shares & face value	1,61,35,000 equity shares Rs.10/-each. 8,00,000 10% Redeemable Convertible Preference Shares Rs. 10/- each. 6,00,000 12.50% Redeemable Convertible Preference Shares Rs.10/- each.	30,00,000 equity shares Rs.10/- each - -	1,72,50,000 equity shares Rs.10/- each - -	6,00,000 equity shares Rs.10/- each - -
	b) extent of holding	100%	100%	100%	100%
4.	The net aggregate of Profit/(Loss) of the subsidiary companies so far as it concerns the members of Fortune Financial Services (India) Ltd.				
	a) Not dealt in the accounts of Fortune Financial Services (India) Ltd for the year ended 31 st March, 2009, amounted to-				
	<ul style="list-style-type: none"> For the subsidiaries' financial year ended 31st March, 2009 For the previous financial years of the subsidiaries since they became the holding company's subsidiaries. 	Rs. (260.22) Lacs Rs. 916.87 Lacs	Rs. 37.03 Lacs Rs. 6.18 Lacs	Rs. 81.31 Lacs Rs. 3.93 Lacs	Rs. (31.73) Lacs Rs. (1.49) Lacs
	b) Dealt in the accounts of Fortune Financial Services (India) Ltd for the year ended 31 st March, 2009, amounted to -				
	<ul style="list-style-type: none"> For the subsidiaries' financial year ended 31st March, 2009 For the previous financial years of the subsidiaries since they became the holding company's subsidiaries. 	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Annexure II to Directors' Report

Information under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31-03-2009

Sr.No	Name & Designation	Remuneration (Rupees)	Qualification	Experience in years	Date of commencement of employment	Age	Last employment before joining the Company, Designation / No. of years
I. Employed throughout the year :							
1.	Mr. J. T. Poonja Executive Chairman	48,00,829	M.A (Eco)	42	01-08-1992	68	Vijaya Bank Asst. General Manager 18 years
II. Employed for part of the year :							
1.	Mr. Nimish C. Shah Managing Director	10,61,502	MBA (USA)	22	06-03-1992	45	CIFCO Finance Ltd. Sr. Vice President 2 years
2.	Mr. Diptesh Shah, Whole Time Director	9,61,263	B.Com., C.A.	26	09-03-2004	48	Global Trust Bank Ltd. Executive Vice President

Notes:

- The above employments are contractual.
- The above employments are subject to the rules and regulations of the Company as in force from time to time.
- None of the Employee is related to any Director of the Company except Mr. J. T. Poonja, who is the husband of Mrs. Sangeeta J. Poonja, a Director of the Company and Mr. Nimish C Shah who is a relative of Mr. Sohan C Mehta, a Director of the Company.
- Remuneration shown above includes salary, dearness allowances, house rent allowances, bonus, medical reimbursements, incentive and Company's contribution to Provident Fund but does not include contribution to the gratuity fund, which is on the basis of the actuarial valuation and for which individual figures are not available.
- The remuneration paid to Mr. Nimish C. Shah is up to 30th June, 2008 only.
- The remuneration paid to Mr. Diptesh Shah is up to 3rd March, 2009 as he ceased to be a Director w. e. f 4th March, 2009 on account sad and untimely demise.
- The shareholding by the above employees as on 31st March, 2009 is as under :

Sr. No.	Name	No. of shares held	% of holding
1.	Mr. J T Poonja	16,00,140	14.42
2.	Mr. Nimish C. Shah	19,14,004	17.24
3.	Mr. Diptesh Shah	-	-



Annexure III to Directors' Report

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as at March 31, 2009.

a	Options Granted	2,89,490
b	The pricing formula	Rs.55/- (Rupees Fifty Five only) per option
c	Options Vested	2,74,790
d	Options exercised as at March 31, 2009	Nil
e	Total number of shares arising as a result of exercise of option	Nil
f	Options lapsed as at March 31, 2009	Nil
g	Variation of terms of options	Nil
h	Money realised by exercise of options	Nil
i	Total number of options in force as at March 31, 2009	2,74,790
j	Director(s) and Employee wise details of options granted to : i. Director including Senior Managerial Personnel ii. any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year. iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	a) Diptesh Shah – 43,700 b) B.B. Tantri – 15,000 c) G. Muthu Kumar – 15,000 d) Vishal Trehan – 77,660 e) Pranav Kumar – 38,830 Nil Nil
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']: i. Method of calculating of employee compensation cost ii. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock iii. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: <ul style="list-style-type: none"> ● risk-free interest rate, ● expected life, ● expected volatility, ● expected dividends, and ● the price of the underlying share in market at the time of option grant. 	Not Applicable Intrinsic Method Not Applicable Not Applicable

Note : The company had vested 43,700 options to Late Mr. Diptesh Shah, that is yet to be exercised by his legal heirs.

CORPORATE GOVERNANCE

Report on Corporate Governance

A. Corporate Philosophy:

Your Company has been practicing the principles of good corporate governance and conduct the business in accordance with the highest ethical standards and sound corporate governance practice since inception. Clause 49 of the Listing Agreement, which relates to Corporate Governance, was revised in October 2004, making far reaching amendments in the code. Your Company has already complied, in all material aspects, with the revised clause 49 of the Listing Agreement.

The primary purpose of corporate leadership is to create wealth legally and ethically. This translates to bring a high level of satisfaction to five constituents - customers, employees, investors, vendors and the society-at-large. The raison d'être of every corporate body is to ensure predictability, sustainability and profitability & revenues of the Company year after year.

The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as:

- Fair and transparent business practices.
- Effective Management control by the Board.
- Adequate representation of promoter, executive and independent directors on the Board.
- Accountability for performance.
- Monitoring of executive performance by the Board.
- Compliance of laws.
- Transparent, voluntary and timely disclosure of financial and management information.

B. Board of Directors:

The Board is headed by an Executive Chairman and comprises eminent persons with considerable professional experience in various fields. The present strength of the Board as on 31st March, 2009, is ten Directors including one Alternate Director. More than half of the Board consists of Independent Directors, the size and composition of the Board therefore conforms with the requirements of Corporate Governance Report under the Listing Agreement with the Stock Exchange.

The Composition of the Board and the number of outside directorships held by each of the Directors, their attendance detail are given below.

Name	Category	Attendance		Other Directorships (other than Pvt. Ltd. Cos.)	Committees (as on 31 st March, 2009)	
		Board meetings	Last AGM		Membership	Chairmanship
Mr. J. T. Poonja	Promoter & Executive Director Executive Chairman	6	Yes	4	–	3
Mr. Nimish C. Shah	Promoter & Managing Director	5	Yes	5	3	–
Mr. Diptesh Shah	Executive Director	5	Yes	4	–	–
Mrs. Sangeeta J. Poonja	Promoter & Non-Executive Director	5	No	–	–	–
Mr. Sohan C. Mehta	Promoter & Non-Executive Director	4	No	1	–	–
Mr. C. R. Mehta	Independent Director	6	No	1	–	3
Mr. Gaurang A. Patel	Independent Director	5	Yes	2	–	–
Mr. Ramesh Venkat	Independent Director	3	No	6	3	–
Mr. H. R. Prasad	Independent Director	1	N.A.	4	–	–
Mr. Manoj G. Patel	Independent Director	–	N.A.	–	–	–
Mr. Shailesh Haribhakti	Independent Director (Alternate Director to Mr. Manoj G. Patel)	2	N.A.	15	5	5



- Mr. Diptesh Shah ceased to be a Director w. e. f. 4th March, 2009 due to untimely and sad demise.
- Mr. Shailesh Haribhakti resigned as a Director w e f 26th July, 2008 and has been appointed as an alternate Director to Mr. Manoj G. Patel on 31st March, 2009.

Board Meetings:

The Board of Directors met six times during the year ended March 31, 2009 on May 12, 2008, June 26, 2008, July 26, 2008, September 16, 2008, October 24, 2008 and January 27, 2009. The maximum gap between any two meetings was not more than four months and all meetings were well attended.

Committees of the Board:

The Board has four major Board level Committees a) Audit Committee b) Remuneration / Compensation Committee c) Shareholder Grievances Committee and d) Internal Finance Committee. The quorum for meeting is either two members or one-third of the members of the committee, whichever is higher. All decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors.

Details on the role and composition of these Committees, including number of meetings held during the financial year and the attendance of the members at these meetings, are provided below:

Audit committee:

Terms of reference

The scope includes references made under Clause 49 of the Listing Agreement as well as Section 292A of The Companies Act, 1956 besides the other terms that may be referred by the Board. The broad terms of reference are as follows:

- Review of the Company's financial reporting process and disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditors and fixation of audit-fees and payment for other services.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - Changes in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the Management.
 - Significant adjustments arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statement.
 - Disclosure of related party transactions, if any.
 - Qualifications in the draft audit report.
- Reviewing with the management, the unaudited quarterly financial statements before submission to the Board.
- Reviewing with the management, external and internal auditors, the adequacy of internal control system and internal audit functions.
- Discussion with Auditors, any significant findings and follow-up thereon.
- Reviewing any suspected fraud, irregularity or failure of Internal Control System of material nature and reporting the matter to the Board.
- Discussion with statutory auditors in respect of pre and post audit matters.
- Reviewing Company's financial and risk management polices.
- Look into reasons for substantial defaults in payments to shareholders and creditors, if any.

Composition

Audit committee comprises of four Independent Directors.

Sr. No.	Name	Status	No. of meetings attended
1.	Mr. H R Prasad	Chairman (1)	1
2.	Mr. Gaurang A. Patel	Member (2)	4
3.	Mr. Ramesh Venkat	Member	3
4.	Mr. C.R. Mehta	Member	4

(1) Appointed as a member and Chairman of the Audit committee w. e. f. 27th January, 2009.

(2) Ceased to be a Chairman of the Audit Committee w. e. f. 27th January, 2009.

During the year four meetings of the Audit Committee were held on 25th June, 2008; 26th July, 2008; 24th October, 2008 and 27th January, 2009.

There is a participation of Statutory Auditors and other Senior Executives of the Company in the Committee meetings. Mr. Haroon Mansuri, Company Secretary acts as Secretary of the Committee.

Remuneration/ Compensation Committee:

Terms of Reference:

The purpose of remuneration / compensation committee is to look into the entire gamut of remuneration package for Executive Directors and Senior Management personnel, revise their remuneration in compliance with applicable provisions of the Companies Act, 1956 and Schedule XIII of the Companies Act, 1956 if applicable, decide on commission payable to the Directors within the prescribed limits and as approved by the shareholders of the Company, formulate compensation and incentive policy to be followed by the Company, formulate and administer employee welfare related schemes such as Employee Stock Options, Superannuation Fund, Gratuity Fund etc.

Remuneration / Compensation Policy:

The remuneration / compensation committee determines and makes recommendations to the Board regarding compensation payable to the directors. The compensation in respect of Board Members is approved by the shareholders and separately disclosed in the financial statement. The remuneration / compensation committee recommends / reviews remuneration / compensation to Executive Directors, based on performance and pre-determined criteria.

The remuneration / compensation policy of the Company is directed towards rewarding performance, based on periodic review of achievements by the employees at all levels. The remuneration / compensation policy is in consonance with the existing industry practice.

The non-executive directors on the Board are entitled to sitting fees as determined by the Board from time to time.

The directors may also be paid commission and other amounts as may be decided by the Board and approved by the members in accordance with the applicable provisions of the Companies Act, 1956.

The committee consists of three independent Directors and one promoter Director:

Name	Status	No. of meeting(s) attended
Mr. Ramesh Venkat	Chairman	–
Mr. Nimish C. Shah #	Member	N A
Mr. C.R. Mehta	Member	1
Mr. Gaurang A. Patel	Member	1

- # appointed w. e. f. 26th June 2008.
- Mr. Diptesh Shah was appointed as a member w. e. f. 12th May, 2008 and ceased to be member w. e. f. 4th March, 2009.
- During the year under review one meeting was held on 25th June, 2008.

Details of Directors' remuneration for the year ended 31st March 2009

Name of Directors	Remuneration	Sitting fees of the Board & committee meetings
	(Rupees)	
Mr. J. T. Poonja	48,00,829	–
Mr. Nimish C. Shah (1)	10,61,502	60,000
Mr. Diptesh Shah (2)	9,61,263	–
Mrs. Sangeeta J. Poonja	–	75,000
Mr. Sohan C. Mehta	–	60,000
Mr. Gaurang A. Patel	–	1,15,000
Mr. Ramesh Venkat	–	75,000
Mr. Shailesh Haribhakti (3)	–	30,000
Mr. C.R. Mehta	–	1,30,000
Mr. H R Prasad	–	15,000
Mr. Manoj Patel	–	–

(1) up to 30th June, 2008 (2) Up to 3rd March, 2009 (3) Up to 26th July, 2009



Shareholders Grievances Committee:

Terms of Reference:

Company has a Board Level shareholders / Investors Grievances Committee to examine and redress shareholders complaints. The status on complaints and share transfers is reported to the Board in quarterly meetings.

Composition:

The committee consist one non executive Director, one promoter Director and two Senior Executives of the Company. During the year under review the four meetings were held on 26th June, 2008; 26th July, 2008; 24th October, 2008 & 27th January, 2009.

Attendance of the members of the Committee at their meetings was as under:

Name	Status	No. of meetings attended
Mr. Gaurang A. Patel	Chairman	4
Mr. Nimish C. Shah	Member	3
Mr. B.B. Tantri	Member	4
Mr. S. G. Muthu Kummar	Member	4

The Board has designated Mr. Haroon Mansuri, Company Secretary as the Compliance Officer.

During the year under review, 7 complaints were received from shareholders. These complaints have been replied to the satisfaction of the shareholders. There are no pending complaints as on 31st March, 2009.

The Board has delegated the power of share transfer to the Registrar and Share Transfer Agents viz. Purva Sharegistry (India) Private Limited Shivshakti Industrial Estate, Unit No.9, 7/B, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai – 400 011 who process the share transfer applications.

Internal Finance Committee:

Terms of Reference:

The broad terms of reference are as follows:

- Review of Company's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable.
- Review banking arrangements and cash management.
- Exercise all powers to borrow moneys (otherwise than by issue of debentures) and taking necessary actions connected therewith including refinancing for optimization of borrowing costs.
- Giving of guarantees, issuing of letter of comfort, providing securities within the limits approved by the Board, provide corporate guarantee, performance guarantee by the Company within the limits approved by the Board.
- Carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notifications, amendments or modifications as may be applicable.
- Other transactions or financial issues that the Board may desire to have them reviewed by the Finance Committee.
- Delegate authorities from time to time to the Executives/Authorised persons to implement the decisions of the Committee.
- Regularly review and make recommendations about changes to the charter of the Committee.

Internal finance committee consists of following members from the Board :-

- Mr. J.T. Poonja Chairman
- Mr. Nimish C. Shah Member

Mr. Diptesh Shah ceased to be a member of the committee w e f 4th March, 2009 on account of untimely and sad demise.

During the year three meetings were held which we attended by all of its members.

Subsidiary Companies:

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

Accordingly, Fortune Equity Brokers (India) Limited becomes a “material non-listed Indian subsidiary” of the Company.

General Body Meetings:

The details of the last three Annual General Meetings :

Year	Date & Time	Venue	Details of the Special Resolutions passed
2008	30 th Aug, 2008 at 11.00 a m	K. K. Chambers, 2 nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001	No Special resolution passed.
2007	11 th Aug, 2007 at 11.00 a m	K. K. Chambers, 2 nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001	1) Alteration of ESOP Scheme 2006 2) Grant, offer or issue of Options exercisable by employees under the Scheme ESOP 2007 3) Extend the benefits of ESOP 2007 Scheme to the permanent employees of the subsidiary Companies, Directors, whether Whole time or other wise of the subsidiary Companies.
2006	23 rd Sept, 2006 at 11.00 a m	K. K. Chambers, 2 nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001	1) Re-appointment of Mr. Nimish C. Shah as - Vice Chairman and Managing Director for a further period of five years. 2) Approval of Employees Stock Option Scheme 2006.

During the year under review two resolutions were passed through Postal Ballot detailed as under:

Sr. No.	Date of notice of the Postal Ballot	Date of passing of the resolutions	Particulars of resolutions passed through Postal Ballot
1	14 th May, 2008	16 th June. 2008	Special Resolution for issue of equity shares and equity warrants on preferential basis under section 81 (1A) of the Companies Act, 1956.
2.			Alteration of Articles of Association of the Company by inserting Clause 51(A) in the Articles of Association under section 31 of the Companies Act, 1956.

In terms of the provisions of Rule 5 (b) of the Companies (Passing of Resolution by Postal Ballot) Rules 2001, M/s Mehta & Mehta, practicing Company Secretaries, were appointed as Scrutinizer for conducting Postal Ballot.

Notice of the Postal Ballot along with Explanatory Statement, Postal Ballot form and Self Addressed postage prepaid envelope were sent to the shareholders of the company and all other persons who were entitled to receive the same Under Certificate of Posting.

The Postal Ballot Forms received up to the closing hours on 14th June, 2008 were considered for determining the votes.

The result for the postal ballot was announced by the Executive Chairman of the Company at the registered office situated at K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001 on 16th June, 2008 at 1.00 p m .

Sr. No.	Particulars	Resolutions declared as passed on 16 th June, 2008
a)	Special Resolution for issue of equity shares and equity warrants on preferential basis under section 81 (1A) of the Companies Act, 1956.	
b)	Alteration of Articles of Association of the Company by inserting Clause 51(A) in the Articles of Association under section 31 of the Companies Act, 1956.	
1	Total no. of PBF received	51
2	No. of shares	56,16,329



Sr. No.	Particulars	Resolution declared as passed on 16 th June, 2008
3	% to total equity shares	56.16 %
4	No. of invalid/rejected PBF	Nil
5	No. of shares	Nil
6	% of total no. of PBF received	Nil
7	Total no. of valid PBF received	51
8	Total no. of shares	56,16,329
9	% of total no. of PBF received	100.00 %
10	Total no. of PBF in favour	48
11	Total no. of votes casted in favour	56,10,359
12	% of shares to receipt	99.89 %
13	Total no. of PBF against	3
14	Total no. of votes casted in against	5,970
15	% of shares to receipt	0.11 %

F. Disclosures:

- 1) There were no transactions of material nature which have been entered into by the Company with its Promoters, Directors, Management or relatives etc. that may have potential conflict with the interest of the Company.
- 2) Transactions with the related parties are disclosed in Notes to Accounts in the Annual Report as required by Accounting Standards under AS 18 issued by Institute of Chartered Accountants of India.
- 3) There were no non-compliances by the Company during the year. No penalties, strictures, imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- 4) The Company does not follow Whistle Blower Policy.
- 5) The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of the financial statement, the Company has not adopted a treatment different from that prescribed by the Accounting Standards.
- 6) Risk assessment and minimization procedures are periodically reviewed by the Internal Finance Committee and the Board of Directors of the Company.
- 7) As required by sub clause V of the Clause 49 of the Listing Agreement with the Stock Exchange, Mr. J. T. Poonja Executive Chairman and Mr. S. G. Muthu Kummar, Chief Financial Officer of the Company have certified to the Board that for the financial year ended 31st March, 2009, that the Company has complied with the requirements of the said sub clause.
- 8) The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with Stock Exchanges.

Management Discussion and Analysis :

The annual report has a detailed chapter of Management Discussions and Analysis.

Code of Conduct:

The Company has adopted a 'Code of Conduct' for the members of the Board of Directors and the Senior Management. All Board members have affirmed compliance with the code. A declaration to this effect signed by the Executive Chairman is given in this report.

Code of Insider Trading:

In compliance with the SEBI regulation on prevention of insider trading, the Company has adopted a code conduct for prevention of insider trading in the shares of the Company. The code inter-alia prohibits purchase/ sale, dealing of shares of the Company by the Directors, Senior Management Personnel and Officers of the Company while in possession of unpublished price sensitive information of the Company.

Means of Communication:

The quarterly and annual financial results of the company are regularly submitted to the Bombay Stock Exchange in accordance with the Listing Agreement and are published in Free Press Journal and Navshakti newspapers and posted on the Company's website. The Company's website www.ffsil.com contains a dedicated section "Investor Relationship" where the shareholder information is available. Shareholding pattern, Quarterly results and full annual report are also available on the website of the Company in a user friendly and downloadable form.

Annual General Meeting:

Date : 29th August, 2009
 Time : 11.00 a. m.
 Venue : K. K. Chambers, 2nd Floor,
 Sir P. T. Marg, Fort, Mumbai - 400 001

Financial Calendar:

Particulars	Dates
Financial Year	April 2009 – March 2010
First Quarter Results	Last week of July 2009
Second Quarter Results	Last week of October 2009
Third Quarter Results	Last week of January 2010
Audited results for the year ended 31 st March, 2010	By end of June 2010

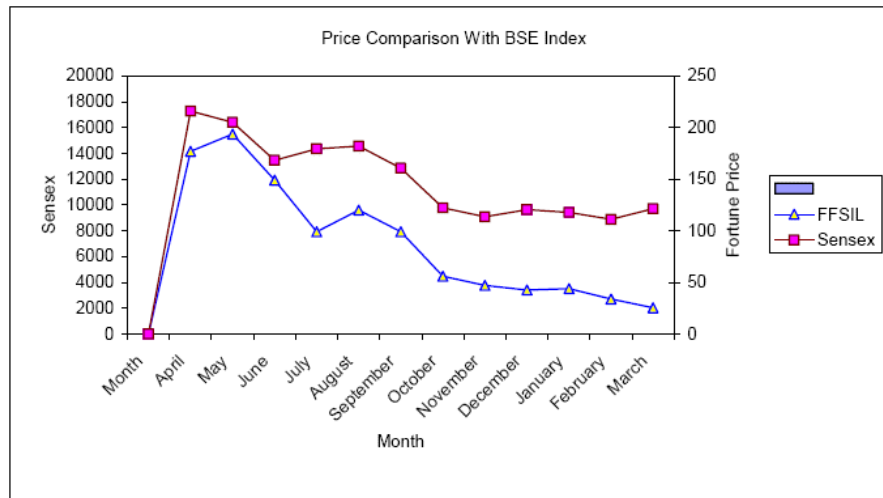
Book closure	24 th August, 2009 – 29 th August, 2009
Dividend payment date	4 th September, 2009
Listing of shares	The Bombay Stock Exchange Ltd
Stock Code	530023
ISIN	INE924D01017

Market Price Data (Monthly High & Low) April 2008 to March 2009 on BSE:

Month	Price (Rupees)		No. of shares traded
	High	Low	
April 2008	177.10	126.00	13,791
May 2008	216.10	168.30	37,436
June 2008	193.70	129.30	5,352
July 2008	148.85	97.00	14,354
August 2008	127.00	86.00	14,268
September 2008	126.80	92.75	7,308
October 2008	102.00	56.00	1,642
November 2008	60.50	46.55	4,696
December 2008	49.85	42.55	1,729
January 2009	44.95	38.45	2,122
February 2009	41.85	32.55	366
March 2009	32.35	22.00	38,583



Performance of share price of the Company in comparison to BSE Sensex:



Registrar and Transfer Agent:

Purva Sharegistry (India) Private Limited, Shivshakti Industrial Estate, Unit No.9, 7/B, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai – 400 011. Telephone: +91-22-23016761 / 8261 e-mail: busicomp@vsnl.com

Share transfer system:

The Shares of the Company are traded compulsorily in the Demat mode on the Stock Exchange. All the transfers and demat / remat requests are processed within the stipulated time and are being handled by the Registrar and Share Transfer Agent. The Company periodically conducts audit of share transfers and security audit through competent professionals.

Shareholding pattern as on 31st March, 2009:

Category	No. of shares	% of shareholding
Promoters	58,13,912	52.38
NRIs (including Foreign Corporate Bodies)	39,16,252	35.28
Corporate Bodies (other than Group Companies)	3,04,938	2.75
Indian Public	10,64,898	9.59
Total	1,11,00,000	100.00

Distribution of shareholding as on 31st March, 2009:

Category	No. of shareholders	% to total	Shareholding in Rs.	% to total
Up to 500	1,295	82.59	23,52,140	2.12
501 - 1000	116	7.40	9,13,650	0.82
1001 - 2000	57	3.63	8,93,200	0.80
2001 - 3000	23	1.47	6,05,960	0.55
3001 - 4000	11	0.70	3,94,050	0.36
4001 - 5000	2	0.13	96,290	0.09
5001 - 10000	17	1.08	12,25,850	1.10
10001 and above	47	3.00	10,45,18,860	94.16
Total	1,568	100.00	11,10,00,000	100.00

Dematerialization of shares:

The equity shares of the company are compulsorily traded in dematerialized form and the same are available for trading on both Depositories in India – Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

Capital structure as on 31st March, 2009

Particulars	No. of shares	Percentage
Held in Demat form		
- CDSL	38,85,371	35.00
- NSDL	55,28,282	49.80
Held in physical form	16,86,347	15.20
Total issued capital	111,00,000	100.00

Outstanding GDRs /ADRs etc.:

The Company has not issued any GDRs or ADRs.

The Company has obtained members approval on 16th June, 2008 through Postal Ballot for issue of 4,00,000 equity warrants of Rs. 10/- each at a premium of Rs. 210/- per warrant aggregating to Rs. 880,00,000/- on preferential basis to the promoters, relatives of promoters and to a Company in which relatives of a promoter are interested. The Board of Directors on 4th July allotted the said equity warrants which are convertible in to one equity share of Rs. 10/- each for each of the warrant issued within a period of eighteen months from the date of allotment. As on 31st March, 2009, none of the allottees have exercised their option for conversion of equity warrants in to equity shares.

Plant locations:

The Company is engaged in merchant banking and financial services. The same are being operated through its various branches and associates located across the country. The Company does not have any plant, factories, industrial undertakings or workshops.

Address for investors correspondence:

Registered Office	K. K. Chambers, 2 nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001 Tel Nos. : (022) 2207 7931 (5 lines) Fax No. : (022) 2207 2948 / 1776 Email : cosecretary@ffsil.com Web site : www.ffsil.com
Registrar and Transfer Agent	Purva Sharegistry (India) Private Limited, Shivshakti Industrial Estate, Unit No.9, 7/B, Sitaram Mill Compound, J.R. Boricha Marg, Lower Parel, Mumbai – 400 011. Telephone : +91-22-23016761 / 8261 e-mail : busicomp@vsnl.com Web site : www.purvashare.com

Shareholders are requested to correspond with the share transfer agent for transfer / transmission of shares, change of address and for queries pertaining to their shareholding, dividend etc., at the address mentioned above. The shareholders may also send their suggestions, requests and complaints on email at cosecretary@ffsil.com

Members who have not encashed their dividend declared in earlier years may contact the Company to revalidate dividend warrants/surrender their dividend warrants for revalidation. Members are requested to note that the dividend not claimed for a period of seven years from the date they became first due for payment will be transferred to the Investor Education and Protection Fund (IEPF) as required under Section 205 C of the Companies Act, 1956.

Shareholders holding shares in dematerialized form should address their correspondence to their Depository Participant (DP).

DECLARATION BY THE EXECUTIVE CHAIRMAN UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with clause 49 of the listing agreement with the stock exchange, I hereby confirm that, all the Directors and senior management personnel of the Company to whom the code of conduct is applicable, have affirmed the compliance of the said code during the financial year ended 31st March, 2009.

Mumbai, May 23, 2009

J. T. Poonja
Executive Chairman



EXECUTIVE CHAIRMAN AND CHIEF FINANCIAL OFFICER CERTIFICATION

We, J. T. Poonja, Executive Chairman and S.G. Muthu Kummar, Chief Financial Officer of Fortune Financial Services (India) Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii. these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee :
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year if any, and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Mumbai, May 23, 2009

J. T. Poonja
Executive Chairman

S. G. Muthu Kummar
Chief Financial Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Fortune Financial Services (India) Limited

We have examined the compliance of conditions of the corporate governance by Fortune Financial Services (India) Limited (the Company) for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of the corporate governance as stipulated in the above referred Listing Agreement.

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

For Nipun Sudhir & Associates
Chartered Accountants

Sudhir V. Nair
Partner
(Membership No. 45893)

Mumbai, May 23, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Overview

Macroeconomic scenario does not seem encouraging at all with economic numbers painting not so rosy picture. After logging annual growth rate of 9% for past 5 years, the economy has registered 6.7% GDP growth in FY09. The economy is showing negative growth in industrial production (IIP) since November, 2008. Main reason for this degrowth is diminishing consumer demand, both local and global. This has led to decline in corporate profitability. Corporate capex has come to halt. All this has led to massive lay-offs in labour oriented sectors of economy. The cascading impact has led to severe demand slowdown. The current gloomy scenario is not entirely our creation and we are a victim of international sub-prime crisis. Failure of western banking system has resulted into a systematic crisis which took the whole world into its fold. Collapse of various asset classes combined with reluctance of banks to lend has resulted into severe demand contraction. This put downward pressure on commodity prices and oil prices came down to USD 40 per barrel from all time high of USD 147 per barrel. This has severely curtailed spending power of oil rich nations. All this has pushed the world into deep recession like situation.

In this backdrop of global recession, Government was left as only spender and has tried to give a phillip to spending by offering stimulus packages. But last year's farm loan waiver of Rs. 69,000 crore, Fertilisers subsidy of Rs.1,09,000 crore and Oil subsidy of more than Rs.200,000 crore has left little scope for further manoeuvrability. Fiscal Responsibility and Budget Management Act (FBRMA) target of containing consolidated deficit to 2.5% of GDP has gone haywire and consolidated deficit has touched 10% of GDP (including off-budget items). Dwindling tax collection and rising expenditure does not portray bright outlook in near future. Receding crude prices will reduce subsidy burden of the Government but unless sentiment stabilises and credit starts flowing into the system, demand will not pick up. Resumption of investment cycle by corporate India is fully dependent on demand revival.

Investment Banking

Primary market could not escape the impact of deteriorating economic environment. It registered complete lacklustre performance after marvellous performance in FY2006 and FY2007. Capital raised through primary market through public and rights issue went down substantially. In 11 months from April 2008 to February 2009, there were 42 issues raising Rs.14,080 crore from primary market compared to Rs.87,029 crore raised through 124 issues during April 2007 to March 2008. Amount raised through QIP during 11 months were meagre Rs.189.29 crore compared to Rs. 25,525 crore done during previous financial year. Thus there was severe dent in risk appetite of institutional players. There were 21 public issues during April-February 2009 raising Rs.2,082 crore compared to 92 public issues raising Rs.54,511 crore during the previous year. There were total 21 Rights issue collecting Rs. 11,998 crore compared to 32 Rights issue collecting Rs.32,518 crore during the previous year. Thus investors were not welcoming new business ideas and preferred to support existing businesses. Collapse in secondary market had adverse impact on funds flow to equity mutual funds thus impacting private placement activities as well. Equity oriented mutual funds have seen inflow of Rs.36,372 crore in 11 months April-February 2009 compared to Rs.153,802 crore recorded in previous year. Many of the corporate projects have been deferred due to lack of demand and funding constraints. The emphatic win of single party government has raised hopes of policy initiatives on PSU divestment fronts. Primiray market revival will depend now to a great extent on government's initiative to divest stake in various PSUs and set the ball rolling.

Capital Market

Secondary market registered one of the worst performances in recent years. Sensex started FY08-09 with 15,770 mark while ended the year with 9,708 thus losing 37% of investor's wealth. Secondary market was characterised by very high level of volatility unseen in Indian market in last five years. NIFTY registered average volatility of 2.71% during the year which points towards extreme volatile and uncertain sentiment. Average daily turnover on bourses also came down drastically. Midcap and smallcap companies were the most hit. BSE midcap index started the financial year at 5,977 and closed at 2,956 registering a decline of 50%. BSE smallcap index started the financial year at 7,859 and ended the year at 3,246 taking a hit of 59%. Eruption of subprime crisis in US, heavy losses posted by financial giants like CITI, AIG and failure of dozens of financial institutions suddenly led to risk aversion and withdrawal of funds from emerging markets like India. FIIs withdrew USD 12bn from Indian markets and domestic institutions also came under panic grip. Thus MFs prefer to sit on cash. Flight to safety led to concentration of holdings into bluechip stocks and midcaps and small caps were butchered mercilessly. Adding to investor woes were declining corporate profits and weakening rupee. There were lot of scepticism about hidden forex exposure of companies. The gloomy sentiment was further aggravated by



infamous Satyam book fudging episode. This led to hammering of stocks where there was slightest hint of share pledging. Combined effect of all these factors led to end of previous five years uninterrupted rally observed on Indian bourses. Emphatic win of Congress led government has created euphoric feeling among investor community and FIIs have pumped USD 5.5 bn in 2 months ended May 30, 2009. This has given new lease of life to secondary market but future is still fraught with challenges. Though market is expecting a lot from new government, given its weakening financials it would be very difficult for them to meet the expectations. Overall the scenario looks challenging.

Insurance

Weakening economy has taken its toll on insurance sector as well. Since majority of new premiums were coming from ULIPs, weak performance of equity market had adverse impact on premium collected by life insurance companies. New premium collection in life insurance category registered a degrowth of 1% in 9 months of FY09 and clocked a figure of Rs. 33,600 crore. Total new premium collection including single premiums dropped by 2.4% during the same period to Rs.52,300 crore. In new business, private life insurance players continued gaining market share at the cost of state giant LIC. Private players garnered 44% of new business premiums as of December 08 compared to 36% in March 08. 90% of businesses by private players were regular premium compared to 37% by LIC as on December 08. To counter the degrowth in new premium collection Life insurance companies started massive campaign to revive lapsed policies and were able to revive 3% of total lapses.

With a view to rationalise the pricing and enhance the penetration of insurance products, IRDA has reduced the risk weights on factors for determining solvency margins of life insurance companies. The new norms will lead to reduced capital requirement by 10-15% for new businesses. This will lead to passing of some benefit to customers in the form of lower premium. Players are demanding a hike in FDI limit to 49% from current 26% to infuse capital for meeting growth requirement of the sector. Thus the sector is facing dual challenges in the form of bad market and capital crunch. Ability of the sector to grow depends much on how successfully these two challenges are tackled, so does that of Insurance brokers like ours.

Challenges and Outlook

After registering GDP growth of more than 9% for five consecutive years (FY03-08), Indian economy has hit a roadblock now. IMF has revised down its global GDP growth forecast for CY 2009 to 0.5% from earlier 2.2%. Major world economies like US, EU and Japan will have to face recession. In this backdrop, Indian economy, even if is able to register 6% growth in FY10 is commendable. It is easier said than done. Ballooning fiscal deficit, weakening export along with dwindling corporate earnings are real causes of concern. They put severe restriction on Government's ability to boost spending on various infrastructure and employment generating projects. International sources of funding have also dried up. Currently domestic banking system is flushed with liquidity because of aggressive CRR and Repo Rate cut undertaken by RBI but money is lying idle in G-Secs. If financial activity has to start, credit boost must be provided to both producer as well as consumers. There has been an aggressive rate cut by various Public Sector Banks but a lot needs to be done. Though massive government spending has been planned to boost investment, it has to be supplemented by private and corporate spending as well. On the other hand, successful fund raising by Indian corporate sector depends on many factors which include improved domestic and international liquidity, security offerings at reasonable valuation and strict compliance with corporate governance standards. Indian has a clear demographic advantage compared to rest of the world and market for financial products is highly under-penetrated. We are among the largest savers in the world. The need is to proper allocation of these savings by creating awareness about various asset classes (equities, commodities, bonds, private equity etc).

In short we are of the view that though there are challenges in near term, future looks very bright from long term perspective.

Business review and analysis for the financial year ended March 2009

Fortune has delivered, on consolidated basis, strong operational with financial performance over the period from financial year 2004-05 to 2007-08. The unprecedented global crisis leading to very high level of volatility on Indian Bourses, lower activity and expansion initiatives have led to the depressed financial for the year 2008-09.

The consolidated revenue decreased by 18.18% from Rs.5,144 Lacs to Rs.4,208 Lacs. During the year under review, the Company reported consolidated net-loss of Rs.65 Lacs as against consolidated profit of Rs.1,655 Lacs during the corresponding previous year.

Despite of the market conditions, we at 'Fortune' kept up investment for various growth opportunities that includes:

- ❑ expansion of product offerings viz. insurance distribution and NBFC;
- ❑ increased point of presence to 106 locations across multi states to enhance the market share and tap growth opportunity across towns, cities and districts;
- ❑ creating a scalable organization structure to maintain operational efficiency;
- ❑ strengthening of processes by constantly upgrading efficient and dependable technology; and
- ❑ continuous employee training.

Risk and Concern

Risk is inevitable in business and risk management is all about risk reduction and avoidance. There are various risks associated with the Company - portfolio risk, industry risk, credit risk, internal control risk, technology risk, regulatory risk, human resources risk, competition risk and perception risk. The Company has established systems and procedures for risk management associated with the business while simultaneously creating an environment conducive for its growth. It has comprehensive integrated risk management framework that comprise of clear understanding of company's strategy, policies, initiatives, norms, reporting and control at various levels. The Company believes that the risk management process would strengthen the decision-making, planning and implementation process.

Internal control and their adequacy

The Company has in place adequate systems of internal control that are commensurate with its size and nature of the business and documented procedures covering all financial and operating functions. The Company being a service industry, it has in place clear processes and well-defined roles and responsibilities for its staff at various levels. The Management has a defined reporting system, which facilitates monitoring and adherence to the process and systems in place. Also the Management evaluates these reports, internal controls and ensures that its employees adhere not only to internal processes and procedures set by the company from time to time but also to the various statutory, regulatory and legal compliances. These have been designed to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from unauthorized use or losses, and ensuring reliability of financial and operational information. As Audit Committee of the Board of Directors, comprising of independent directors, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any.

Human Resources

The quality of servicing, the passion of the employees to reach out to new customers, achieve aggressive targets, while following the processes and at the same time retaining and winning diverse customers' confidence play a vital role in Company's business. The recent turbulent times pushed organizations across industry to face unique and complex talent management challenges. Effective manpower planning, effective remuneration and incentive scheme helped us in retaining good talent. Since the company is engaged in knowledge and relationship based business, attraction and retention of talent is very crucial. The company has introduced various attractive employee schemes including ESOP for sharing wealth with employees.

Cautionary Statement

Statements in the Management Discussion and Analysis regarding Company's future objectives, projections, estimate and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. These objectives, projections, estimates and expectations are based on various data and are subject to certain future events and uncertainties. Actual results could differ materially from those expressed or implied.

The Company assumes no responsibility in respect of forward statements herein which may undergo changes in future on the basis of subsequent development, information or events.



Fortune Financial Services (India) Limited

Consolidated Financial Statements
for the year ended March 31, 2009
together with Auditors' Report

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors Fortune Financial Services (India) Limited

We have examined the attached Consolidated Balance Sheet of Fortune Financial Services (India) Limited (the Company) and its subsidiaries (the Fortune Group) as at March 31, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with 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 the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates, notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Fortune Group included in the consolidated financial statements.

Further to our comments above, we report that:

On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Fortune Group, we are of the opinion that the consolidated financial statements read together with significant accounting policies in Schedule 'R' and notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Fortune Group as at March 31, 2009;
- b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Fortune Group for the year ended on that date; and
- c) in the case of the consolidated cash flow statements, of the consolidated cash flows of the Fortune Group for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership No. 45893)

Mumbai, May 23, 2009



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

(Rupees in Lacs)

	Schedule	As at 31-Mar-09	As at 31-Mar-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,110.00	1,000.00
Equity Warrants		88.00	–
Reserves and Surplus	B	7,025.31	4,926.25
		8,223.31	5,926.25
Loan Funds			
Secured Loans	C	5,478.14	5,096.54
Unsecured Loans	D	580.00	261.33
		6,058.14	5,357.87
TOTAL		14,281.45	11,284.12
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,383.52	1,164.09
Less : Depreciation		741.20	462.43
Add : Capital Work-in-progress		–	1.88
Net Block		642.32	703.54
Investments	F	9.46	439.76
Deferred Tax Asset		9.68	47.98
Current Assets, Loans and Advances			
Current Assets	G	13,412.96	12,657.40
Loans and Advances	H	4,347.11	2,191.97
		17,760.07	14,849.37
Less : Current Liabilities and Provisions			
Current Liabilities	I	2,827.00	2,861.46
Provisions	J	1,432.91	1,918.10
		4,259.91	4,779.56
Net Current Assets		13,500.16	10,069.81
Miscellaneous Expenditure (to the extent not written off or adjusted)	K	119.83	23.03
TOTAL		14,281.45	11,284.12
Notes to Accounts	R		

In Terms of our Report of even date

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

For and on behalf of the Board

J.T. Poonja
Executive Chairman

Nimish C. Shah
Managing Director

S. G. Muthu Kummar
Chief Financial Officer

Haroon Mansuri
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rupees in Lacs)

	Schedule	Year ended 31-Mar-09	Year ended 31-Mar-08
INCOME			
Income from Operations	L	4,107.30	4,877.72
Other Income	M	101.02	266.19
TOTAL		4,208.32	5,143.91
EXPENDITURE			
Operational Expenses	N	1,093.36	786.07
Personnel Expenses	O	1,188.41	758.14
Administrative and Other Expenses	P	776.07	555.25
Financial Expenses	Q	760.33	544.29
Depreciation		278.77	141.34
TOTAL		4,096.94	2,785.09
PROFIT BEFORE TAX			
		111.38	2,358.82
Provision for Taxation			
Current Tax		120.78	753.65
Deferred Tax		38.31	(60.49)
Fringe Benefits Tax		17.35	10.30
PROFIT / (LOSS) AFTER TAX			
		(65.06)	1,655.36
Balance brought forward from previous year		2,373.90	1,168.84
Tax in-respect of earlier years (Net)		2.74	3.37
PROFIT BEFORE ADJUSTMENT OF MINORITY INTEREST			
		2,306.10	2,820.83
Add : Adjustment for Minority Interest		–	5.85
PROFIT AFTER ADJUSTMENT OF MINORITY INTEREST			
		2,306.10	2,826.68
APPROPRIATIONS			
Transfer to Statutory Reserve		16.26	–
Transfer to General Reserve		31.00	189.45
Equity Dividend		122.10	220.00
Dividend Distribution Tax		21.04	43.33
Balance Carried to Balance Sheet		2,115.70	2,373.90
TOTAL		2,306.10	2,826.68
EARNINGS PER SHARE			
Profit/(Loss) after Tax		(65.06)	1,655.36
Weighted Average number of Equity Shares			
Basic		10,816,712	10,000,000
Diluted		10,846,301	10,000,000
Nominal Value per share (in rupees)		10.00	10.00
Earnings per share			
Basic		(0.60)	16.55
Diluted		(0.60)	16.55
Notes to accounts	R		

In Terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja
Executive Chairman**Nimish C. Shah**
Managing Director**S. G. Muthu Kummar**
Chief Financial Officer**Haroon Mansuri**
Company Secretary



SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "A" SHARE CAPITAL		
Authorised		
15,000,000 (Previous Year 15,000,000) Equity Shares of Rs. 10/- each	<u>1,500.00</u>	<u>1,500.00</u>
	<u>1,500.00</u>	<u>1,500.00</u>
Issued, Subscribed and Fully Paid Up		
11,100,000 (Previous Year 10,000,000) Equity Shares of Rs. 10/- each fully paid	<u>1,110.00</u>	<u>1,000.00</u>
TOTAL	<u>1,110.00</u>	<u>1,000.00</u>
Note 1 : Of the above, 199,400 equity shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve		
Note 2 : The Company has bought back till March 31, 2002 16,09,900 Equity shares of Rs. 10/- each under Section 77A of the amended Companies Act, 1956		
Note 3 : Of the above, 38,83,004 equity shares of Rs.10/- each were allotted as fully paid up shares on 31.03.2006 by capitalisation of Share Premium.		
SCHEDULE "B" RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	376.07	183.73
Add: Transferred during the year	31.00	189.45
Add: Adjustment on account of employee benefits'	-	2.89
	<u>407.07</u>	<u>376.07</u>
Statutory Reserve (U/s 45-1C of the RBI Act, 1934)	16.26	-
Share Premium Account		
As per last Balance Sheet	2,176.28	2,176.28
Add: Addition during the year	2,310.00	-
	<u>4,486.28</u>	<u>2,176.28</u>
Profit and Loss Account		
	<u>2,115.70</u>	<u>2,373.90</u>
TOTAL	<u>7,025.31</u>	<u>4,926.25</u>
SCHEDULE "C" SECURED LOANS		
From Banks :		
Working Capital Loans (Secured against pledge of fixed deposits, book debts, personal guarantee of two directors and certain shares)	5,463.01	5,090.04
Vehicle Loans (Secured against hypothecation of vehicles, net of deferred interest of Rs. 1.70 Lacs (Previous year Rs. 0.23 Lacs) (Repayable with in one year Rs. 3.01 Lacs (Previous year Rs. 2.30 Lacs)	15.13	6.50
TOTAL	<u>5,478.14</u>	<u>5,096.54</u>
SCHEDULE "D" UNSECURED LOANS		
Book Overdraft	11.31	136.33
Inter Corporate Loans	475.05	-
Loan from Associates	93.64	-
Other Loan	-	125.00
TOTAL	<u>580.00</u>	<u>261.33</u>

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

SCHEDULE "E" FIXED ASSETS

(Rupees in Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions / Adjustments during the year	Deductions / Adjustments during the year	As at 31.03.2009	As at 01.04.2008	For the year / Adjustments	on deductions / Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible Assets										
Electrical Installations	2.84	–	–	2.84	2.38	0.06	–	2.44	0.40	0.46
Office Equipments	123.83	38.36	–	162.19	22.82	18.83	–	41.65	120.54	101.01
Furniture and Fixtures	85.19	22.77	–	107.96	34.22	11.69	–	45.91	62.05	50.97
Computers	259.99	56.36	–	316.35	112.05	73.39	–	185.44	130.91	147.94
Vehicles	59.81	20.12	–	79.93	33.50	11.41	–	44.91	35.02	26.31
Leasehold Improvements	176.77	62.95	–	239.72	12.21	64.97	–	77.18	162.54	164.56
Intangible Assets										
Goodwill on Business Acquisition	261.00	–	–	261.00	197.93	33.35	–	231.28	29.72	63.07
Computer Software	194.66	18.87	–	213.53	47.32	65.07	–	112.39	101.14	147.34
TOTAL	1,164.09	219.43	–	1,383.52	462.43	278.77	–	741.20	642.32	701.66
Previous year	603.32	587.09	26.32	1,164.09	340.02	141.34	18.93	462.43	701.66	263.30
Capital Work-In-Progress	1.88	–	1.88	–	–	–	–	–	–	1.88

(Rupees in Lacs)

	As at 31-Mar-09		As at 31-Mar-08	
SCHEDULE "F" INVESTMENTS (At cost unless otherwise specified)				
(Fully Paid up unless otherwise stated)				
LONG TERM INVESTMENTS (TRADE)				
A) Equity Shares (unquoted)		0.05		0.05
CURRENT INVESTMENTS (NON TRADE)				
A) Equity Shares (unquoted)		0.10		0.06
B) Equity Shares (quoted)		1.09		438.65
C) Mutual Fund Units (unquoted)		8.22		1.00
TOTAL		9.46		439.76
LONG TERM INVESTMENTS (TRADE)				
Name of the Company	Number	Amount	Number	Amount
A) EQUITY SHARES (UN QUOTED)				
Bombay Stock Exchange Limited (Under lien with a bank)	70,694	0.05	5,438	0.05
TOTAL		0.05		0.05
CURRENT INVESTMENTS (NON TRADE)				
A) EQUITY SHARES (UN QUOTED)				
1) CHI Investments Limited	–	–	624	0.06
2) REI Six Ten Retail Limited	169	0.10	–	–
TOTAL		0.10		0.06



SCHEDULE FORMING PART OF CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09		As at 31-Mar-08	
SCHEDULE "F" INVESTMENTS (Contd.)				
Name of the Company	Number	Amount	Number	Amount
B) EQUITY SHARES (QUOTED)				
Adhunik Metaliks Limited	–	–	4,000	4.72
Aditya Forge Limited	3,000	0.96	3,000	0.96
Alok Industries Limited	–	–	10,000	5.52
Apar Industries Limited	–	–	500	2.08
Autoline Industries Limited	–	–	10,000	24.08
Balkrishna Industries Limited	–	–	1,120	9.33
Bartronics India Limited	–	–	25	0.06
CEAT Limited	–	–	1,872	4.29
Chowgule Steamships Limited	–	–	20,000	12.78
Cipla Limited	–	–	5,000	11.17
Exide Industries Limited	–	–	20	0.01
Gateway Distripacks Limited	–	–	10,000	16.30
Goa Carbon Limited	–	–	6,168	4.93
GTL Infrastructure Limited	–	–	15,000	8.16
ICRA Limited	–	–	10	0.09
IFCI Limited	–	–	100	0.10
Jai Corp Limited	–	–	1,000	11.29
Jindal South West Holdings Limited	–	–	2,000	54.76
Kirlosker Electric Company Limited	–	–	2,000	3.17
Mangalore Chemical & Fertilizers Limited	–	–	100,000	39.53
Monsanto India Limited	–	–	1,500	36.04
Nandan Exim Limited	–	–	50	0.0*
Panyam Cement & Mineral Industries Limited	50	0.09	50	0.09
Radha Madhav Corporation Limited	–	–	25,000	26.16
Sandur Manganese & Iron Ores Limited	50	0.04	2,000	1.47
Sanguine Media Limited	–	–	1,897	0.84
SKF India Limited	–	–	16,000	64.67
Supreme Industries Limited	–	–	5,000	14.02
Swan Mills Limited	–	–	500	0.59
Videocon Industries Limited	–	–	10,600	66.09
Vijay Shanthi Builders Limited	–	–	10,000	14.60
Vikas Wsp Limited	–	–	1,000	0.75
TOTAL		1.09		438.65
(Market Value of Current Investments Rs.0.85 Lacs (Previous year Rs.257.40 Lacs)				
* less than rupees thousand				

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09		As at 31-Mar-08	
SCHEDULE "F" INVESTMENTS (Contd.)				
Name of the Company	Number	Amount	Number	Amount
C) MUTUAL FUND UNITS (UNQUOTED)				
Fidelity Ultra Short Term Debt Fund	26,243	2.63	–	–
Birla Sunlife Saving Fund	458,932	4.59	–	–
ICICI Prudential Fusion Fund	10,000	1.00	10,000	1.00
TOTAL		8.22		1.00
(Net Asset Value of Mutual Fund Units Rs.7.21 Lacs (Previous year Rs.1.10 Lacs))				
SCHEDULE "G" CURRENT ASSETS				
Stock of Shares (at Cost)		480.38		70.82
(Market Value Rs.462.98 Lacs (Previous year Rs.64.11 Lacs))				
Debtors (Unsecured)				
Outstanding for a period exceeding six months :				
Considered Good	193.06		8.63	
Considered Doubtful	45.68		–	
Others :				
Considered Good	4,654.97		3,380.34	
Considered Doubtful	–		–	
	4,893.71		3,388.97	
Less : Provision for Doubtful Debts	45.68		8.63	
		4,848.03		3,380.34
(Debtors include Rs.896.87 Lacs (Previous year 336.12 Lacs) due from Director/Companies in which Directors are interested.)				
(Maximum amount outstanding from directors at any time during the year Rs.869.83 Lacs (Previous year Rs.2,663.49 Lacs))				
Cash and Bank Balances				
Cash and Cheques on hand	0.84		1.69	
Balance with Scheduled Banks				
In Current Accounts	370.52		597.17	
In Deposit Accounts (Under lien with banks)	5,101.49		6,495.51	
Margin Money Deposit Accounts	2,054.19		1,740.81	
(Under lien with Bombay Stock Exchange Limited National Securities Clearing Corporation Limited and certain banks)				
		7,527.04		8,835.18
Other Assets				
Interest Accrued but not due		557.51		371.06
TOTAL		13,412.96		12,657.40



SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "H" LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	132.33	120.71
Loans		
Staff Loans	85.58	68.86
Inter Corporate Loans	2,114.83	–
Deposits		
Exchange/Clearing Member Deposits (Includes margin paid for proprietary trades)	291.00	343.50
Other Deposits	173.20	167.94
	464.20	511.44
<p>(Includes deposits for premises of Rs. 84.70 Lacs (Previous year Rs.84.70 Lacs) paid to a Firm in which Directors are interested. Maximum amount due at any time during the year Rs. 84.70 Lacs (Previous year Rs.84.70 Lacs)).</p>		
Advance Tax and Tax Deducted at Source	1,550.17	1,490.96
TOTAL	4,347.11	2,191.97
SCHEDULE "I" CURRENT LIABILITIES		
Sundry Creditors	2,571.80	2,502.05
Items covered by Investor Education and Protection Fund		
Unclaimed Dividends	10.15	6.93
Other Liabilities	245.05	352.48
TOTAL	2,827.00	2,861.46
SCHEDULE "J" PROVISIONS		
Provision For Taxation	1,209.63	1,402.60
Provision For Fringe Benefit Tax	32.31	20.56
Provision for Proposed Equity Dividend	122.10	220.00
Provision for Dividend Distribution Tax	21.02	42.14
Provision for Diminution in value of Current Investments/Stock/ Derivatives	22.22	216.19
Provision for Gratuity	9.71	6.71
Provision for Leave Encashment	15.92	9.90
TOTAL	1,432.91	1,918.10
SCHEDULE "K" MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Opening Balance	23.03	5.09
Add: Additions during the year	110.31	20.56
Less: Written Off during the year	13.51	2.62
TOTAL	119.83	23.03

SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "L" INCOME FROM OPERATIONS		
Brokerage and Related Operational Income	2,426.52	2,289.04
Investment and Merchant Banking Income	481.22	1,537.10
Interest on Loans (Tax deducted at source Rs.43.51 Lacs (Previous year Rs. Nil))	119.74	–
Interest on Fixed Deposits (Tax deducted at source Rs.148.17 Lacs (Previous year Rs.105.81 Lacs))	740.32	616.41
Provision for Diminution in value of Current Investments / Stocks / Derivatives Written Back (Net)	208.66	–
Profit on sale of Current Investment / Stock / Derivatives (Net)	–	383.90
Distribution and Professional Income	130.84	51.27
TOTAL	4,107.30	4,877.72
SCHEDULE "M" OTHER INCOME		
Income from Dividend	23.86	3.03
Bad debts recovered / Sundry balance w/back (Net)	53.54	25.28
Profit on Sale of Long Tem Investments	–	237.18
Exchange Gain	1.97	–
Miscellaneous Income	21.65	0.70
TOTAL	101.02	266.19
SCHEDULE "N" OPERATIONAL EXPENSES		
Brokerage / Sub brokerage (Net)	39.48	68.15
Other Operating Expenses (Net)	453.38	506.51
Loss on sale of current investment/stock/derivatives (Net)	600.50	–
Provision for Diminution in value of Current Investments / Stock / Derivatives	–	211.41
TOTAL	1,093.36	786.07
SCHEDULE "O" PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	1,004.80	534.48
Contribution to Provident and Other Funds	55.18	31.52
Directors' Remuneration	104.11	165.61
Staff Welfare and Other Expenses	24.32	26.53
TOTAL	1,188.41	758.14



SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

(Rupees in Lacs)

	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "P" ADMINISTRATIVE AND OTHER EXPENSES		
Rent	206.29	137.13
Rates and Taxes	2.42	0.34
Printing and Stationery	75.38	52.62
Travelling Expenses		
Foreign Travelling	14.31	6.60
Domestic Travelling	24.50	30.44
Conveyance Expenses	12.85	10.95
Motor Vehicle Expenses	6.06	5.34
Electricity Charges	47.43	27.87
Postage and Telegram	23.05	13.71
Telephone Expenses	75.32	57.74
Advertisement Expenses	4.50	8.36
Legal and Professional Fees	56.40	67.03
Auditors' Remuneration	11.65	5.19
Repairs and Maintenance		
Office Premises	20.01	9.24
Others	94.44	55.90
Insurance	10.30	8.12
Membership Fees	15.02	8.97
Donations	0.25	0.64
Directors' Sitting Fees	5.60	3.15
Newspapers, Books and Other Subscriptions	0.82	1.50
Business Promotion Expenses	10.13	18.65
Loss on sale of assets	–	0.07
Provision for Doubtful Debts	37.05	5.59
Miscellaneous Expenses	22.29	20.10
TOTAL	776.07	555.25
SCHEDULE "Q" FINANCIAL EXPENSES		
Interest	707.17	515.31
Bank Charges and Others	53.16	28.98
TOTAL	760.33	544.29

NOTES TO CONSOLIDATED ACCOUNTS

SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS

I. BASIS OF CONSOLIDATION

The Consolidated Financial Statements relate to Fortune Financial Services (India) Limited (the Company) and its subsidiaries (collectively referred to as "the Fortune Group").

a. Basis of Preparation

- i. The Consolidated Financial Statements are prepared in accordance with the Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) "Accounting for Investments in Associates, as specified in the Companies (Accounting Standard) Rules, 2006.
- ii. The notes and significant accounting policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

b) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expense after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses and are presented to the extent possible, in the same manner as the Company's independent financial statements.
- iii. The details of Subsidiaries and the interest of the Company therein, included in the Consolidated Financial Statements are as under :

	As at March 31, 2009	As at March 31, 2008
	% of voting power held	
Fortune Equity Brokers (India) Limited	100.00%	100.00%
Fortune Commodities & Derivatives (India) Limited	100.00%	100.00%
Fortune Credit Capital Limited	100.00%	100.00%
Fortune Financial India Insurance Brokers Limited	100.00%	100.00%

II. OTHER SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and with the requirements of the Companies Act, 1956.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

3. System of Accounting

The Company follows the accrual system of accounting.

4. Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

a. Investment and Merchant Banking Income

- i. Underwriting Commission is accounted on the closure of the issue underwritten on the basis of the terms of agreement with the clients.
- ii. Issue Management fee is accounted on the basis of the terms of agreement with the clients.



SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

- iii. Placement fees, Professional fees and other service charges are accounted when there is reasonable certainty of its ultimate realisation / collection.
 - b. Income on broking activities is recognised on the trade date of the transaction.
 - c. Income from distribution is accounted when there is reasonable certainty of its ultimate realisation/ collection.
 - d. Interest income is recognised on time proportion basis. In a subsidiary which a non banking financial company, interest on Non Performing Assets (NPAs), if any, is recognised on receipt basis, as per Reserve Bank of India guidelines.
 - e. Brokerage income on first year premium on insurance policies is recognised, when an insurance policy sold by the Company is accepted by the principal insurance company. Renewal commission is accounted for on receipt basis.
 - d. Professional Fees is accounted when there is a reasonable certainty of its ultimate realisation / collection.
 - e. Income from Depository operations is recognised on accrual basis.
 - f. Dividend Income is recognised when the right to receive dividend is established.
- 5. Staff Retirement Benefits**
- a. Defined benefit plans :

The Company accounts for the defined benefit plans such as gratuity and leave encashment on accrual basis. The Company's Gratuity benefits are administered by a Trust formed for this purpose through the Group Gratuity Scheme of the Life Insurance Corporation of India (LIC) and contribution towards gratuity liability as determined through actuarial valuation is charged to the Profit and Loss Account each year. Liability for leave encashment is provided by making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current period.
 - b. Defined contribution plan :

The Company contributes to the State governed provident fund and pension fund schemes for all its employees who are eligible for the benefit. All such contributions are recognised as an expense and charged to the Profit and Loss Account during the period in which the employee renders the related service.
- 6. Tangible Fixed Assets**
- Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- 7. Intangible Assets**
- Intangible Assets are stated at cost of acquisition less amortisation.
- 8. Depreciation and Amortisation**
- The Company provides for depreciation and amortisation as under:
- a. On written down value basis in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956
 - b. Intangible Assets are amortised over a period of three years from the date of acquisition.
 - c. On a pro-rata basis on assets purchased / sold during the year.
 - d. Asset costing less than Rs. 5,000/- per item is fully depreciated in the year of purchase.
 - e. Leasehold improvements are depreciated over the primary period of the lease.
- 9. Current Assets**
- Current Assets are stated at cost.
- 10. Taxation**
- Provision for Tax Comprises Current Tax, Deferred Tax charge or benefit and Fringe Benefit Tax.
- Current Taxes are measured on the basis of the taxes expected to be paid on the taxable income determined in accordance with the prevailing tax rates and laws.
- Deferred tax is the tax effect of the timing differences between the accounting income and taxable income. Deferred Tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the rates that have been enacted or substantially enacted as at the balance sheet date.

SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Deferred Tax Assets are recognised only to the extent there is a reasonable certainty that there will be sufficient taxable income against which it can be realised; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets. Deferred Tax Assets, if any, are re-assessed periodically.

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the chargeable expenditure of the Company as prescribed under the prevailing income tax law.

11. Investments

All Investments are stated at cost. Investments are classified into long term investments and current investments. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary. Provision for diminution in the value of Current Investments as at the end of the year is charged to the Profit and Loss Account.

12. Stock of Shares

Trading stock is valued at cost, provision being made for all diminution in value of shares.

13. Derivative Instruments

Daily mark-to-market margins on the derivative trades are accounted separately as against the initial margin payments under Current Assets. The profit/loss on the final settlement of the derivative contracts, calculated as the difference between the final settlement price and the contract prices of all the contracts in the series, is recognised on the expiry/square-up of the series of equity index/stock futures by transfer from the mark-to-market margin account.

As on the date of the Balance Sheet, provision for anticipated loss is made for the debit balance if any in the mark-to-market margin account (maintained scripwise/indexwise) on open futures contracts, credit balances if any, in the account attributable to anticipated income being ignored keeping in view the consideration of prudence.

14. Earnings Per Share

Basic earnings per share is computed and disclosed by dividing the net profit after tax by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential equity shares, if any.

15. Miscellaneous Expenditure

Preliminary expenditure and expenditure in connection with the raising of capital / additional capital are amortised over a period of ten years from the year of commencement of business operation or from the year of raising of capital / additional capital.

16. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation, and
- c. the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liabilities are not recognised but are disclosed in the notes in case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

17. Leases

Lease payments for assets taken under operating leases are charged off to the Profit and Loss Account as and when incurred.



SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

III. OTHER NOTES

1. Deferred Tax Asset (net) comprises:

(Rupees in Lacs)

	2008-2009	2007-2008
Deferred Tax Asset		
Provision for Diminution in Value of Current Investments/Derivatives	6.88	73.99
Provision for Doubtful Debts	14.23	2.86
Provision for Leave Encashment	4.98	3.36
Provision for Gratuity	3.02	2.26
Sub Total	29.11	82.47
Deferred Tax Liability		
Accumulated Depreciation	19.43	34.49
Sub Total	19.43	34.49
Net Deferred Tax Asset	9.68	47.98

2. In the opinion of Management, the value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

3. Segment wise reporting

Primary segment

Segments have been identified in accordance with Accounting Standard 17 (AS 17) 'Segment Reporting', issued by the Institute of Chartered Accountants of India considering the organisation structure and return/risk profile of the businesses. The Management recognises and monitors these segments on a continuous basis.

Secondary segment

The group operates in only one geographical segment.

The primary basis of segmental information as required by Accounting Standard 17 is set out hereunder:

(Rupees in Lacs)

	Capital Market Activities		Investment & Merchant Banking Activities		Financing Activities		Unallocated		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Segment Revenue										
- External Revenue	3,501.43	3,278.28	638.12	1,855.42	246.47	6.35	-	262.82	4,386.02	5,402.87
- Inter Segment Revenue	42.66	3.73	36.21	255.23	98.83	-	-	-	177.70	258.96
Total Revenue	3,458.77	3,274.55	601.91	1,600.19	147.64	6.35	-	262.82	4,208.32	5,143.91
Segment Result										
Profit before tax	(64.75)	1,040.79	143.35	1,055.30	32.78	-	-	262.73	111.38	2,358.82
Provision for Tax										
- Current Tax	19.04	-	63.00	-	38.74	-	-	753.65	120.78	753.65
- Deferred Tax	36.40	-	1.85	-	0.06	-	-	(60.49)	38.31	(60.49)
- Fringe Benefit Tax	13.58	-	3.35	-	0.42	-	-	10.30	17.35	10.30
Total Result	(133.77)	1,040.79	75.15	1,055.30	(6.44)	-	-	(440.73)	(65.06)	1,655.36
Segment Assets	13,571.29	13,473.70	2,537.79	1,362.25	2,435.45	-	-	1,226.78	18,544.53	16,062.73
Segment Liabilities	8,874.07	8,983.97	904.27	153.70	542.88	-	-	998.81	10,321.22	10,136.48
Net Segment Assets	4,697.22	4,489.73	1,633.52	1,208.55	1,892.57	-	-	227.97	8,223.31	5,926.25
Other Information										
a) Capital Expenditure	185.81	571.12	31.49	15.97	2.13	-	-	-	219.43	587.09
b) Capital WIP	-	1.88	-	-	-	-	-	-	-	1.88
c) Depreciation and amortization	257.30	22.61	21.23	118.73	0.24	-	-	-	278.77	141.34

SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)**4. Related party transactions**

Names of the related parties with whom transactions were carried out during the year and description of the relationship

a. Name of the Related Parties and their relationships:

i. Enterprises having significant influence:

Jamish Investment Private Limited
Mehra Capital Services Private Limited
BDO Haribhakti Consulting Private Limited
Fortune Capital Services
Arvind & Co.

ii. Key management personnel and their relatives:

Mr. J.T. Poonja, Chairman
Mr. Nimish C. Shah, Vice Chairman & Managing Director
Mr. Diptesh Shah – Executive Director (up to March 03, 2009)
Mr. Sohan C Mehta, Director
Mr. Ramesh Venkat, Director
Mr. Gaurang A Patel, Director
Ms. Sangeeta Poonja, Director
Mr. Shailesh Haribhakti, Director
Mr. C.R.Mehta, Director
Ms. Jalpa N Shah, Relative
Ms. Vidhi N. Shah, Relative
Ms. Ruby Shah , Relative
Mr. Yash Shah, Relative
Mr. Arvind I Patel, Relative
Ms. Smita Ramesh Venkat, Relative

b. Details of transactions with related parties referred to above:

(Rupees in Lacs)

Nature of Transaction	Enterprises having significant influence	Key management personnel and their relatives	Total
Capital/ Commodities market transactions.			
– Purchase Transactions	3,651.41 (5,114.50)	10,256.50 (15,701.57)	13,907.91 (20,816.07)
– Sale Transactions	3,827.31 (5,115.32)	8,407.79 (13,750.89)	12,235.10 (18,866.21)
Rent Paid	45.00 (45.00)	– (–)	45.00 (45.00)
Interest Paid	9.63 (19.52)	– (–)	9.63 (19.52)
Remuneration Paid	– (–)	104.41 (165.61)	104.41 (165.61)
Professional Charges Paid	12.69 (17.25)	– (6.58)	12.69 (23.83)
Directors Sitting Fees Paid	– (–)	5.60 (3.15)	5.60 (3.15)



SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

Nature of Transaction	Enterprises having significant influence	Key management personnel and their relatives	Total
Loans Given	42.00 (-)	- (-)	42.00 (-)
Loans Taken	580.00 (-)	- (-)	580.00 (-)
Outstanding as on March 31			
a) Loan Payable	93.64 (-)	- (-)	93.64 (-)
b) Deposit receivable	84.70 (84.70)	- (-)	84.70 (84.70)
c) Sundry Debtors	241.00 (105.88)	649.53 (91.69)	890.53 (197.57)
d) Sundry Creditors	- (0.89)	190.83 (80.89)	190.83 (81.78)

Note: Figures in brackets represent previous year's amounts.

5. Auditors' Remuneration

(Rupees in Lacs)

	2008-2009	2007-2008
Statutory Audit	7.83	4.20
Tax Audit	0.40	0.24
Certification and other matters	3.42	0.75
Total	11.65	5.19

6. a. Details of Stock of Shares - Quoted Equity Shares

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Aban Offshore Limited	800	3.29	-	-
Adhunik Metaliks Limited	1522	0.52	569	0.80
Aegis Logistics Limited	955	0.55	544	1.32
Alkyl Amines Chemicals Limited	-	-	250	0.18
ANG Auto Limited	219	0.06	220	0.28
Apar Industries Limited	200	0.17	138	0.27
Ashapura Minechem Limited	450	0.21	450	0.93
Atul Limited	1000	0.71	1,000	1.17
Autoline Industries Limited	135	0.20	-	-
Bajaj Holding & Investment Limited	50	0.31	50	0.30
Bank of Rajasthan Limited	-	-	1	*
Bharat Petroleum Corporation Limited	6600	23.67	-	-
C & C Constructions Limited	-	-	271	0.48
Cholamandalam DBS Finance Limited	400	0.10	600	1.04
DCM Shriram Consolidated Limited	1001	0.35	1,001	0.64
Deccan Chronicle Holdings Limited	75	0.03	75	0.11
Dolphin Medical Services Limited	-	-	50,000	2.87

SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Elecon Engineering Company Limited	201	0.07	1	*
Fedders Lloyd Corporation Limited	999	0.18	1,000	0.90
Fiem Industries Limited	1000	0.49	552	0.36
Firstsource Solutions Limited	1003	0.41	1,001	0.34
Gateway Distriparks Limited	1	*	–	–
Gemini Communications Limited	–	–	500	1.01
Gillette India Limited	50	0.31	50	0.42
Gitanjali Gems Limited	5	0.02	5	0.02
Global Vectra Helicorp Limited	550	0.14	–	–
Goa Carbon Limited	–	–	100	0.04
Godrej Industries Limited	–	–	100	0.28
Gruh Finance Limited	501	0.42	594	0.94
HB Stockholdings Limited	1000	0.09	1,000	1.00
HBL Power Systems Limited	84	0.09	122	0.34
HDFC Bank Limited	900	14.63	–	–
Himachal Futuristic Communications Limited	1000	0.57	1,000	0.57
Himadri Chemicals & Industries Limited	100	0.09	200	1.01
Hindalco Industries Limited	7036	3.66	–	–
Hindustan Dorr Oliver Limited	10	0.01	10	0.01
Hindustan Machine Tools Limited	1	*	–	–
Hindustan Petroleum Corporation Limited	9100	23.60	–	–
Honda Siel Power Products Limited	550	0.83	502	1.00
Igarashi Motor India Limited	507	0.07	507	0.36
Indian Oil Corporation Limited	45	0.25	45	0.25
Indo Asian Fusegear Limited	500	0.14	600	0.56
Infotech Enterprises Limited	499	0.42	252	0.56
Jaibalaji Industries Limited	200	0.36	–	–
Jayant Agro Organics Limited	1287	0.43	200	0.14
Jayaswal Neco Industries Limited	996	0.09	–	–
JBF Industries Limited	285000	91.04	–	–
Jindal South West Holdings Limited	21	0.05	–	–
Jindal Steel & Power Limited	2880	35.62	–	–
J K Cement Limited	218	0.10	171	0.24
JMT Auto Limited	–	–	675	0.39
K S Oils Limited	110	0.09	110	0.09
Kale Consultants Limited	–	–	1,997	1.22
Lakshmi Energy And Foods Limited	50	0.06	635	1.31
Lanco Infratech Limited	–	–	1,275	4.74
Lloyd Electric & Engineering Limited	500	0.11	500	0.49
Lokesh Machines Limited	–	–	300	0.35
Lumax Industries Limited	200	0.28	–	–
Macmillan India Limited	201	0.08	198	0.34
Malu Paper Mills Limited	1001	0.21	1,000	0.52
McDowell Holdings Limited	38	0.10	38	0.10
Mangalore Refinery & Petrochemicals Limited	30	0.03	4,480	3.23
Mercator Lines Limited	200	0.06	–	–



SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Munjal Showa Limited	–	–	500	0.19
Nahar Spinning Mills Limited	–	–	250	0.30
Nahar Capital & Financial Services Limited	–	–	1,000	0.76
Nalwa Sons Investments Limited	10	0.25	10	0.25
Navneet Publications India Limited	1199	0.53	1,000	1.38
Nelcast Limited	3	*	577	0.54
Noida Toll Bridge Company Limited	100	0.07	100	0.07
National Thermal Power Corporation Limited	3250	5.96	–	–
OCL India Limited	200	0.09	200	0.54
Omaxe Limited	1275	3.40	1,275	3.40
Parekh Aluminex Limited	250	0.13	219	0.39
Plethico Pharmaceuticals Limited	40	0.04	–	–
Prakash Industries Limited	300	0.14	200	0.62
Rajesh Exports Limited	530	0.50	530	0.50
Ramco Systems Limited	400	0.19	400	0.52
Rane Madras Limited	500	0.13	–	–
Rei Agro Limited	2250	1.31	227	3.18
Reliance Natural Resources Limited	78772	34.68	100	0.13
Reliance Infrastructure Limited	2760	14.56	–	–
Reliance Capital Limited	3864	14.38	–	–
Reliance Communications Limited	5600	10.35	–	–
Reliance Industries Limited	600	9.34	–	–
Reliance Petroleum Limited	13400	12.50	–	–
Reliance Power Limited	12000	13.20	–	–
Rolta India Limited	37800	21.39	–	–
Shree Renuka Sugars Limited	–	–	1,000	9.49
Sanghvi Movers Limited	100	0.28	100	0.28
Shri Lakshmi Cotsyn Limited	1049	0.36	1,048	1.25
Shriram City Union Finance Limited	200	0.65	200	0.71
Sicagen India Limited	350	*	–	–
Sical Logistics Limited	551	0.34	350	0.77
SKF India Limited	250	0.34	712	2.24
SREI Infrastructure Finance Limited	431	0.82	431	0.82
Sun Pharma Advanced Research Company Limited	1125	12.20	200	0.29
Sundram Fasteners Limited	1200	0.47	1,200	0.47
Supreme Industries Limited	2315	2.43	2,314	5.43
Surya Roshni Limited	1300	0.37	1,000	0.60
Suzlon Energy Limited	102000	46.71	–	–
Talbros Automotive Components Limited	600	0.10	601	0.24
Tata Motors Limited	1700	3.22	–	–
Tata Power Company Limited	2000	15.47	–	–
Titagarh Wagons Limited	150	0.22	–	–
Technocraft Industries India Limited	–	–	1	*
Transport Corporation of India Limited	500	0.16	501	0.42
TTK Prestige Limited	10	0.02	315	0.37

SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Uniply Industries Limited	-	-	1,000	0.49
United Spirits Limited	1000	6.71	-	-
Unity Infraprojects Limited	50	0.29	-	-
Videocon Industries Limited	-	-	1	*
Vijay Shanthy Builders Limited	501	0.06	-	-
Vimta Labs Limited	302	0.07	200	0.29
Vindhya Telelinks Limited	200	0.17	201	0.26
Visaka Industries Limited	120	0.07	-	-
Welspun Gujarat Stahl Rohren Limited	51200	39.75	-	-
XL Telecom & Energy Limited	500	0.48	-	-
Yes Bank Limited	50	0.11	50	0.11
Total		<u>480.38</u>		<u>70.82</u>

Market value of quoted equity shares as at March 31, 2009 is Rs.462.98 Lacs (Previous year Rs. 64.11 Lacs).

* Amount less than rupees thousand

b. Details of Opening Stock, Purchases, Sales and Closing Stock of Shares

(Rupees in Lacs)

	2008-2009		2007-2008	
	Quantity	Amount	Quantity	Amount
Opening stock of equity shares	92,902	70.82	76,109	28.40
Add: Purchases of equity shares *	42,945,666	5,4069.38	14,804,981	28,840.36
Sub-Total	43,038,568	54,140.20	14,881,090	28,868.76
Less: Sale of equity shares *	42,371,730	53,659.82	14,788,188	28,797.94
Closing stock of equity shares	666,838	480.38	92,902	70.82

*Includes shares purchased/sold on arbitrage basis

c. Derivative Instruments

- Initial Margin on Equity Derivative Instruments contracts has been paid in cash only.
- Open future contracts outstanding as on March 31 2009:

Name of the Equity Index / Stock Future	No. of contracts	No of Units	
		Long	Short
Cairn India Limited	2	-	2500
Housing Development Finance Corporation Limited	3	-	450
Infrastructure Development Finance Company Limited	50	147500	-
Reliance Communications Limited	92	64400	-
Reliance Industries Limited	4	-	600
Reliance Power Limited	4	-	8000
Suzlon Energy Limited	8	-	24000
Welspun Gujarat Stahl Rohren Limited	12	-	19200



SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

7. a. Earnings in Foreign currency

(Rupees in Lacs)

	2008-2009	2007-2008
Investment Banking Income	85.82	150.66

b. Expenditure incurred in foreign currency

(Rupees in Lacs)

	2008-2009	2007-2008
Travelling and Business Promotion Expenses	6.66	6.86
Subscription	4.45	3.66

c. Details of dividend remitted in foreign Currency

(Rupees in Lacs)

	2008-2009	2007-2008
Type of Dividend	Dividend for FY 2007-2008	Dividend for FY 2006-2007
Number of non-resident shareholders	2	2
Number of Shares held	22,33,992	22,33,992
Gross amount of dividend	49.15	22.34

8. Directors' Remuneration

(Rupees in Lacs)

	2008-2009	2007-2008
Salary, Bonus and Allowances	95.80	157.28
Contribution to Provident and Other Funds	8.31	8.33
Sub Total	104.11	165.61
Directors' Sitting Fees	5.60	3.15
Total	109.71	168.76

9. Employee Benefits

a. Defined Benefit Plans as per Actuarial Valuation as at March 31, 2009:

i. Change in Present Value of Defined Benefit Obligation:

(Rupees in Lacs)

	2008-09	2007-08
Liability at the beginning of the year	19.14	13.60
Interest Cost	2.04	1.28
Current Service Cost	11.20	2.41
Benefit paid	(9.35)	(0.23)
Actuarial (gain)/loss on obligations	5.57	1.87
Liability at the end of the year	28.61	18.93

SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

ii. Change in Fair Value of Plan Assets:

(Rupees in Lacs)

	2008-09	2007-08
Fair Value of Plan Assets at the beginning of the year	21.73	16.49
Expected Return on Plan Assets	2.19	1.60
Contributions	10.28	3.68
Benefit paid	(9.35)	(0.23)
Actuarial gain/(loss) on Plan Assets	-	0.19
Fair Value of Plan Assets at the end of the year	24.85	21.73
Total Actuarial Gain/(Loss) To Be Recognised	(6.09)	(1.68)

iii. Amount recognised in the Balance Sheet

(Rupees in Lacs)

	2008-09	2007-08
Liability at the end of the year	28.61	18.93
Fair Value of Plan Assets at the end of the year	24.85	21.73
Difference	(3.76)	2.80
Amount Recognised in the Balance Sheet	(3.76)	2.80

iv. Expenses recognised in the Profit and Loss Account

(Rupees in Lacs)

	2008-09	2007-08
Current Service Cost	11.20	2.41
Interest Cost	2.04	1.28
Expected Return on Plan Assets	(2.19)	(1.60)
Actuarial Gain / (Loss)	5.57	1.68
Expense Recognised in Profit and Loss Account	16.62	3.77

v. Actuarial Assumptions:

	March 31, 2009	March 31, 2008
Discount Rate (per annum)	7.75%	8.00%
Rate of Return on Plan Assets (per annum)	8.00%	8.00%
Salary Escalation (per annum)	5.00%	5.00%

b. Defined Contribution Plans:

The amount recognised as expense and included in Schedule N under the head "Contribution to Provident and Other Funds" of the Profit and Loss Account is Rs. 41.56 Lacs (previous year Rs. 31.52 Lacs).

c. Amount recognised as expense in respect of compensated leave absences is Rs. 9.19 Lacs/- (Previous year Rs. 7.74 Lacs)

10. a. The Company and its subsidiaries have taken office premises under operating lease at various locations. These agreements provide an option to renew the lease on mutually agreeable terms. The lessors have been given refundable interest free security deposits in accordance with the agreed terms.
- b. The rental expense in respect of the operating leases, recognised in the Profit and Loss Account as "Rent" in Schedule "P" is Rs. 206.29 Lacs (previous year Rs. 137.13 Lacs)
- c. Details of the minimum lease payments for the operating leases are provided hereunder:

(Rupees in Lacs)

	2008-2009	2007-2008
Not later than one year	229.74	122.98
Later than one year but not later than five years	345.52	695.94
Later than five years	58.27	74.68



SCHEDULE "R" NOTES TO CONSOLIDATED ACCOUNTS (Contd.)

11. Earnings Per Share

- a. Basic and Diluted Earnings per share computed in accordance with Accounting Standard (AS)20 " Earning per share"

		2008-2009	2007-2008
A	Basic		
	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	10,000,000	10,000,000
	Addition during the year	1,100,000	-
	Number of shares at the end of the year	11,100,000	10,000,000
	Weighted average number of equity shares	10,816,712	10,000,000
	Net profit after tax (Rupees in Lacs)	(65.06)	1635.36
	Basic earning per share of Rs.10/- each (Rupees)	(0.60)	16.55
B	Diluted		
	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	10,000,000	10,000,000
	Addition during the year	1,100,000	-
	Number of shares at the end of the year	11,100,000	10,000,000
	Addition for shares (convertible from equity warrants) (Refer note 12)	40,000	-
	Weighted average number of equity shares	10,846,301	10,000,000
	Net profit /(loss) after tax (Rupees in Lacs)	(65.06)	1655.36
	Diluted earning per share of Rs.10/- each (Rupees)	(0.60)	16.55

12. The Company has issued Equity warrants at Rs. 220/- per warrant on a preferential basis to its promoters during the year. In accordance with the terms of the issue, the holder of each warrant shall have the option to apply for and be allotted one equity share of Rs.10/- each at any time after the date of allotment but not later than eighteen months from the date of allotment. (i.e. not later than January 04, 2010). During the year, the holders of the equity warrants have not exercised the option to convert the equity warrants into equity shares.

13. Contingent Liabilities

(Rupees in Lacs)

	2008-2009	2007-2008
Given by banks on behalf of the Fortune Group		
In respect of capital adequacy, daily margin and other contractual commitments for capital market operations of the Company and its subsidiaries.	2,428.75	2,648.75

14. Section 115-O of the Income Tax Act (revised by the Finance Act, 2008) provides for calculation of dividend distribution tax liability of the Holding Company after permitting reduction of dividend recovered from its subsidiary. In view of this, there is no tax on the proposed dividend distribution by the Holding Company.
15. Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company has not yet commenced the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence the relevant disclosures have not been made in the accounts. However, in the view of the Management, there is no possibility of any interest being payable to any suppliers as the Company is prompt in making payments to its suppliers.
16. Balances standing in debtors, creditors and loan and advances are subject to confirmation.
17. Previous year's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.
- IV. Statement of significant accounting policies and the notes numbered I, II & III form an integral part of the consolidated accounts for the year ended March 31, 2009.

CONSOLIDATED CASH FLOW STATEMENT

(Rupees in Lacs)

	2008-2009	2007-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	111.38	2,358.82
Adjustments for :		
Depreciation and Amortisation	278.77	141.34
Miscellaneous expenses written off	13.51	2.62
Loss on sale of Assets (Net)	-	0.07
Provision for diminution in value of Current Investment / Stock / Derivatives written back (Net)	(208.66)	204.46
Loss / (Profit) on sale of Current Investment / Stock / Derivatives (Net)	600.50	(383.90)
Profit on sale of Long Term Investments	-	(237.18)
Provision for Doubtful Debts	37.05	5.59
Provision for Gratuity	3.00	6.71
Provision for Leave Encashment (Net)	6.02	6.24
Interest Income	(860.06)	(616.41)
Interest Expense	707.17	515.31
Dividend Income	(23.86)	(3.03)
Operating Profit before Working Capital Change	664.82	2,000.64
Adjustments for :		
(Increase) / Decrease in Trade and Other Receivables	(3,897.44)	(2,604.06)
(Increase) / Decrease in Investments / Stocks	(371.10)	96.72
(Increase) / Decrease in Margin Money and Fixed Deposits	1,080.64	(3,210.08)
Increase / (Decrease) in Trade Payables	(231.66)	1,477.02
	(2,754.74)	(2,239.76)
Interest Income	860.06	616.41
Dividend Income	23.86	3.03
Direct Taxes paid (net of refunds)	(381.29)	(859.28)
	(2,252.11)	(2,479.60)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(2,252.11)	(2,479.60)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (Including Capital Work-in-Progress) Net	(217.55)	(589.04)
Sale of Fixed Assets	-	7.39
Sale/(Purchase) of Investments / Stock (net)	-	273.23
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(217.55)	(344.42)



CONSOLIDATED CASH FLOW STATEMENT (Contd.)

(Rupees in Lacs)

	2008-2009	2007-2008
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2420.00	–
Proceeds from issue of Equity Warrants	88.00	–
Net borrowing from banks	381.60	3,936.97
Other borrowings	318.67	(38.86)
Interest Expense	(707.17)	(515.31)
Dividend and Distribution Tax paid	(258.94)	(134.35)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	2,242.16	3,248.45
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(227.50)	424.43
CASH AND CASH EQUIVALENTS		
Balance at the beginning of the year	598.86	174.43
Balance at the end of the year	371.36	598.86
	(227.50)	424.43

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Previous year's figures have been regrouped / reclassified wherever applicable.

In Terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair
Partner

Membership No. 45893
Mumbai, May 23, 2009

J.T. Poonja
Executive Chairman

S. G. Muthu Kummar
Chief Financial Officer

Nimish C. Shah
Managing Director

Haroon Mansuri
Company Secretary

Fortune Financial Services (India) Limited

Standalone Financial Statements
for the year ended March 31, 2009
together with Auditors' Report



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AUDITORS' REPORT

To The Members of Fortune Financial Services (India) Limited

We have audited the accompanying Balance Sheet of Fortune Financial Services (India) Limited (the Company) as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003, and amendments thereto (together referred to as the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
- 2) Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iii. In our opinion, 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 Companies Act, 1956;
 - iv. On the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair
Partner

(Membership No. 45893)

Mumbai, May 23, 2009



Annexure referred to in Paragraph (1) of the Auditors' Report to the Members of Fortune Financial Services (India) Limited for the year ended March 31, 2009

1. a. The Company's records showing particulars including quantitative details and situations of fixed assets are required to be updated.
- b. As explained to us, though the Company has a system of physical verification of fixed assets once in a period of three years, the Management has not physically verified its fixed assets during the year.
- c. None of the assets of the company has been sold during the year.
2. a. In our opinion and according to the explanations given to us, the Company has granted unsecured loans to its subsidiary and taken unsecured loans from a firm and its subsidiary covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding in respect of these loans given during the year was Rs.3,538.64 lacs (2 parties) and the amount outstanding in respect of these loans at the year end was Rs.656.37 lacs. The maximum amount outstanding in respect of the loans taken during the year was Rs.100.00 lacs (1 party) and the amount outstanding in respect of such loan at the end of the year was Rs.66.23 lacs (1 party).
- b. In our opinion, the rate of interest, if any, and other terms and conditions of loans taken by the Company from the firm/companies listed in the Register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company.
- c. The Company has been regular in repayment of the principal and interest, if stipulated, in respect of the loans.
- d. All loans (repayable on demand) granted to the companies listed in the register maintained under section 301 have been repaid, as per stipulations if any, during the year. Accordingly, there is no amount overdue in respect of the loans granted to the companies/firm listed in the register maintained under Section 301.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of its services. Further on the basis of our examination and according to the information and explanations given to us, neither have we noticed nor have we been informed of any major weaknesses in the internal control system.
4. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of Rupees Five lacs in respect of the parties during the year have been made at prices which are reasonable having regard to market prices prevailing at the relevant time.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public. As per the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order relating to public deposits on the Company.
6. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
7. In our opinion and according to the explanations given to us, the Company is not required to maintain cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
8. a. According to the records of the Company and the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, cess and other statutory dues, if applicable to it.
- b. According to the information and explanations given to us, there are no undisputed statutory dues as referred to above as on March 31, 2009 outstanding for a period of more than six months from the date they became payable..
9. The Company does not have any accumulated loss as at March 31, 2009. The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
10. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.

11. Based on our examination of documents and records, and as confirmed by the Management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of its dealing in shares and timely entries have been made in those records. We also report that the Company has held the shares, in its own name except those that are intended to be contracted or sold immediately.
13. The Company has given guarantee for a loan taken by its subsidiary from a bank, the terms of which are not prima facie prejudicial to the interests of the Company.
14. Based on our examinations of the records and information and explanations given to us, the Company has not taken any term loans.
15. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we are of the opinion that as at the close of the year, no funds raised on a short term basis has been used for long term investments and vice versa.
16. The Company has made a preferential allotment of equity warrants to parties covered in the register maintained under Section 301 of the Companies Act, 1956, the terms of which are not prima facie prejudicial to the interest of the Company.
17. The Company has not issued any debentures during the year.
18. The Company has not made any public issue of any of its securities during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by the Management.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair
Partner

(Membership No. 45893)

Mumbai, May 23, 2009

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BALANCE SHEET AS AT MARCH 31, 2009

(Rupees in Lacs)

	Schedule	As at 31-Mar-09	As at 31-Mar-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,110.00	1,000.00
Equity Warrants		88.00	-
Reserves and Surplus	B	<u>6,732.01</u>	<u>4,312.19</u>
		7,930.01	5,312.19
Loan Funds			
Unsecured Loans	C	66.23	-
Deferred Tax Liability			
		4.55	2.71
TOTAL		<u><u>8,000.79</u></u>	<u><u>5,314.90</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	118.18	919.22
Less : Depreciation and Amortisation		73.60	382.51
Add: Capital Work -in-Progress		-	1.88
Less: Assets transferred on slump sale		-	504.26
Net Block		<u>44.58</u>	<u>34.33</u>
Investments	E	5,586.38	3,883.75
Current Assets, Loans and Advances			
Current Assets	F	1,730.43	1,537.48
Loans and Advances	G	<u>1,536.89</u>	<u>1,220.79</u>
		3,267.32	2,758.27
Less : Current Liabilities and Provisions			
Current Liabilities	H	19.97	159.93
Provisions	I	<u>879.78</u>	<u>1,201.52</u>
		899.75	1,361.45
Net Current Assets		2,367.57	1,396.82
Miscellaneous Expenditure (to the extent not written off or adjusted)			
	J	2.26	-
TOTAL		<u><u>8,000.79</u></u>	<u><u>5,314.90</u></u>
Notes to Accounts	Q		

In Terms of our Report of even date

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

For and on behalf of the Board

J.T. Poonja
Executive Chairman

Nimish C. Shah
Managing Director

S. G. Muthu Kummar
Chief Financial Officer

Haroon Mansuri
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rupees in Lacs)

	Schedule	Year ended 31-Mar-09	Year ended 31-Mar-08
INCOME			
Income from Operations	K	578.72	3,269.72
Other Income	L	187.30	520.65
TOTAL		766.02	3,790.37
EXPENDITURE			
Operational Expenses	M	58.63	632.08
Personnel Expenses	N	203.10	501.51
Administrative and Other Expenses	O	168.75	454.07
Financial Expenses	P	13.77	458.12
Depreciation		21.24	120.26
TOTAL		465.49	2,166.04
PROFIT BEFORE TAX		300.53	1,624.33
Consisting of :			
- Discontinued operations		-	34.58
- Continuing operations		300.53	1,589.75
Provision for Taxation			
- Current Tax		63.00	425.00
- Deferred Tax		1.85	(60.60)
- Fringe Benefit Tax		3.35	8.75
PROFIT AFTER TAX		232.33	1,251.18
Less: Profit on Discontinued Operations		-	75.72
Profit on Continuing Operations		232.33	1,175.46
Balance brought forward from previous year		1,859.80	1,025.22
Tax in-respect of earlier years		0.41	3.34
BALANCE AVAILABLE FOR APPROPRIATION		2,091.72	2,197.34
APPROPRIATIONS			
Transfer to General Reserve		23.23	117.54
Equity Dividend (Refer Note II.13 Schedule 'Q')		122.10	220.00
Balance Carried to Balance Sheet		1,946.39	1,859.80
TOTAL		2,091.72	2,197.34
EARNINGS PER SHARE			
a) Profit After Tax		232.33	1,175.46
b) Weighted Average number of Equity Shares			
Basic		10,816,712	10,000,000
Diluted		10,846,301	10,000,000
c) Nominal value per Share (in rupees)		10	10
d) Basic and diluted Earning Per Share (in rupees)			
Basic		2.15	11.75
Diluted		2.14	11.75

Notes to Accounts

Q

In Terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja

Executive Chairman

Nimish C. Shah

Managing Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "A" SHARE CAPITAL		
Authorised		
15,000,000 (Previous Year 15,000,000) Equity Shares of Rs. 10/- each	1,500.00	1,500.00
Issued, Subscribed and Fully Paid Up		
11,100,000 (Previous Year 10,000,000) Equity Shares of Rs.10/- each (Refer Notes below)	1,110.00	1,000.00
TOTAL	1,110.00	1,000.00
Note 1: Of the above, 199,400 (Previous Year 199,400) equity shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve.		
Note 2: The Company has bought back till March 31, 2002 16,09,900 Equity shares of Rs. 10/- each under Section 77A of the amended Companies Act, 1956		
Note 3: Of the above, 38,83,004 equity shares of Rs.10/- each were allotted as fully paid up shares on 31.03.2006 by capitalisation of Share Premium.		
SCHEDULE "B" RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	276.11	155.44
Add: Transferred from Profit and Loss Account	23.23	117.54
Add: Addition on account of employee benefit	-	3.13
	299.34	276.11
Share Premium Account		
As per last Balance Sheet	2,176.28	2,176.28
Add: Addition during the year on issue of Equity shares	2,310.00	-
	4,486.28	2,176.28
Profit and Loss Account	1,946.39	1,859.80
TOTAL	6,732.01	4,312.19
SCHEDULE "C" UNSECURED LOANS		
Loan from Subsidiary	66.23	-
	66.23	-

SCHEDULE "D" FIXED ASSETS

(Rupees in Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Asat 01.04.2008	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Asat 31.03.2009	Asat 01.04.2008	For the year/ Adjustments	On deductions/ Adjustments	Asat 31.03.2009	Asat 31.03.2009	Asat 31.03.2008
Tangible Assets										
Computers	15.60	2.93	-	18.53	6.13	4.86	-	10.99	7.54	9.47
Office Equipments	11.34	2.66	-	14.00	7.70	0.88	-	8.58	5.42	3.64
Furniture and Fixtures	34.76	1.55	-	36.31	23.76	2.24	-	26.00	10.31	11.01
Leasehold Improvements	-	20.19	-	20.19	-	7.67	-	7.67	12.52	-
Electrical Installations	0.80	-	-	0.80	0.70	0.01	-	0.71	0.09	0.10
Vehicles	17.18	-	-	17.18	10.50	1.73	-	12.23	4.95	6.68
Intangible Assets										
Computer Software	7.00	4.17	-	11.17	3.57	3.85	-	7.42	3.75	3.43
TOTAL	86.68	31.50	-	118.18	52.36	21.24	-	73.60	44.58	34.33
Previous year	523.32	422.22	26.32	919.22	281.18	120.26	18.93	382.51	536.71	242.14

Notes: Fixed Assets of previous year includes assets of the written down value of Rs.504.26 lacs transferred through slump sale.

SCHEDULE FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09		As at 31-Mar-08	
SCHEDULE "E" INVESTMENTS (At cost unless otherwise specified)				
LONG TERM INVESTMENTS (TRADE)				
A) Equity Shares (unquoted)		0.05		0.05
LONG TERM INVESTMENTS (NON TRADE)				
A) Equity Shares (unquoted)		5,442.70		3,742.70
B) Preference Shares (unquoted)		140.00		140.00
CURRENT INVESTMENTS (NON TRADE)				
A) Mutual Fund Units (unquoted)		3.63		1.00
TOTAL		<u>5,586.38</u>		<u>3,883.75</u>
LONG TERM INVESTMENTS (TRADE)				
(Fully Paid up unless otherwise stated)				
Name of the Company	Number	Amount	Number	Amount
A) EQUITY SHARES (UNQUOTED)				
Bombay Stock Exchange Limited (Lien with a bank for overdraft facility to a subsidiary)	70,694	0.05	5,438	0.05
TOTAL		<u>0.05</u>		<u>0.05</u>
LONG TERM INVESTMENTS (NON TRADE)				
(Fully Paid up unless otherwise stated)				
A) EQUITY SHARES (UNQUOTED)				
Subsidiary Companies				
Fortune Equity Brokers (India) Limited	16,135,000	3,357.70	16,135,000	3,357.70
Fortune Credit Capital Limited	17,250,000	1,725.00	2,250,000	225.00
Fortune Commodities & Derivatives (India) Limited	3,000,000	300.00	1,000,000	100.00
Fortune Financial India Insurance Brokers Limited	600,000	60.00	600,000	60.00
TOTAL		<u>5,442.70</u>		<u>3,742.70</u>
B) PREFERENCE SHARES (UNQUOTED)				
Subsidiary Companies				
1% Redeemable Cumulative Preference Shares of Rs.10/- each in Fortune Equity Brokers (India) Limited	-	-	200,000	20.00
10% Redeemable Cumulative Preference Shares of RS.10/- each in Fortune Equity Brokers (India) Limited	800,000	80.00	800,000	80.00
12.50% Redeemable Cumulative Preference Shares of Rs.10/- each in Fortune Equity Brokers (India) Limited	600,000	60.00	400,000	40.00
TOTAL		<u>140.00</u>		<u>140.00</u>
CURRENT INVESTMENTS (NON TRADE)				
(Fully Paid up unless otherwise stated)				
MUTUAL FUND UNITS (UNQUOTED)				
Fidelity Ultra Short Term Debt Fund	26,243	2.63	-	-
ICICI Prudential Fusion Fund	10,000	1.00	10,000	1.00
		<u>3.63</u>		<u>1.00</u>
(Net Asset Value Rs. 3.21 Lacs (Previous year Rs.1.00 Lac))				



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "F" CURRENT ASSETS		
Debtors		
(Unsecured)		
Outstanding for a period exceeding six months :		
Considered Doubtful	3.85	-
Others :		
Considered Good	173.10	168.22
Considered Doubtful	-	-
	<u>176.95</u>	<u>168.22</u>
Less: Provision for Doubtful Debts	3.85	-
	<u>173.10</u>	168.22
Cash and Bank Balances		
Cash and Cheques on hand	0.20	0.10
Balance with Scheduled Banks		
In Current Accounts	127.48	229.58
In Deposit Accounts	<u>1,232.04</u>	825.93
(Under lien with a bank)	1,359.72	1,055.61
Other Assets		
Interest Accrued but not due	73.91	65.71
Dividend Receivable	123.70	247.94
TOTAL	<u><u>1,730.43</u></u>	<u><u>1,537.48</u></u>
SCHEDULE "G" LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	33.08	80.66
Staff Loans	2.12	1.71
Loans to Subsidiaries	656.37	-
Deposits	15.02	15.00
(Includes deposits for premises of Rs. 14.70 Lacs (Previous year Rs. 14.70 Lacs) paid to a Firm in which Directors are interested. Maximum amount due at any time during the year Rs. 14.70 Lacs (Previous year Rs. 14.70 Lacs)).		
Advance Tax and Tax Deducted at Source	830.30	1,123.42
TOTAL	<u><u>1,536.89</u></u>	<u><u>1,220.79</u></u>
SCHEDULE "H" CURRENT LIABILITIES		
Current Liabilities		
Sundry Creditors	2.18	66.69
Items covered by Investor Education and Protection Fund		
Unclaimed Dividends	10.15	6.93
(As at 31 March 2009, no amount was due and outstanding for transfer to Investor Education and Protection Fund)		
Other Liabilities	7.64	86.31
TOTAL	<u><u>19.97</u></u>	<u><u>159.93</u></u>

SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "I" PROVISIONS		
Provision for Taxation	746.20	970.20
Provision for Fringe Benefit Tax	8.97	10.62
Provision for Proposed Dividend	122.10	220.00
Provision for Leave Encashment	2.10	0.70
Provision for Diminution in value of Current Investments	0.41	-
TOTAL	879.78	1,201.52
SCHEDULE "J" MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
As per last Balance Sheet	-	-
Add: Addition during the year	2.51	-
Less: Written Off during the year	0.25	-
TOTAL	2.26	-
	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE : "K" INCOME FROM OPERATIONS		
Brokerage and related Operational income	-	958.84
Investment and Merchant Banking Income	481.22	1,537.10
Interest on Fixed Deposits	97.50	502.96
(Tax deducted at source Rs.19.17 Lacs (Previous year Rs.82.64 Lacs))		
Profit on Sale of Current Investments/ Derivatives (Net)	-	270.82
TOTAL	578.72	3,269.72
SCHEDULE : "L" OTHER INCOME		
Income from Dividend	134.13	257.53
Profit on Sale of Long Term Investments	-	237.18
Bad debts Recovered	-	25.56
Exchange gain	1.97	-
Interest on Loan	36.21	-
(Tax deducted at source Rs.7.46 Lacs (Previous year Rs.Nil))		
Miscellaneous Income	14.99	0.38
TOTAL	187.30	520.65
SCHEDULE : "M" OPERATIONAL EXPENSES		
Brokerage / Sub-brokerage (Net)	-	38.85
Other Operating Expenses	40.93	390.21
Loss on Sale of Current Investments/ Derivatives (Net)	17.29	-
Provision for Diminution in value of Current Investments (Net)	0.41	203.02
TOTAL	58.63	632.08



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE : "N" PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	122.11	295.01
Contribution to Provident and Other Funds	9.69	18.08
Directors' Remuneration	68.24	165.61
Staff Welfare and Other Expenses	3.06	22.81
TOTAL	203.10	501.51
SCHEDULE : "O" ADMINISTRATIVE AND OTHER EXPENSES		
Rent	48.65	110.64
Rates and Taxes	0.18	0.25
Printing and Stationery	9.06	38.97
Travelling Expenses		
Foreign Travelling	14.31	6.60
Domestic Travelling	4.75	30.22
Conveyance Expenses	1.68	7.76
Motor Vehicle Expenses	3.61	5.34
Electricity Charges	11.25	25.46
Postage and Telegram Charges	2.32	13.35
Telephone Expenses	8.82	51.74
Advertisement Expenses	1.11	8.36
Legal and Professional Fees	12.71	51.27
Auditors' Remuneration	3.90	2.58
Repairs and Maintenance		
Office Premises	2.11	9.24
Others	11.29	43.61
Insurance	1.59	5.34
Membership Fees	9.24	8.19
Donations	0.15	0.60
Directors' Sitting Fees	5.60	3.15
Newspapers, Books and Other Subscriptions	0.26	0.57
Loss on Sale of Assets (Net)	-	0.07
Business Promotion Expenses	4.31	13.26
Bad Debts / Sundry Balances written off	4.12	0.13
Provision for Doubtful Debts	3.85	1.13
Miscellaneous Expenses	3.88	16.24
TOTAL	168.75	454.07
SCHEDULE : "P" FINANCIAL EXPENSES		
Interest	13.43	445.93
Bank Charges and Others	0.34	12.19
TOTAL	13.77	458.12

NOTES TO ACCOUNTS

SCHEDULE "Q" NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 1956.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expense during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

3. System of Accounting

The Company follows the accrual system of accounting.

4. Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

a. Investment Banking and Merchant Banking Income

- i. Underwriting Commission is accounted on the closure of the issue underwritten on the basis of the terms of agreement with the clients.
- ii. Issue Management fee is accounted on the basis of the terms of agreement with the clients.
- iii. Placement Fees and other Service Charges are accounted when there is reasonable certainty of its ultimate realisation / collection.

b. Interest income is recognised on a time proportion basis

c. Dividend Income is recognised when the right to receive dividend is established.

5. Staff Retirement Benefits

a. Defined benefit plan :

The Company accounts for the defined benefit plans such as gratuity and leave encashment on accrual basis. The Company's Gratuity benefits are administered by a Trust formed for this purpose through the Group Gratuity Scheme of the Life Insurance Corporation of India (LIC) and contribution towards gratuity liability as determined through actuarial valuation is charged to the Profit and Loss Account each year. Liability for leave encashment is provided by making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current periods.

b. Defined contribution plan :

The Company contributes to the State governed provident fund and pension fund schemes for all its employees who are eligible for the benefit. All such contributions are recognised as an expense and charged to the Profit and Loss Account during the period in which the employee renders the related service.

6. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation.

7. Intangible Assets

Intangible Assets are stated at cost of acquisition less amortisation.

8. Depreciation and Amortisation

The Company provides for depreciation and amortisation as under:

- a. On written down value basis in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. Intangible Assets are amortised over a period of three years from the date of acquisition on written down value basis.
- c. On a pro-rata basis on assets purchased / sold during the year.
- d. Asset costing less than Rs. 5,000/- per item is fully depreciated in the year of purchase.



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

e. Leasehold improvements are depreciated over the primary period of the lease.

9. Current Assets

Current Assets are stated at cost.

10. Taxation

Provision for Tax comprises Current Tax, Deferred Tax charge or benefit and Fringe Benefit Tax.

Current Taxes are measured on the basis of the taxes expected to be paid on the taxable income determined in accordance with the prevailing tax rates and laws.

Deferred tax is the tax effect of the timing differences between the accounting income and taxable income. Deferred Tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the rates that have been enacted or substantially enacted as at the balance sheet date.

Deferred Tax Assets are recognised only to the extent there is a reasonable certainty that there will be sufficient taxable income against which it can be realised; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets. Deferred Tax Assets, if any, are re-assessed periodically.

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the chargeable expenditure of the Company as prescribed under the prevailing tax laws.

11. Investments

All Investments are stated at cost. Investments are classified into long term investments and current investments. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary. Provision for diminution in the value of Current Investment as at the end of the year is charged to the Profit and Loss Account.

12. Derivative Instruments

Daily mark-to-market margins on the derivative trades are accounted separately as against the initial margin payments under Current Assets. The profit/loss on the final settlement of the derivative contracts, calculated as the difference between the final settlement price and the contract prices of all the contracts in the series, is recognised on the expiry/square-up of the series of equity index/stock futures by transfer from the mark-to-market margin account.

As on the date of the Balance Sheet, provision for anticipated loss is made for the debit balance if any in the mark-to-market margin account (maintained scripwise/indexwise) on open futures contracts, credit balances if any, in the account attributable to anticipated income being ignored keeping in view the consideration of prudence.

13. Earnings Per Share

Basic earnings per share is computed and disclosed by dividing the net profit after tax by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential equity shares, if any.

14. Miscellaneous Expenditure

Preliminary expenditure and expenditure in connection with the raising of capital / additional capital are amortised over a period of ten years from the year of commencement of business operations or from the year of raising of capital / additional capital.

15. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the company has a present obligation as a result of past event,
- b) a probable outflow of resources is expected to settle the obligation, and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liabilities are not recognised but are disclosed in the notes in case of:

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- b) a possible obligation, unless the probability of outflow of resources is remote.

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

16. Leases

Lease payments for assets taken under operating leases are charged off to the Profit and Loss Account as and when incurred.

II. OTHER NOTES**1. Deferred Tax Liability (net) comprises**

(Rupees in Lacs)

	2008-2009	2007-2008
Deferred Tax Liability		
Accumulated Depreciation	6.71	3.11
Sub Total	6.71	3.11
Deferred Tax Asset		
Provision for Diminution in Value of Investments	0.14	–
Provision for Doubtful Debts	1.31	–
Provision for Leave Encashment	0.71	0.40
Sub Total	2.16	0.40
Net Deferred Tax Liability	4.55	2.71

2. In the opinion of Management, the value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

3. Segment wise reporting

The Company's is primarily engaged in the business of Investment and Merchant Banking activities. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per Accounting Standard 17 on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India.

4. As per Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the related parties with whom the Company has entered into transactions during the year in the ordinary course of business, as certified by the Management are disclosed below:

A) Names of the Related Parties and their relationships:

a) Related parties where control exists:

Subsidiary Companies

Fortune Equity Brokers (India) Limited

Fortune Commodities & Derivatives (India) Limited

Fortune Credit Capital Limited

Fortune Financial India Insurance Brokers Limited

b) Other related parties with whom transactions have taken place during the year:

i) Enterprises having significant influence:

BDO Haribhakti Consulting Private Limited

Mehra Capital Services Private Limited

Fortune Capital Services

Arvind & Co.

ii) Key management personnel and their relatives:

Mr. J.T. Poonja, Chairman

Mr. Nimish C. Shah, Vice Chairman & Managing Director



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

Mr. Diptesh Shah, Executive Director (upto March 03, 2009)
 Mr. Shailesh Haribhakti, Director
 Mr. Sohan C Mehta , Director
 Mr. Ramesh Venkat, Director
 Mr. Gaurang A Patel, Director
 Ms. Sangeeta Poonja, Director
 Mr. C.R. Mehta, Director

B) Details of transactions with related parties referred to above:

(Rupees in Lacs)

Nature of Transaction	Subsidiary	Enterprises having significant influence	Key management personnel and their relatives	Total
Capital market transactions on behalf of				
– Purchase Transactions	1,344.92 (–)	– (1463.09)	– (5,544.29)	1,344.92 (7,007.38)
– Sale Transactions	1,285.25	– (1,288.01)	– (5,461.08)	1,285.25 (6749.09)
Rent Paid	– (–)	45.00 (27.00)	– (–)	45.00 (27.00)
Remuneration Paid	– (–)	– (–)	68.24 (165.61)	68.24 (165.61)
Professional Charges Paid	– (–)	6.20 (15.36)	– (–)	6.20 (15.36)
Directors Sitting Fees Paid	– (–)	– (–)	5.60 (3.15)	5.60 (3.15)
Dividend Received	123.77 (255.22)	– (–)	– (–)	123.77 (255.22)
Interest Paid	2.81	– (19.52)	– (–)	2.81 (19.52)
Interest Received	36.21 (–)	– (–)	– (–)	36.21 (–)
Investment in Equity share of Subsidiaries*	1,700.00 (386.50)	– (–)	– (–)	1,700.00 (386.50)
Purchase of Preference Shares	2.00 (90.00)	– (–)	– (–)	2.00 (90.00)
Sale of Preference Shares	2.00 (90.00)	– (–)	– (–)	2.00 (90.00)
Loans Given	2,317.00 (8,993.22)	– (–)	– (238.00)	2,317.00 (9,231.22)
Loans Taken	1,482.00 (9,466.68)	– (–)	– (1,872.00)	1,482.00 (11,338.68)
Reimbursement	99.04 (44.52)	– (–)	– (–)	99.04 (44.52)
Outstanding as on March 31				
a) Guarantee given	2,428.75 (1,650)	– (–)	– (–)	2,428.75 (1,650)
b) Guarantee received	– (998.75)	– (–)	– (–)	– (998.75)

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(Rupees in Lacs)

Nature of Transaction	Subsidiary	Enterprises having significant influence	Key management personnel and their relatives	Total
c) Loan Receivable	656.37 (-)	- (-)	- (-)	656.37 (-)
d) Loan Payable	66.23 (-)	- (-)	- (-)	66.23 (-)
e) Deposit receivable	- (-)	14.70 (14.70)	- (-)	14.70 (14.70)
f) Sundry Receivable	- (48.46)	- (-)	- (-)	- (48.46)

* Excluding shares allotted in a subsidiary received pursuant to a slump sale in 2007-2008.

Note: Figures in brackets represent previous year's amounts.

5. Auditors' Remuneration

(Rupees in Lacs)

	2008-2009	2007-2008
Statutory Audit	2.00	1.75
Certification and other matters	1.80	0.75
Tax Audit	0.10	0.08
Total	3.90	2.58

6. (a) Earnings in foreign currency

(Rupees in Lacs)

	2008-2009	2007-2008
Merchant Banking Income	85.82	150.66

(b) Expenditure incurred in foreign currency

(Rupees in Lacs)

	2008-2009	2007-2008
Travelling and Business Promotion	6.66	6.86
Subscription	4.45	3.66

(c) Details of dividend remitted in foreign currency

(Rupees in Lacs)

	2008-2009	2007-2008
Type of Dividend	Dividend for FY 2007-2008	Dividend for FY 2006-2007
Number of non-resident shareholders	2	2
Number of Shares held	22,33,992	22,33,992
Gross amount of dividend	49.15	22.34



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

7. Director's Remuneration

(Rupees in Lacs)

	2008-2009	2007-2008
Salary, Bonus and Allowances	62.74	157.28
Contribution to Provident and Other Funds	5.50	8.33
Sub Total	68.24	165.61
Directors' Sitting Fees	5.60	3.15
Total	73.84	168.76

Note: The contribution to the Gratuity Fund has been made on a group basis and separate figures applicable to an individual employee are not available and therefore, contribution to Gratuity Funds has not been considered in the above computation.

As no commission is payable to Directors, the computation of net profit in accordance with Section 309(5) read with Section 349 of the Companies Act, 1956 has not been given.

8. Employee Benefits :

(a) Defined Benefit Plans as per Actuarial Valuation as at March 31, 2009:

(i) Change in Present Value of Defined Benefit Obligation:

(Rupees in Lacs)

	2008-09	2007-08
Liability at the beginning of the year	9.86	11.58
Interest Cost	0.70	1.08
Current Service Cost	3.58	(5.38)
Liability Transfer in	(7.68)	(0.23)
Benefit paid	(9.35)	–
Actuarial (gain)/loss on obligations	10.52	0.84
Liability at the end of the year	7.64	9.86

(ii) Change in Fair Value of Plan Assets:

(Rupees in Lacs)

	2008-09	2007-08
Fair Value of Plan Assets at the beginning of the year	19.37	14.71
Expected Return on Plan Assets	1.31	1.43
Contributions	1.69	3.28
Benefit paid	(9.35)	(0.23)
Actuarial gain/(loss) on Plan Assets	0.57	0.18
Fair Value of Plan Assets at the end of the year	13.59	19.37
Total Actuarial Gain/(Loss) To Be Recognised	(9.95)	(0.66)

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(iii) Amount Recognised in the Balance Sheet

(Rupees in Lacs)

	2008-09	2007-08
Liability at the end of the year	7.64	9.86
Fair Value of Plan Assets at the end of the year	13.59	19.37
Difference	5.95	9.51
Amount Recognised in the Balance Sheet	5.95	9.51

(iv) Expenses recognised in the Profit and Loss Account

(Rupees in Lacs)

	2008-09	2007-08
Current Service Cost	3.58	1.98
Interest Cost	0.70	1.08
Expected Return on Plan Assets	(1.31)	(1.43)
Actuarial Gain / (Loss)	9.95	0.66
Expense Recognised in Profit and Loss Account	12.93	2.29

(v) Actuarial Assumptions:

	March 31, 2009	March 31, 2008
Discount Rate (per annum)	7.75%	8.00%
Rate of Return on Plan Assets (per annum)	8.00%	8.00%
Salary Escalation (per annum)	5.00%	5.00%

(a) Defined Contribution Plans:

The amount recognised as expense and included in Schedule 'N' under the head "Contribution to Provident and Other funds" of the Profit and Loss Account is Rs.4.17 Lacs (previous year Rs. 18.08 Lacs).

(b) Amount recognised as expense in respect of compensated leave absences is Rs.1.54 Lacs (Previous year Rs.Nil)

9. a. The Company has taken office premises under operating lease at various locations. These agreements provide an option to the Company to renew the lease on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.
- b. The rental expense in respect of the operating lease, recognised in the Profit and Loss Account as "Rent" in Schedule "O" is Rs.48.65 Lacs (previous year Rs.110.64 Lacs)

Details of the minimum lease payments for the operating leases are provided hereunder

(Rupees in Lacs)

	2008-2009	2007-2008
Not later than one year	59.28	45.90
Later than one year but not later than five years	64.48	226.95
Later than five years	-	-



SCHEDULE “Q” NOTES TO ACCOUNTS (Contd.)

10. Earnings Per Share

Basic and Diluted Earnings per share computed in accordance with Accounting Standard (AS)20 “ Earning per share”

		2008-2009	2007-2008
A	Basic		
	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	10,000,000	10,000,000
	Addition during the year	1,100,000	–
	Number of shares at the end of the year	11,100,000	10,000,000
	Weighted average number of equity shares	10,816,712	10,000,000
	Net profit after tax (Rupees in Lacs)	232.33	1175.46
	Basic earning per share of Rs.10/- each (Rupees)	2.15	11.75
B	Diluted		
	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	10,000,000	10,000,000
	Addition during the year	1,100,000	–
	Number of shares at the end of the year	11,100,000	10,000,000
	Addition for shares (convertible from equity warrants) (Refer note 11)	40,000	–
	Weighted average number of equity shares	10,846,301	10,000,000
	Net profit after tax (Rupees in Lacs)	232.36	1175.46
	Diluted earning per share of Rs.10/- each (Rupees)	2.14	11.75

11. The Company has issued Equity warrants at Rs. 220/- per warrant on a preferential basis to its promoters during the year. In accordance with the terms of the issue, the holder of each warrant shall have the option to apply for and be allotted one equity share of Rs.10/- each at any time after the date of allotment but not later than eighteen months from the date of allotment. (i.e. not later than January 04, 2010). During the year, the holders of the equity warrants have not exercised the option to convert the equity warrants into equity shares.

12. Contingent Liabilities

(Rupees in Lacs)

Details of Guarantees	2008-2009	2007-2008
Given by banks on behalf of the Company		
In respect of capital adequacy, daily margin and other contractual commitments for capital market operations of the Company	–	998.75
Given by the Company		
Corporate counter guarantee given for Subsidiary Company	2428.75	1,650.00

13. Section 115-O of the Income Tax Act (revised by the Finance Act, 2008) provides for calculation of dividend distribution tax liability of the holding company after permitting reduction of dividend received from its subsidiary. In view of this, there is no tax on the proposed dividend distribution by the Company.

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

14. Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company has not yet commenced the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence the relevant disclosures have not been made in the accounts. However, in the view of the Management, there is no possibility of any interest being payable to any supplier as the Company is prompt in making payments to its suppliers.
 15. Balances standing in debtors, creditors and loan and advances are subject to confirmation.
 16. Previous year's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.
 17. The Company had, during the previous year, transferred the assets and liabilities of its 'Capital Market Undertaking' to its wholly owned subsidiary M/s.Fortune Equity Brokers (India) Limited with effect from 1st April, 2007 through a 'Slump Sale'. Pursuant to such transfer, the standalone figures for the current year represents the performance of the Merchant Banking Division alone and hence is not comparable with the corresponding figures of the previous year which includes amounts relating to the transferred division
- III. Statement of significant accounting policies and the notes numbered I & II form an integral part of the accounts for the year ended March 31, 2009.

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	62067	State Code	11
Balance Sheet Date	31	Month	3
		Year	2009

II. Capital Raised During the year (Amount rupees in thousands)

Public Issue	NIL	Rights Issue/Pref. Issue	11,000
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount rupees in thousands)

Sources of Funds

Total Liabilities	800,079	Total Assets	800,079
Paid-up Capital	111,000	Secured Loans	NIL
Equity Warrants	8,800	Unsecured Loans	6,623
Reserves and Surplus	673,201	Deferred Tax Liability	455

Application of Funds

Net Fixed Assets	4,458	Investments	558,638
Net Current Assets	236,757	Miscellaneous Expenditure	226

IV. Performance of Company (Amount rupees in thousands)

Turnover	76,602	Total Expenditure	46,549
Profit/(Loss) Before Tax	30,053	Profit/(Loss) After Tax	23,233
Basic Earning Per Share (in rupees)	2.15	Dividend rate %	11%

V. Generic Names of Principal Services of Company

1. Investment and Merchant Banking Activities

CASH FLOW STATEMENT

(Rupees in Lacs)

	2008-2009	2007-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	300.53	1,624.33
Adjustments for :		
Depreciation and Amortisation	21.24	120.26
Miscellaneous Expenses Written Off	0.25	–
Loss on sale on Assets(Net)	–	0.07
Profit/(Loss) on sale of current Investments / Derivatives (Net)	17.29	(270.82)
Profit on sale of Long Term Investment	–	(237.18)
Provision for diminution in value of Investments / Derivatives (Net)	0.41	203.02
Provision for Leave Encashment (Net)	1.40	(1.71)
Bad Debts / Sundry Balances written off	4.12	–
Provision For Doubtful Debts	3.85	1.13
Interest Income	(133.71)	(502.96)
Interest Expense	13.43	445.93
Dividend Income	(134.13)	(257.53)
Operating Profit before Working Capital Change	94.68	1,124.54
Adjustments for :		
Profit on discontinued Operation	–	(75.72)
	94.68	1,048.82
(Increase) / Decrease in Trade and Other Receivables	(508.55)	409.41
(Increase) / Decrease in Investments	(1,719.92)	(2,739.12)
(Increase) / Decrease in Margin money and Fixed Deposits	(406.11)	3,702.12
Increase / (Decrease) in Trade Payables	(143.18)	(823.95)
	(2,683.08)	1597.28
Interest Income	133.71	502.96
Dividend Income	134.13	257.53
Direct Tax paid (net of refunds)	0.71	(603.77)
	(2,414.53)	1,754.00
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(2,414.53)	1,754.00
B CASH FLOW FROM INVESTING ACTIVITIES		
Advance/Purchase of fixed assets	(31.49)	(424.10)
Sale of fixed assets	–	511.58
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(31.49)	87.48



CASH FLOW STATEMENT (Continued)

(Rupees in Lacs)

	2008-2009	2007-2008
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issue of shares	2,420.00	–
Proceeds from issue of equity warrants	88.00	–
Net borrowings from banks	66.23	(1,078.62)
Dividend and Distribution Tax paid	(216.78)	(122.78)
Interest Expense	(13.43)	(445.93)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	2,344.02	(1,647.33)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(102.00)	194.15
CASH AND CASH EQUIVALENTS		
Balance at the beginning of the year	229.68	35.53
Balance at the end of the year	127.68	229.68
	(102.00)	194.15

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Previous year's figures have been regrouped / reclassified wherever applicable.

In Terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja

Executive Chairman

Nimish C. Shah

Managing Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary

STATEMENT RELATING TO SUBSIDIARY COMPANIES PURSUANT TO APPROVAL GRANTED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

(Rupees in Lacs)

Particulars	Fortune Equity Brokers (India) Ltd.	Fortune Commodities & Derivatives (India) Ltd.	Fortune Credit Capital Ltd.	Fortune Financial India Insurance Brokers Ltd.
Capital	1,753.50	300.00	1,725.00	60.00
Reserves	2,013.26	32.71	24.70	–
Total Assets	9,986.88	379.19	2,382.81	60.12
Total Liabilities	9,986.88	379.19	2,382.81	60.12
Investments	1.20		4.59	–
Turnover	3,306.95	191.69	246.47	33.23
Profit/(Loss) before Tax	(209.24)	54.55	120.52	(31.21)
Provision for Tax (including deferred and fringe benefit tax)	50.98	17.52	39.21	0.52
Profit/(Loss) after Tax	(260.22)	37.03	81.31	(31.73)
Proposed Dividend	48.41	9.00	51.75	–

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **Fortune Financial Services (India) Limited** will be held on Saturday, the 29th day of August, 2009 at 11.00 a.m. at the Registered Office of the Company at K.K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the equity share capital of the Company.
3. To appoint a Director in place of Mr. C. R. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sohan C. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai as the Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, with or without modifications, to pass the following resolution, as an **Ordinary Resolution** :
“**RESOLVED THAT** Mr. H. R. Prasad, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 16th September, 2008, pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 96 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation;
7. To consider and, if thought fit, with or without modifications, to pass the following resolution, as an **Ordinary Resolution** :
“**RESOLVED THAT** Mr. Manoj G. Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 16th September, 2008, pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 96 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation;
8. To consider and, if thought fit, with or without modifications, to pass the following resolution, as an **Ordinary Resolution** :
“**RESOLVED THAT** in super session of the earlier resolution passed at the Extra Ordinary General Meeting of the members of the Company held on 16th March, 2007, pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and Article 63 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute or an existing committee for this purpose) to borrow from time to time both in Indian currency and Foreign currencies including External Commercial Borrowings (ECB) as may be permitted and subject to approval from Reserve Bank of India (RBI) or any other statutory authorities or other statutes for the time being in force as may be required from time to time, any sum or sums of monies, as it may deem proper for the purposes of business of the Company, from any one or more banks, Financial Institutions, Body Corporates, firms or any other entity, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may at any time, not exceeding up to a sum of Rs. 200.00 crores (Rupees Two Hundred Crores) which is in excess of aggregate of the paid up share capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose, and that the Board be and is hereby empowered and authorised to arrange, or agree to the terms and conditions for all such monies to be borrowed from time to time with in the limit so fixed as to payment of interest, processing charges, repayment of principal amounts, number of installments, security to be provided and any other terms and conditions as may be agreed between the lender and the Company, as Board may at its absolute discretion think fit.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary for the purpose and to settle any doubt which may arise in respect of borrowings aforesaid, and further to do all such acts, deeds and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

By order of the Board

Haroon Mansuri
Company Secretary

Mumbai, May 23, 2009

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be lodged with the company not less than 48 hours before the time of the meeting.
3. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, with respect to item numbers 6, 7 & 8 of the Notice are annexed herewith and form part of the Notice.
4. Members are requested to:
 - immediately, intimate change of address, if any, to the Company, quoting reference of their registered folio number or client DP ID No.;
 - produce the attendance slip at the entrance of the meeting hall;
 - bring the copy of the Annual Report to the venue of the meeting; and
 - write to the Company at least 10 days in advance of the Annual General Meeting for any information about accounts.
5. The register of members and the share transfer books of the Company will remain closed from 24th August, 2009 to 29th August, 2009, (both days inclusive) to comply with requirement of Clause 16 and other applicable clauses of the Listing Agreement and to determine the eligible holders of the shares of the Company in physical and demat mode for the purpose of payment of the dividend, subject to approval of the members at the ensuing Annual General Meeting.
6. Please note that pursuant to Section 205A (5) of the Companies Act, 1956 all unclaimed/unpaid dividends up to the year ended 1995-96 have been transferred to the General Revenue Account of the Central Government. Share holders who have not encashed their dividend warrants for the said period(s) are requested to claim the amounts from the Registrar of Companies, Maharashtra, 100 Everest Building, Marine Lines, Mumbai - 400 020. Kindly note that in terms of Section 205C of the Companies Act, 1956, the unclaimed dividend for the financial years 1996-97 and 1997-98 (which had remained unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account have been transferred to Investor Education and Protection Fund ("the fund"). It may also be noted that once the unclaimed dividend is transferred to the Fund, no claim shall lie against the Fund or the Company in respect of the individual amounts which were unclaimed. The following are the details of the interim and final dividends declared and remaining unencashed for the years ended 31st March, 2005, 31st March, 2006 , 31st March, 2007 and 31st March, 2008:

Financial year ended	Type of Dividend	Date of declaration	Dividend Amount	Unclaimed Dividend	Due date for transfer to the Fund
			(Rupees in lacs)		
31 st March, 05	Interim	08-02-2005	38.83	0.82	10 th March, 2012
31 st March, 05	Final	13-08-2005	19.42	0.68	12 th September, 2012
31 st March, 06	Interim	29-10-2005	42.71	0.85	28 th November, 2012
31 st March, 06	Final	23-09-2006	38.83	0.99	24 th October, 2013
31 st March, 07	Interim	13-02-2007	77.66	1.73	14 th March, 2014
31 st March, 07	Final	11-08-2007	100.00	1.78	12 th September, 2014
31 st March, 08	Final	30-08-2008	220.00	3.23	1 st October, 2015

7. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrar and Transfer Agent, Purva Sharegistry (India) Private Limited, under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:
 - Name of the Sole/First joint holder and Folio number
 - Particulars of bank account viz.
 - name of the Bank,
 - name of the Branch,
 - Complete address of the branch with Pin code,
 - Account type, whether Saving Account (SB) or Current Account(CA) and
 - bank Account number.
8. All the documents referred to in the Notice and Explanatory Statements, are available for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.



Explanatory statements pursuant to section 173(2) of the Companies Act, 1956:

Item No. 6 of the Notice

Pursuant to provisions of Sections 257, 260 and other applicable provisions, if any, of the Companies Act, 1956, and Article 96 of the Articles of Association of the Company, Mr. H. R. Prasad was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 16th September, 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. H. R. Prasad as a Director of the Company, liable to retire by rotation.

Mr. H. R. Prasad is a graduate in Electrical Engineering from the University of Madras, and graduated with a Master of Science in Management from the MIT Sloan School of Management. He also holds a diploma in Social Service from the University of Madras.

Mr. Prasad is a Corporate Group Advisor to the Anand Group of Companies. Earlier he was Managing Director and CEO of Schrader Duncan Ltd, and Joint Managing Director of Gabriel India Ltd.

He served as Chairman and Director of many public and private limited companies He was a Member of the All India Board of Technician Education, Government of India, and of the Governing Council of Central Manufacturing Technology Institute, Government of India.

He also holds the positions of Chairman and memberships of the committees of the Board of Director of various companies.

Mr. Prasad is a former President of Indo-American Chamber of Commerce, Indo-American Society, American Alumni Association and Bombay Management Association.

Mr. Prasad was a Founding Member of the Advisory Committee of the School of Management, Indian Institute of Technology, Bombay. He has also experience of teaching MBA students. Apart from above he was a Member of the various committees of the social organizations.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors other than Mr. H. R. Prasad may deemed to be concerned or interested in passing of the resolution at item no. 6 of the Notice.

Item No. 7 of the Notice

Pursuant to provisions of Sections 257, 260 and other applicable provisions, if any, of the Companies Act, 1956, and Article 96 of the Articles of Association of the Company, Mr. Manoj G. Patel was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 16th September, 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Manoj G. Patel as a Director of the Company, liable to retire by rotation.

Mr. Manoj G. Patel is a Science Graduate in Civil Engineering from U K. At present he is the Chairman of C Tiles Limited a wholly owned subsidiary of G A K Patel & Co. Ltd., the Company is engaged in manufacturing coloured cement and tiles. Earlier he has handled the business of building and civil contracts, funds investment, bottling plant and other distribution activities.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors other than Mr. Manoj G. Patel may deemed to be concerned or interested in passing of the resolution at item no. 7 of the Notice.

Item No. 8 of the Notice

The Company's present limit of borrowings is Rs. 100.00 crores as approved by the members in their Extra Ordinary General Meeting held on 16th March, 2007. The Board of Directors are of the view that the present limit needs to be increased to Rs. 200.00 crores taking in to consideration the future plans for expansion. Since the amount of Rs. 200.00 crores exceeds the aggregate of the paid up capital and free reserves, that is to say , reserves not set apart for any specific purpose and in that process the Board may have to create Mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s) if any, already created in such form and manner as may be approved by the Board of Directors. As per provisions Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of a public company or a private company which is a subsidiary of a public company, shall not, except with the approval of the members of the Company borrow moneys after the commencement of this Act, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose. Therefore, Company needs approval of the members for increase in the borrowing limits from Rs. 100.00 crores to Rs. 200.00 crores.

Your Directors recommend the passing of the resolution as set out in the item number 8 of notice for approval of the members.

None of the Directors of the Company are in any way concerned or interested in passing of the resolution at item no. 8 of the Notice.

By Order of the Board

Haroon Mansuri
Company Secretary

Mumbai, May 23, 2009

ANNEXURE TO NOTICE

Details of directors seeking appointment / re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the listing agreement)

1.	Name	Mr. C R Mehta	Mr. Sohan C. Mehta
2.	Date of Birth	16 th March, 1939	6 th March, 1951
3.	Profession	Practicing Chartered Accountant	Business
4.	Qualifications	M. Com., FCA & FCS	Diploma in Automobile Engineering
5.	List of other Directorship held (excluding Private companies.	Reliance Industrial Infrastructure Limited	Sovika Infotek Limited
6.	Chairman / Member of the Committee of Board of Directors of the Company.	Member – Audit Committee Member – Remuneration Committee	Nil
7.	Chairman / Member of the Committee of Board of Directors of other Companies.	Reliance Industrial Infrastructure Limited Chairman – Audit Committee Chairman – Shareholders' Grievances Committee Chairman – Remuneration Committee	Nil
8.	Expertise in functional areas	Mr. C. R. Mehta has a distinguished career with the Central Government holding senior level position in different capacities. Mr. Mehta had been a Member of the Company Law Board, Regional Director – Dept. of Company Affairs. He has vast experience in Corporate Laws, Finance and General Administration.	Mr. Sohan Mehta is an Engineer and has experience in the fields of manufacturing, trading and other related fields.
9.	No. of shares held		
	a) Own	Nil	94,800
	b) In Trust for other persons having beneficial interest.	Nil	Nil



ANNEXURE TO NOTICE (Contd.)

1.	Name	Mr. H. R. Prasad	Mr. Manoj G. Patel
2.	Date of Birth	1 st November, 1934	19 th December, 1951
3.	Profession	Corporate Advisor to Anand Group of Companies	Industrialist
4.	Qualifications	Graduate in Electrical Engineering, Master of Science in Management and Diploma in Social Service.	Science Graduate in Civil Engineering from U K.
5.	List of other Directorships held (excluding Private companies)	1) Haldex India Limited 2) Uni Deritend Limited 3) Uni Abex Alloy Products Limited 4) Victor Gaskets India Limited	Nil
6.	Chairman / Member of the Committee of Board of Directors of the Company	Chairman – Audit Committee	Nil
7.	Chairman / Member of the Committee of Board of Directors of other Companies.	Chairman - Audit Committee 1) Victor Gaskets India Limited 2) Uni Deritend Limited Member - Audit Committee 1) Haldex India Limited 2) Uni Abex Alloy Products Limited Chairman - Shareholders' / Investors Grievances/ share Transfer Committee 1) Victor Gaskets India Limited Chairman - Remuneration Committee 1) Uni Deritend Limited	Nil
8.	Expertise in functional areas	Mr. H.R. Prasad is the Corporate Group Advisor to the Anand Group of Companies. Earlier he was Managing Director and CEO of Schrader Duncan Ltd, and Joint Managing Director of Gabriel India Ltd. He served as Chairman and Director of many public and private limited companies He was a Member of the All India Board of Technician Education, Government of India, and of the Governing Council of Central Manufacturing Technology Institute, Government of India.	Mr. Manoj G. Patel is a Science Graduate in Civil Engineering from U K. At present he is the Chairman of C Tiles Limited a wholly owned subsidiary of G A K Patel & Co. Ltd., the Company is engaged in manufacturing coloured cement and tiles. Earlier he has handled the business of building and civil contracts, funds investment, bottling plant and other distribution activities.
9.	No. of shares held		
	a) Own	Nil	Nil
	b) In Trust for other persons having beneficial interest	Nil	Nil

Fortune Equity Brokers (India) Limited

Financial Statements for the
year ended March 31, 2009
together with Auditors' Report



BOARD OF DIRECTORS

Mr. J.T. Poonja

Chairman

Mr. Nimish C. Shah

Managing Director

Mr. Diptesh Shah

Director

(ceased w. e. f. 4th March, 2009)

Mr. Ramesh Venkat

Director

(w. e. f. 24th October, 2008)

COMPANY DETAILS

FORTUNE'S LEADERSHIP TEAM

Mr. Kamlesh Gandhi	Director
Mr. Vishal Trehan	Country Head – Retail & Broking
Mr. Arun Kumar Bhangadia	Director – Business Development
Mr. Dileep H. Shinde	Head – Investment Banking
Mr. B. B. Tantri	Head – Operations
Mr. S. G. Muthu Kumar	Head – Corporate Affairs
Mr. S. Kalyanasundaram	Head – Treasury
Mr. Ramchandran Iyer	Head – Institutional Sales, Dealing and Research
Mr. Pranav Kumar	Zonal Head – Corporate Sales
Mr. Sanjay Makhija	Zonal Head – Institutional Sales
Mr. Naveen Sharma	Zonal Head – Northern Region
Mr. Govindaraj	Zonal Head – Southern Region

COMPANY SECRETARY

Mr. Sanjay Kumar Shah

AUDITORS

M/s Nipun Sudhir & Associates
Chartered Accountants

LEGAL CONSULTANTS

M/s Purohit & Co.
Advocates

BANKERS

Axis Bank Ltd.
Bombay Mercantile Co-op. Bank Ltd.
Canara Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of India
Union Bank of India
Vijaya Bank

REGISTERED OFFICE

K. K. Chambers, 2nd Floor,
Sir P. T. Marg,
Fort, Mumbai 400 001
Website : www.ffsil.com



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Accounts on the business and operations of the Company for the year ended 31st March, 2009.

Financial Highlights :

(Rs. in Lacs)

	2008-09 *	2007-08
Total Income	3306.95	1546.44
Profit before Depreciation, Amortisation and Tax	44.06	990.34
Depreciation and Amortisation	253.30	20.16
Profit / (Loss) before Tax	(209.24)	970.18
Less : Provision for Taxation		
- Current Tax	2.58	325.00
- Deferred Tax	35.65	0.38
- Fringe Benefit Tax	12.75	1.50
Profit / (Loss) after Tax	(260.22)	643.30
Add: Profit of New Undertaking	-	75.72
	(260.22)	719.02
Balance brought forward from previous year	553.91	197.85
Less : Tax in respect of earlier years (Net)	2.33	0.03
Balance available for appropriations	291.36	916.84
Equity Dividend	48.41	242.03
Preference Dividend	14.62	13.20
Dividend Distribution Tax	10.71	43.37
Transfer to General Reserve	-	64.33
Balance carried to Balance Sheet	217.62	553.91
Basic and diluted earnings per share (Rupees)	(1.61)	4.46
Paid up share capital - Equity	1613.50	1613.50
- Preference	140.00	140.00
Reserves and Surplus	2013.26	2349.55

* Figures for the current financial year 2008-2009 are inclusive of performance of the new undertaking of Capital Market division, hence not comparable with the figures of the previous year.

Results of operations

During the year under review the company has earned income of Rs. 3,306.95 lacs as compared to Rs. 1,546.44 lacs in the previous year. The company has suffered a loss of Rs. 260.22 lacs as compared to the profit of Rs. 643.30 lacs after tax in the previous year.

Dividend

A dividend of Rs. 0.30 per share on 1,61,35,000 Equity shares of Rs. 10/- each has been recommended for payment aggregating to Rs. 48.41 lacs, subject to approval of the members of the Company.

Your Directors also recommend a Dividend on Redeemable Cumulative Preference Shares as per the contracted rates aggregating to Rs. 14.62 lacs subject to members' approval at the Annual General Meeting.

Outlook and Opportunities

The company has increased volume of trades even in these challenging market conditions by acquiring new plants and adding new products to portfolio. In spite of this, turnover has remained stagnant because of small tick size due to drastic fall in equity prices. Retail and institutions are two main pillars of this business. Both the segment have show improvement in business from April onwards. Volumes are growing but are still much lower than those registered during market peak. Continuous thrust on research work and investors seminars have increased brand visibility. Though business is improving, maintaining and growing the business remains a challenging task.

Fixed Deposits

The Company has not accepted any fixed deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Directors

Mr. J. T. Poonja retires by rotation as a Director at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Ramesh Venkat has been appointed as an additional Director of the Company. He holds the office of the Directorship only up to the date of the ensuing Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- from one of the members of the Company, signifying his intention to propose candidature of Mr. Ramesh Venkat as a Director of the Company, liable to retire by rotation.

Mr. Diptesh Shah ceased to be a Director of the Company due to sad and untimely demise on 4th March, 2009. The Board of Directors takes on record the contribution by Mr. Diptesh Shah during his tenure as a Director of the Company.

Auditors

M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai the Statutory Auditors of the Company hold office up to the conclusion of this Annual General Meeting and are recommended for re-appointment. The Company has received a certificate under Section 224 (1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits specified in that section.

Auditors Report

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further explanation on Auditors observations, as required under section 217(3) of the Companies Act 1956.

Conservation of Energy, Technology Absorption

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to the matters specified therein are not applicable to the Company.

Foreign Exchange Earning and Outgo

No Foreign Exchange was earned and spent during the year under review.

Particulars of Employees

A statement under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules 1975, as amended by the Companies Amendment Act, 1988 is annexed as Annexure I and forms part of this report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed with explanation for deviation, if any;
- appropriate accounting policies have been selected and applied consistently, and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the loss of the Company for the year ended on that date.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.



Acknowledgement

Your Directors are pleased to place on record their deep appreciation towards the sincere services and co-operation extended by employees of the organization at all levels. They also wish to place on record their gratitude for the confidence placed in them by the banks they are associated with. Further, your Directors wish to thank the various departments of the Securities Exchange Board of India (SEBI) and National Stock Exchange of India Ltd. (NSE), Bombay Stock Exchange Ltd. (BSE), business associates and clients for their valued co-operation.

On behalf of the Board

J. T. Poonja
Chairman

Mumbai, May 23, 2009

Annexure I to Directors' Report

Information under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2009.

Sr. No.	Name & Designation	Remuneration (Rupees)	Qualification	Experience in years	Date of commencement of employment	Age	Last employment before joining the Company, Designation / No. of years
I. Employed throughout the year :							
1.	Mr. Vishal Trehan Country Head - Retail and Broking	36,91,721	MBA	12	01-04-2008	36	Fortune Financial Services (India) Ltd. Country Head - Retail and Broking 1 year
2.	Mr. Pranav Kumar Zonal Head - Corporate Sales	25,57,775	B.Com., MBA Finance	10	01-04-2008	32	Fortune Financial Services (India) Ltd. Vice President - Northern Region 1 year
II. Employed for part of the year :							
1.	Mr. Nimish C. Shah Managing Director	10,61,502	MBA (USA)	22	01-07-2008	45	Fortune Financial Services (India) Limited. Vice Chairman and Managing Director 16 years

Notes:

- The above employments are contractual.
- The above employments are subject to the rules and regulations of the Company as in force from time to time.
- Remuneration shown above includes salary, dearness allowances, house rent allowances, other allowances, bonus, medical reimbursements, incentive and Company's contribution to Provident Fund but does not include contribution to the gratuity fund, which is on the basis of the actuarial valuation and for which individual figures are not available.
- The remuneration paid to Mr. Nimish C. Shah is from 1st July, 2008.
- Mr. Nimish Shah does not hold any shares of the Company except 1 equity share of Rs. 10/- as a nominee of Fortune Financial Services (India) Limited.

On behalf of the Board

J. T. Poonja
Chairman

Mumbai, May 23, 2009

AUDITORS' REPORT

To The Members of Fortune Equity Brokers (India) Limited

We have audited the accompanying Balance Sheet of Fortune Equity Brokers (India) Limited (the Company) as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, and amendments thereto (together referred to as the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iii. In our opinion, 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 Companies Act, 1956;
 - iv. On the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009



Annexure referred to in Paragraph (1) of the Auditors' Report to the Members of Fortune Equity Brokers (India) Limited for the year ended March 31, 2009

1. a. The Company's records showing particulars including quantitative details and situations of fixed assets are required to be updated.
b. As explained to us, though the Company has a system of physical verification of fixed assets once in a period of three years, the Management has not physically verified its fixed assets during the year.
c. None of the assets of the company have been sold during the year.
2. a. In our opinion and according to the explanations given to us, the Company has granted unsecured loans to firms and companies, taken unsecured loans from a firm and companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding in respect of these loans given during the year was Rs.1,333.71 lacs (4 parties) and no amount was outstanding in respect of these loans at the year end. The maximum amount outstanding in respect of the loans taken during the year was Rs.6,793.64 lacs (4 parties) and the amount outstanding in respect of such loan at the end of the year was Rs.750.53 lacs (3 parties).
b. In our opinion, the rate of interest, if any, and other terms and conditions of loans taken by the Company from the firm/companies listed in the Register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company.
c. The Company has been regular in repayment of the principal and interest, if stipulated, in respect of the loans.
d. All loans (repayable on demand) granted to the companies listed in the register maintained under section 301 have been repaid, as per stipulations if any, during the year. Accordingly, there is no amount overdue in respect of the loans granted to the company/firm listed in the register maintained under section 301.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of its services. Further on the basis of our examination and according to the information and explanations given to us, neither have we noticed nor have we been informed of any major weaknesses in the internal control system.
4. a. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of Rupees Five lacs in respect of the parties during the year have been made at prices which are reasonable having regard to market prices prevailing at the relevant time.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public. As per the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order relating to public deposits on the Company.
6. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
7. In our opinion and according to the explanations given to us, the Company is not required to maintain cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
8. a. According to the records of the Company and the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, cess and other statutory dues, if applicable to it, other than as specified below.
b. According to the information and explanations given to us, there are no undisputed statutory dues as referred to above as on March 31, 2009 outstanding for a period of more than six months from the date they became payable other than stamp duty amounting to Rs.26.77 lacs.
9. The Company does not have any accumulated loss as at March 31, 2009. The Company has not incurred a cash loss in the previous year however, the Company has incurred a cash loss during the current financial year.

10. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
11. Based on our examination of documents and records, and as confirmed by the Management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of its dealing in shares, securities and derivatives and timely entries have been made in those records. We also report that the Company has held the shares, in its own name except those that are intended to be contracted or sold immediately.
13. Based on our examinations of the records and information and explanations given to us, the Company has not taken any term loans.
14. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we are of the opinion that as at the close of the year, no funds raised on a short term basis has been used for long term investments and vice versa.
15. The Company has made a preferential allotment of preference shares to a company covered in the register maintained under Section 301 of the Companies Act, 1956 the terms of which are not prima facie prejudicial to the interest of the Company.
16. The Company has not issued any debentures during the year.
17. The Company has not made any public issue of any of its securities during the year.
18. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by the Management.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009

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BALANCE SHEET AS AT MARCH 31, 2009

(Rupees in Lacs)

	Schedules	As at 31-Mar-09	As at 31-Mar-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	1,753.50	1,753.50
Reserves and Surplus	B	2,013.26	2,349.55
		<u>3,766.76</u>	<u>4,103.05</u>
Loan Funds			
Secured Loans	C	5,432.02	5,096.56
Unsecured Loans	D	788.10	188.39
		<u>6,220.12</u>	<u>5,284.95</u>
TOTAL		<u>9,986.88</u>	<u>9,388.00</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	916.82	234.82
Less : Depreciation		332.30	79.00
Add: Assets of new undertaking		—	504.26
Net Block		<u>584.52</u>	<u>660.08</u>
Investments	F	1.19	438.71
Deferred Tax Assets		14.77	50.42
Current Assets, Loans and Advances			
Current Assets	G	11,221.41	10,836.26
Loans and Advances	H	1,182.52	970.46
		<u>12,403.93</u>	<u>11,806.72</u>
Less : Current Liabilities and Provisions			
Current Liabilities	I	2,568.67	2,620.00
Provisions	J	544.45	960.85
		<u>3,113.12</u>	<u>3,580.85</u>
Net Current Asset		9,290.81	8,225.87
Miscellaneous Expenditure (to the extent not written off or adjusted)	K	95.59	12.92
TOTAL		<u>9,986.88</u>	<u>9,388.00</u>
Notes to Accounts	R		

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants

Sudhir V. Nair
Partner

Membership No. 45893
Mumbai, May 23, 2009

J.T. Poonja
Chairman

Nimish C. Shah
Managing Director

Sanjay Kumar Shah
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rupees in Lacs)

	Schedules	Year ended 31-Mar-09	Year ended 31-Mar-08
INCOME			
Income from Operations	L	3,207.81	1,545.49
Other Income	M	99.14	0.95
TOTAL		3,306.95	1,546.44
EXPENDITURE			
Operational Expenses	N	971.79	149.31
Personnel Expenses	O	881.79	229.87
Administrative and Other Expenses	P	540.54	92.82
Financial Expenses	Q	868.77	84.10
Depreciation		253.30	20.16
TOTAL		3,516.19	576.26
PROFIT/(LOSS) BEFORE TAX		(209.24)	970.18
Provision for Taxation			
- Current Tax		2.58	325.00
- Deferred Tax		35.65	0.38
- Fringe Benefits Tax		12.75	1.50
PROFIT/(LOSS) AFTER TAX		(260.22)	643.30
Add: Profit of new undertaking		-	75.72
		(260.22)	719.02
Balance brought forward from previous year		553.91	197.85
Tax in-respect of earlier years (Net)		2.33	0.03
BALANCE AVAILABLE FOR APPROPRIATION		291.36	916.84
APPROPRIATIONS			
Transfer to General Reserve		-	64.33
Equity Dividend		48.41	242.03
Preference Dividend		14.62	13.20
Dividend Distribution Tax		10.71	43.37
Balance carried to Balance Sheet		217.62	553.91
TOTAL		291.36	916.84
EARNINGS PER SHARE			
a) Profit After Tax		(260.22)	719.02
b) Weighted average number of Equity Shares		16,135,000	16,135,000
c) Nominal value per Share (in rupees)		10.00	10.00
d) Basic and diluted Earnings Per Share (in rupees)		(1.61)	4.46

Notes to Accounts**R**

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja

Chairman

Nimish C. Shah

Managing Director

Sanjay Kumar Shah

Company Secretary



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "A" SHARE CAPITAL		
Authorised		
22,500,000 Equity Shares of Rs. 10/- each	2,250.00	2,250.00
NIL (Previous Year 2,00,000) 1% Redeemable Cumulative Preference Shares of Rs.10/- each)	-	20.00
9,00,000 (Previous Year 9,00,000) 10% Redeemable Cumulative Preference Shares of RS.10/- each	90.00	90.00
6,00,000 (Previous year 4,00,000) 12.50% Redeemable Cumulative Preference Shares of Rs.10/- each	60.00	40.00
TOTAL	2,400.00	2,400.00
Issued, Subscribed and Fully Paid-up		
1,61,35,000 Equity Shares of Rs. 10/- each (Of the above shares, 1,41,35,000 shares are allotted as fully paid -up pursuant to a contract for consideration other than cash).	1,613.50	1,613.50
All the shares are held by the Holding Company, Fortune Financial Services (India) Limited and its nominees		
NIL (Previous Year 2,00,000) 1% Redeemable Cumulative Preference Shares of Rs.10/- each redeemed at par on 19.08.2008	-	20.00
8,00,000 10% Redeemable Cumulative Preference Shares of RS.10/- each (of which 4,76,500 Shares redeemable at par on 12.09.2010, 23,500 shares redeemable at par on 17.01.2011 and 3,00,000 shares redeemable at par on 10.05.2009)	80.00	80.00
6,00,000 (Previous year 4,00,000) 12.50% Redeemable Cumulative Preference Shares of Rs.10/- each (4,00,000 Shares redeemable at par on 28.03.2011 and 2,00,000 Shares on 19.08.2011)	60.00	40.00
TOTAL	1,753.50	1,753.50
SCHEDULE "B" RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	99.44	35.35
Less: On account of employee benefits	-	0.24
Add: Transferred from Profit and Loss Account	-	64.33
	99.44	99.44
Share Premium		
As per last Balance Sheet	1,696.20	-
Add: Received during the year	-	1,696.20
	1,696.20	1,696.20
Profit and Loss Account		
	217.62	553.91
TOTAL	2,013.26	2,349.55

SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "C" SECURED LOANS		
Working Capital Loans from Banks (Secured against pledge of fixed deposits, book debts, personal guarantee of two directors and certain shares and corporate guarantee of the holding company).	5,416.89	5,090.06
Vehicle Loans Secured against hypothecation of vehicles, net of deferred interest of Rs1.70 Lacs (previous year 0.23 Lacs) (repayable within one year Rs.3.01 Lacs (previous year 2.30 Lacs)	15.13	6.50
TOTAL	<u>5,432.02</u>	<u>5,096.56</u>
SCHEDULE "D" UNSECURED LOANS		
Book Overdraft	11.31	136.34
Loans from Holding Company	656.37	52.05
Loans from Fellow Subsidiary Company	26.78	–
Loans from Associate Company	93.64	–
TOTAL	<u>788.10</u>	<u>188.39</u>

SCHEDULE "E" FIXED ASSETS

(Rupees in Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK		
	As at 01.04.2008	Addition during the year the year	Deductions/ Adjustments during the year	As at 31.03.2009	As at 01.04.2008	For the year	on deductions Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible Assets										
Electrical Installation	0.36	–	–	0.36	–	0.05	–	0.05	0.31	0.36
Computers	188.60	46.82	–	235.42	53.04	65.96	–	119.00	116.42	135.56
Office Equipments	96.36	34.00	–	130.36	2.87	17.08	–	19.95	110.41	93.49
Furniture and Fixtures	42.54	21.22	–	63.76	2.58	9.46	–	12.04	51.72	39.96
Leasehold Improvements	165.46	42.76	–	208.22	0.91	57.29	–	58.20	150.02	164.55
Vehicles	28.80	20.12	–	48.92	9.16	9.68	–	18.84	30.08	19.64
Intangible Assets										
Computer Software	152.01	14.70	–	166.71	10.44	60.43	–	70.87	95.84	141.57
Good will on business acquisition	63.07	–	–	63.07	–	33.35	–	33.35	29.72	63.07
TOTAL	737.20	179.62	–	916.82	79.00	253.30	–	332.30	584.52	658.20
Previous year	80.00	154.82	–	234.82	58.84	20.16	–	79.00	155.82	21.16

- Notes: 1. The opening balance of gross block of fixed assets includes assets of the value Rs. 502.38 lacs acquired through slump sale in the previous year.
2. The value of capital work-in-progress in the current year is Rs. nil. In the previous year, Rs. 1.88 lacs of capital work-in-progress formed part of the assets acquired through a slump sale.



SCHEDULE FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09		As at 31-Mar-08	
SCHEDULE "F" INVESTMENTS (At cost unless otherwise specified)				
CURRENT INVESTMENTS (NON TRADE)				
a) Equity Shares (Quoted)		1.09		438.65
b) Equity Shares (Unquoted)		0.10		0.06
TOTAL		1.19		438.71
a) Equity Shares (Quoted)				
Name of the Company	Number	Amount	Number	Amount
(Fully Paid up unless otherwise stated)				
Adhunik Metaliks Limited	-	-	4,000	4.72
Aditya Forge Limited	3,000	0.96	3,000	0.96
Alok Industries Limited	-	-	10,000	5.52
Apar Industries Limited	-	-	500	2.08
Autoline Industries Limited	-	-	10,000	24.08
Balkrishna Industries Limited	-	-	1,120	9.33
Bartronics India Limited	-	-	25	0.06
Ceat Limited	-	-	1,872	4.29
Chowgule Steamships Limited	-	-	20,000	12.78
Cipla Limited	-	-	5,000	11.17
Exide Industries Limited	-	-	20	0.01
Gateway Distripacks Limited	-	-	10,000	16.30
Goa Carbon Limited	-	-	6,168	4.93
GTL Infrastructure Limited	-	-	15,000	8.16
ICRA Limited	-	-	10	0.09
IFCI Limited	-	-	100	0.10
Jai Corp Limited	-	-	1,000	11.29
Jindal South West Holdings Limited	-	-	2,000	54.76
Kirloskar Electric Company Limited	-	-	2,000	3.17
Mangalore Chemical & Fertilizers Limited	-	-	100,000	39.53
Monsanto India Limited	-	-	1,500	36.04
Nandan Exim Limited	-	-	50	-
Panyam Cement & Mineral Industries Limited	50	0.09	50	0.09
Radha Madhav Corporation Limited	-	-	25,000	26.16
Sandur Manganese And Iron Ores Limited	50	0.04	2,000	1.47
Sanguine Media Limited	-	-	1,897	0.84
SKF India Limited	-	-	16,000	64.67
Supreme Industries Limited	-	-	5,000	14.02
Swan Mills Limited	-	-	500	0.59
Videocon Industries Limited	-	-	10,600	66.09
Vijay Shanthi Builders Limited	-	-	10,000	14.60
Vikas Wsp Limited	-	-	1,000	0.75
TOTAL		1.09		438.65
Market Value of Current Investment Rs. 0.85 Lacs (Previous year Rs.257.40)				
b) Equity Shares (Unquoted)				
Name of the Company	Number	Rupees	Number	Rupees
1) CHI Investments Limited	-	-	624	0.06
2) REI Six Ten Retail Limited	169	0.10	-	-
TOTAL	169	0.10	624	0.06

SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "G" CURRENT ASSETS		
Stock of Shares		
Closing Stock (at Cost)	480.38	70.82
(Market Value Rs.462.98 Lacs (Previous year Rs.64.11 Lacs))		
Debtors		
(Unsecured)		
Outstanding for a period exceeding six months :		
Considered Good	192.92	-
Considered Doubtful	41.83	6.70
Others		
Considered Good	4,477.70	3,176.92
	4,712.45	3,183.62
Less Provision for Doubtful Debts	41.83	6.70
	4,670.62	3,176.92
(Debtors include Rs.896.87 Lacs (Previous year 197.75 Lacs due from Director/Companies in which Directors are interested.		
(Maximum amount outstanding from Directors at any time during the year Rs.869.83 Lacs (Previous year Rs.2,663.49 Lacs))		
Cash and Bank Balances		
Cash and Cheques on hand	0.50	0.84
Balance with Scheduled Banks		
In Current Accounts	192.36	268.04
In Deposit Accounts	3,529.34	5,274.15
(Under lien with banks)		
In Margin Money Deposit Accounts	1,874.19	1,740.81
(Under lien with Bombay Stock Exchange Limited National Securities Clearing Corporation Limited and certain banks)		
	5,596.39	7,283.84
Other Assets		
Interest receivable on Fixed Deposits	471.50	304.68
Other Receivables	2.52	-
TOTAL	11,221.41	10,836.26
SCHEDULE "H" LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	89.57	96.45
Staff Loans	83.05	66.68
Deposits		
Exchange/Clearing Member Deposits	207.50	290.00
(Includes margin paid on proprietary trades)		
Others	158.01	152.77
(includes deposit for premises Rs.70.00 Lacs (previous year Rs.70.00 Lacs) with a firm in which Directors are interested. Maximum amount due at any time during the year Rs.70.00 Lacs (previous year Rs.70.00))		
	365.51	442.77
Advance Tax and Tax Deducted at Source	644.39	364.56
TOTAL	1,182.52	970.46



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "I" CURRENT LIABILITIES		
Sundry Creditors	2,362.17	2,356.62
Other Liabilities	206.50	263.38
TOTAL	2,568.67	2,620.00
SCHEDULE "J" PROVISIONS		
Provision for Taxation	404.58	428.75
Provision for Fringe Benefits Tax	22.04	9.89
Provision for Proposed Dividend	48.41	242.03
Provision for Preference Dividend	14.54	5.91
Provision for Dividend Distribution Tax	10.70	42.14
Provision for Gratuity	9.03	6.71
Provision for Diminution in Value of Current Investments / Stock / Derivatives	21.81	216.23
Provision for Leave Encashment	13.34	9.19
TOTAL	544.45	960.85
SCHEDULE "K" MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
As per last balance sheet	12.92	-
Add: Additions during the year	93.29	14.35
Less: Written Off during the year	10.62	1.43
TOTAL	95.59	12.92
	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "L" INCOME FROM OPERATIONS		
Brokerage and Related Operational Income	2,266.70	1,292.06
Distribution and Professional Income	130.84	51.27
Profit on Sale of Investment / Derivatives (Net)	-	100.76
Interest on Fixed Deposits	601.61	101.40
(Tax deducted at source Rs.122.82 Lacs (Previous year Rs.21.16 Lacs))		
Provision for Diminution in value of Current Investment/Stocks/Derivatives written back	208.66	-
TOTAL	3,207.81	1,545.49
SCHEDULE "M" OTHER INCOME		
Income from Dividend	7.12	0.73
Bad Debts Recovered	66.90	-
Sundry Balances Written back	18.79	-
Other Interest Income	6.30	-
(Tax deducted at source Rs.0.23 Lacs (Previous year Rs.Nil))		
Miscellaneous Income	0.03	0.22
TOTAL	99.14	0.95

SCHEDULES FORMING PART OF ACCOUNTS

(Rupees in Lacs)

	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "N" OPERATIONAL EXPENSES		
Brokerage / Sub-Brokerage	39.48	29.30
Other operating expenses	349.51	111.62
Loss on sale of Current Investment/Stock/Derivatives (Net)	582.80	8.39
TOTAL	971.79	149.31
SCHEDULE "O" PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	790.80	214.47
Contribution to Provident and Other Funds	41.20	12.33
Directors' Remuneration	35.87	-
Staff Welfare Expenses and Others	13.92	3.07
TOTAL	881.79	229.87
SCHEDULE "P" ADMINISTRATIVE AND OTHER EXPENSES		
Rent	157.64	25.29
Rates and Taxes	2.05	0.06
Printing and Stationery	47.57	13.04
Travelling Expenses	3.82	0.20
Conveyance Expenses	6.31	3.13
Motor Vehicle Expenses	2.45	-
Electricity Charges	36.18	2.41
Postage and Telegram	20.66	0.36
Telephone Expenses	66.32	5.99
Advertisement Expenses	3.39	-
Legal and Professional Fees	31.03	13.73
Auditor's Remuneration	3.28	1.83
Repairs and Maintenance		
Office Premises	20.01	-
Others	69.53	12.29
Insurance	7.63	2.78
Membership Fees	5.76	0.58
Donations	0.10	0.04
Newspapers, Books and Other Subscriptions	0.56	0.93
Business Promotion Expenses	5.82	5.39
Bad Debts / Sundry Balances Written Off (Net)	-	0.15
Provision for Doubtful Debts	35.13	2.53
Miscellaneous Expenses	15.30	2.09
TOTAL	540.54	92.82
SCHEDULE "Q" FINANCIAL EXPENSES		
Interest	821.71	69.37
Bank Charges and Others	47.06	14.73
TOTAL	868.77	84.10



NOTES TO ACCOUNTS

SCHEDULE "Q" NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 1956.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

3. System of Accounting

The Company follows the accrual system of accounting.

4. Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

- a. Income on capital market transactions is recognised on the trade date of the transaction.
- b. Income from distribution is accounted when there is reasonable certainty of its ultimate realisation.
- c. Professional Fees is accounted when there is a reasonable certainty of its ultimate realisation / collection.
- d. Income from depository operations is recognised on accrual basis
- e. Dividend Income is recognised when the right to receive dividend is established.
- f. Interest income is recognised on a time proportion basis.

5. Staff Retirement Benefits

a. Defined benefit plan

The Company accounts for the defined benefit plans such as gratuity and leave encashment on accrual basis. The Company's Gratuity benefits are administered by a Trust formed for this purpose through the Group Gratuity Scheme of the Life Insurance Corporation of India (LIC) and contribution towards gratuity liability as determined through actuarial valuation is charged to the Profit and Loss Account each year. Liability for leave encashment is provided by making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current periods.

b. Defined contribution plan

The Company contributes to the provident fund and pension fund schemes for all its employees who are eligible for the benefit. All such contributions are recognised as an expense and charged to the Profit and Loss Account each year.

6. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation.

7. Intangible Assets

Intangible Assets are stated at cost of acquisition less amortisation.

8. Depreciation and Amortisation

The Company provides for depreciation and amortisation as under:

- a. On written down value basis, in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. Intangible Assets are amortised over a period of three years from the date of acquisition.
- c. On a pro-rata basis on assets purchased / sold during the year.
- d. Asset costing less than Rs.5,000/- per item is fully depreciated in the year of purchase.
- e. Leasehold improvements are depreciated over the primary period of the lease.

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)**9. Current Assets**

Current Assets are stated at cost.

10. Taxation

Provision for Tax Comprises Current Tax, Deferred Tax charge or benefit and Fringe Benefit Tax.

Current Taxes are measured on the basis of the taxes expected to be paid on the taxable income determined in accordance with the prevailing tax rates and laws.

Deferred tax is the tax effect of the timing differences between the accounting income and taxable income. Deferred Tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the rates that have been enacted or substantially enacted as at the balance sheet date.

Deferred Tax Assets are recognised only to the extent there is a reasonable certainty that there will be sufficient taxable income against which it can be realised; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets. Deferred Tax Assets, if any, are re-assessed periodically.

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the chargeable expenditure of the Company as prescribed under the prevailing tax laws.

11. Investments

All investments are stated at cost. Investments are classified into long term investments and current investments. Provision for diminution in the value of long-term investment is made only if such a decline is other than temporary. Provision for diminution in the value of current investment as at the end of the year is charged to the Profit and Loss Account.

12. Derivative Instruments

Daily mark-to-market margins on the derivative trades are accounted separately as against the initial margin payments under Current Assets. The profit/loss on the final settlement of the derivative contracts, calculated as the difference between the final settlement price and the contract prices of all the contracts in the series, is recognised on the expiry/square-up of the series of equity index/stock futures by transfer from the mark-to-market margin account.

As on the date of the Balance Sheet, provision for anticipated loss is made for the debit balance if any, in the mark-to-market margin account (maintained scripwise/indexwise) on open futures contracts, credit balances if any, in the account attributable to anticipated income being ignored keeping in view the consideration of prudence.

13. Stock of Shares

Trading stock is valued at cost or market value whichever is less, provision being made for all diminution in value of shares.

14. Earnings Per Share

Basic earnings per share is computed and disclosed by dividing the net profit after tax by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential equity shares, if any.

15. Miscellaneous Expenditure

Miscellaneous Expenditure (including Preliminary Expenses) are amortised over a period of ten years from the year of commencement of the business operations or from the year of incurring the expense.

16. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation, and
- c. the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liabilities are not recognised but are disclosed in the notes in case of:

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- b. a possible obligation, unless the probability of outflow of resources is remote.



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

17. Leases

Lease payments for assets taken under operating leases are charged off to the Profit and Loss Account as and when incurred.

II. OTHER NOTES

1. Deferred Tax Asset (net) comprises

(Rupees in Lacs)

	2008-2009	2007-2008
Deferred Tax Assets		
Provision for Leave Encashment (Net)	4.12	2.96
Provision for Doubtful Debts	12.92	2.26
Provision for Gratuity	2.79	2.26
Provision for Diminution in value of Stocks/Derivatives	6.74	73.99
Sub Total	26.57	81.47
Deferred Tax Liability		
Accumulated Depreciation	11.80	31.05
Sub Total	11.80	31.05
Net Deferred Tax Assets	14.77	50.42

2. In the opinion of the Management, the value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business

3. Segment wise reporting

The Company is primarily engaged in the business of capital market activities. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per Accounting Standard 17 on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India.

4. As per Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the Company's related parties with whom the Company has entered into transactions during the year in the ordinary course of business, as certified by the Management, are disclosed below:

Names of the related parties and their relationships:

a) Related party where control exists:

Holding Company : Fortune Financial Services (India) Limited

b) Other related parties with whom transactions have taken place during the year:

i) Enterprises having significant influence:

Fortune Credit Capital Limited

Fortune Commodities & Derivatives (India) Limited

Fortune Financial Insurance India Brokers Limited

Jamish Investment Private Limited

Mehra Capital Services Private Limited

Fortune Capital Services

ii) Key management personnel and their relatives:

Mr. J.T.Poonja, Chairman

Mr. Nimish C. Shah, Managing Director

Mr. Diptesh Shah, Director (up to March 03, 2009)

Mr. Ramesh Venkat, Director

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

Ms. Jalpa N Shah, Relative
 Ms. Vidhi N Shah, Relative
 Ms. Ruby Shah, Relative
 Mr. Yash Shah, Relative

Details of transactions with related parties referred to above:

(Rupees in Lacs)

Nature of Transactions	Holding Company	Enterprises having significant influence	Key management personnel and their relatives	Total
Capital market transactions				
– Purchase Transactions	1,344.92 (–)	2,228.65 (3,651.41)	6,375.76 (10,157.28)	9,949.33 (13,808.69)
– Sale Transactions	1,285.25 (–)	1,805.97 (3,827.31)	5,947.21 (8,289.81)	9,038.43 (12,117.12)
Rent	– (–)	– (18.00)	– (–)	– (18.00)
Service Charges	– (–)	– (0.19)	– (–)	– (0.19)
Remuneration	– (–)	– (–)	35.87 (–)	35.87 (–)
Professional charges	– (–)	11.49 (1.72)	– (6.58)	11.49 (8.30)
Dividend	48.41 (255.23)	– (–)	– (–)	48.41 (255.23)
Interest	36.21 (–)	105.92 (36.22)	– (–)	142.13 (36.22)
Interest charged	– (–)	1.09 (–)	– (–)	1.09 (–)
Reimbursement	92.07 (30.46)	65.11 (–)	– (–)	157.18 (30.46)
Redemption of Preference Shares	2.00 (90.00)	– (–)	– (–)	2.00 (90.00)
Issue of Preference Shares	2.00 (90.00)	– (–)	– (–)	2.00 (90.00)
Loans Given	1,382.00 (9,175.00)	238.55 (150.00)	– (–)	1,620.55 (9,325.00)
Loans Taken	2,284.00 (8,336.00)	914.90 (2,810.00)	– (–)	3,198.90 (11,146.00)
Outstanding as on March 31				
a) Deposits given	– (–)	70.00 (70.00)	– (–)	70.00 (70.00)
b) Guarantees given	– (998.75)	– (–)	– (–)	– (998.75)
c) Guarantees received	2,068.75 (1,400.00)	– (–)	– (–)	2,068.75 (1,400.00)
d) Loans Payable	656.37 (–)	120.42 (–)	– (–)	776.79 (–)
e) Sundry Debtors	0.02 (–)	247.32 (83.18)	649.53 (65.04)	896.87 (148.22)
f) Sundry Creditors	– (46.66)	– (–)	190.71 (56.55)	190.71 (103.21)

Note: Figures in brackets represents previous year amount.



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

5. Auditors' Remuneration

(Rupees in Lacs)

	2008-2009	2007-2008
Statutory Audit	2.25	1.75
Tax Audit	0.10	0.08
Certification and other matters	0.93	–
Total	3.28	1.83

6. Director's Remuneration

(Rupees in Lacs)

	2008-2009	2007-2008
Salary, Bonus and Allowances	33.06	–
Contribution to Provident and Other Fund	2.81	–
Total	35.87	–

7. a) Details of Stock of Shares - Quoted Equity Shares

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Aban Offshore Limited	800	3.29	–	–
Adhunik Metaliks Limited	1522	0.52	569	0.80
Aegis Logistics Limited	955	0.55	544	1.32
Alkyl Amines Chemicals Limited	–	–	250	0.18
ANG Auto Limited	219	0.06	220	0.28
Apar Industries Limited	200	0.17	138	0.27
Ashapura Minechem Limited	450	0.21	450	0.93
Atul Limited	1000	0.71	1,000	1.17
Autoline Industries Limited	135	0.20	–	–
Bajaj Holding & Investment Limited	50	0.31	50	0.30
Bank of Rajasthan Limited	–	–	1	0*
Bharat Petroleum Corporation Limited	6600	23.67	–	–
C & C Constructions Limited	–	–	271	0.48
Cholamandalam DBS Finance Limited	400	0.10	600	1.04
DCM Shriram Consolidated Limited	1001	0.35	1,001	0.64
Deccan Chronicle Holdings Limited	75	0.03	75	0.11
Dolphin Medical Services Limited	–	–	50,000	2.87
Elecon Engineering Company Limited	201	0.07	1	0*
Fedders Lloyd Corporation Limited	999	0.18	1,000	0.90
Fiem Industries Limited	1000	0.49	552	0.36
Firstsource Solutions Limited	1003	0.41	1,001	0.34

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Gateway Distriparks Limited	1	0*	-	-
Gemini Communications Limited	-	-	500	1.01
Gillette India Limited	50	0.31	50	0.42
Gitanjali Gems Limited	5	0.02	5	0.02
Global Vectra Helicorp Limited	550	0.14	-	-
Goa Carbon Limited	-	-	100	0.04
Godrej Industries Limited	-	-	100	0.28
Gruh Finance Limited	501	0.42	594	0.94
HB Stockholdings Limited	1000	0.09	1,000	1.00
HBL Power Systems Limited	84	0.09	122	0.34
HDFC Bank Limited	900	14.63	-	-
Himachal Futuristic Communications Limited	1000	0.57	1,000	0.57
Himadri Chemicals & Industries Limited	100	0.09	200	1.01
Hindalco Industries Limited	7036	3.66	-	-
Hindustan Dorr Oliver Limited	10	0.01	10	0.01
Hindustan Machine Tools Limited	1	0*	-	-
Hindustan Petroleum Corporation Limited	9100	23.60	-	-
Honda Siel Power Products Limited	550	0.83	502	1.00
Igarashi Motor India Limited	507	0.07	507	0.36
Indian Oil Corporation Limited	45	0.25	45	0.25
Indo Asian Fusegear Limited	500	0.14	600	0.56
Infotech Enterprises Limited	499	0.42	252	0.56
Jaibalaji Industires Limited	200	0.36	-	-
Jayant Agro Organics Limited	1287	0.43	200	0.14
Jayaswal Neco Industries Limited	996	0.09	-	-
JBF Industries Limited	285000	91.04	-	-
Jindal South West Holdings Limited	21	0.05	-	-
Jindal Steel & Power Limited	2880	35.62	-	-
J K Cement Limited	218	0.10	171	0.24
JMT Auto Limited	-	-	675	0.39
K S Oils Limited	110	0.09	110	0.09
Kale Consultants Limited	-	-	1,997	1.22
Lakshmi Energy And Foods Limited	50	0.06	635	1.31
Lanco Infratech Limited	-	-	1,275	4.74
Lloyd Electric & Engineering Limited	500	0.11	500	0.49
Lokesh Machines Limited	-	-	300	0.35
Lumax Industries Limited	200	0.28	-	-
Macmillan India Limited	201	0.08	198	0.34
Malu Paper Mills Limited	1001	0.21	1,000	0.52
McDowell Holdings Limited	38	0.10	38	0.10
Mangalore Refinery & Petrochemicals Limited	30	0.03	4,480	3.23



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Mercator Lines Limited	200	0.06	-	-
Munjal Showa Limited	-	-	500	0.19
Nahar Spinning Mills Limited	-	-	250	0.30
Nahar Capital & Financial Services Limited	-	-	1,000	0.76
Nalwa Sons Investments Limited	10	0.25	10	0.25
Navneet Publications India Limited	1199	0.53	1,000	1.38
Nelcast Limited	3	0*	577	0.54
Noida Toll Bridge Company Limited	100	0.07	100	0.07
National Thermal Power Corporation Limited	3250	5.96	-	-
OCL India Limited	200	0.09	200	0.54
Omaxe Limited	1275	3.40	1,275	3.40
Parekh Aluminex Limited	250	0.13	219	0.39
Plethico Pharmaceuticals Limited	40	0.04	-	-
Prakash Industries Limited	300	0.14	200	0.62
Rajesh Exports Limited	530	0.50	530	0.50
Ramco Systems Limited	400	0.19	400	0.52
Rane Madras Limited	500	0.13	-	-
Rei Agro Limited	2250	1.31	227	3.18
Reliance Natural Resources Limited	78772	34.68	100	0.13
Reliance Infrastructure Limited	2760	14.56	-	-
Reliance Capital Limited	3864	14.38	-	-
Reliance Communications Limited	5600	10.35	-	-
Reliance Industries Limited	600	9.34	-	-
Reliance Petroleum Limited	13400	12.50	-	-
Reliance Power Limited	12000	13.20	-	-
Rolta India Limited	37800	21.39	-	-
Shree Renuka Sugars Limited	-	-	1,000	9.49
Sanghvi Movers Limited	100	0.28	100	0.28
Shri Lakshmi Cotsyn Limited	1049	0.36	1,048	1.25
Shriram City Union Finance Limited	200	0.65	200	0.71
Sicagen India Limited	350	0*	-	-
Sical Logistics Limited	551	0.34	350	0.77
SKF India Limited	250	0.34	712	2.24
SREI Infrastructure Finance Limited	431	0.82	431	0.82
Sun Pharma Advanced Research Company Limited	1125	12.20	200	0.29
Sundram Fasteners Limited	1200	0.47	1,200	0.47
Supreme Industries Limited	2315	2.43	2,314	5.43
Surya Roshni Limited	1300	0.37	1,000	0.60

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(Rupees in Lacs)

Name of the Company	As at March 31, 2009		As at March 31, 2008	
	Number	Amount	Number	Amount
Suzlon Energy Limited	102000	46.71	-	-
Talbro Automotive Components Limited	600	0.10	601	0.24
Tata Motors Limited	1700	3.22	-	-
Tata Power Company Limited	2000	15.47	-	-
Titagarh Wagons Limited	150	0.22	-	-
Technocraft Industries India Limited	-	-	1	0*
Transport Corporation of India Limited	500	0.16	501	0.42
TTK Prestige Limited	10	0.02	315	0.37
Uniply Industries Limited	-	-	1,000	0.49
United Spirits Limited	1000	6.71	-	-
Unity Infraprojects Limited	50	0.29	-	-
Videocon Industries Limited	-	-	1	0*
Vijay Shanthi Builders Limited	501	0.06	-	-
Vimta Labs Limited	302	0.07	200	0.29
Vindhya Telelinks Limited	200	0.17	201	0.26
Visaka Industries Limited	120	0.07	-	-
Welspun Gujarat Stahl Rohren Limited	51200	39.75	-	-
XL Telecom & Energy Limited	500	0.48	-	-
Yes Bank Limited	50	0.11	50	0.11
Total		480.38		70.82

Market value of quoted equity shares as at March 31, 2009 is Rs.462.98 Lacs (Previous year Rs. 64.11 Lacs).

* Amount less than rupees thousand

b) Details of Opening Stock, Purchases, Sales and Closing Stock of Shares

(Rupees in Lacs)

	For the year ended March 31, 2009		For the year ended March 31, 2008	
	Quantity	Rupees	Quantity	Rupees
Opening stock of equity shares	92,902	70.82	76,109	28.40
Add: Purchases of equity shares *	42,945,666	5,4069.38	14,804,981	28,840.36
Sub-Total	43,038,568	54,140.20	14,881,090	28,868.76
Less: Sale of equity shares *	42,371,730	53,659.82	14,788,188	28,797.94
Closing stock of equity shares	666,838	480.38	92,902	70.82

*Includes shares purchased/sold on arbitrage basis.

c) Derivative Instruments

a) Initial Margin on Equity Derivative Instruments contracts has been paid in cash only.



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

b) Open future contracts outstanding as on March 31 2009

Name of the Equity Index / Stock Future	No. of contracts	No of Units	
		Long	Short
Cairn India Limited	2	-	2500
Housing Development Finance Corporation Limited	3	-	450
Infrastructure Development Finance Company Limited	50	147500	-
Reliance Communications Limited	92	64400	-
Reliance Industries Limited	4	-	600
Reliance Power Limited	4	-	8000
Suzlon Energy Limited	8	-	24000
Welspun Gujarat Stahl Rohren Limited	12	-	19200

8. Employee Benefits:

(a) **Defined Benefit Plans as per Actuarial Valuation as at March 31, 2009**

(i) **Change in Present Value of Defined Benefit Obligation**

(Rupees in Lacs)

	2008-09	2007-08
Liability at the beginning of the year	9.07	2.02
Interest Cost	1.26	0.21
Current Service Cost	6.71	0.44
Liability Transfer in	7.68	5.38
Actuarial (gain)/loss on obligations	(4.43)	1.03
Liability at the end of the year	20.29	9.08

(ii) **Change in Fair Value of Plan Assets**

(Rupees in Lacs)

	2008-09	2007-08
Fair Value of Plan Assets at the beginning of the year	2.36	1.78
Expected Return on Plan Assets	0.88	0.17
Contributions	8.59	0.40
Actuarial gain/(loss) on Plan Assets	(0.57)	0.01
Fair Value of Plan Assets at the end of the year	11.26	2.36
Total Actuarial Gain/(Loss) to be Recognised	3.86	(1.02)

(iii) **Amount Recognised in the Balance Sheet**

(Rupees in Lacs)

	2008-09	2007-08
Liability at the end of the year	20.29	9.07
Fair Value of Plan Assets at the end of the year	11.26	2.36
Difference	(9.03)	(6.72)
Amount Recognised in the Balance Sheet	(9.03)	(6.72)

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(iv) Expenses recognised in the Profit and Loss Account

(Rupees in Lacs)

	2008-09	2007-08
Current Service Cost	6.71	0.44
Interest Cost	1.26	0.20
Expected Return on Plan Assets	(0.88)	(0.17)
Actuarial Gain / (Loss)	(3.86)	1.02
Expense Recognised in Profit and Loss Account	3.23	1.49

(v) Actuarial Assumptions

	March 31, 2009	March 31, 2008
Discount Rate (per annum)	7.75%	8.00%
Rate of Return on Plan Assets (per annum)	8.00%	8.00%
Salary Escalation (per annum)	5.00%	5.00%

(b) Defined Contribution Plans

The amount recognised as expense and included in Schedule N under the head "Contribution to Provident Fund, Pension Fund, Gratuity, etc." of the Profit and Loss Account is Rs. 37.51 Lacs (previous year Rs.5.62 Lacs).

9. a. The Company has taken office premises under operating lease at various locations. These agreements provide an option to the Company to renew the lease period on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.
- b. The rental expense in respect of the operating leases, recognised in the Profit and Loss Account as "Rent" in Schedule "P" is Rs.157.64 Lacs (previous year Rs. 25.29 Lacs).
- c. Details of the minimum lease payments for the operating leases are provided hereunder:

(Rupees in Lacs)

	2008-2009	2007-2008
Not later than one year	170.46	77.08
Later than one year but not later than five years	281.04	468.99
Later than five years	58.71	74.68

10. During the year, the Company has redeemed 2,00,000 1% Redeemable Cumulative Preference Shares of Rs.10/- each on 19.08.2008 and reissued 2,00,000 12.5% Redeemable Cumulative Preference Shares of Rs.10/- each, redeemable at par on 19.08.2011.

11. Contingent Liabilities

(Rupees in Lacs)

Details of Guarantees	2008-2009	2007-2008
Given by banks on behalf of the Company In respect of capital adequacy, daily margin and other contractual commitments for capital market operations of the Company	2,068.75	1,400.00
Given by the Company Corporate counter guarantee given for Holding company	–	998.75



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

12. Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company has not yet commenced the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence the relevant disclosures have not been made in the accounts. However, in the view of the Management, there is no possibility of any interest being payable to any suppliers as the Company is prompt in making payments to its suppliers.
 13. Balances standing in debtors, creditors and loan and advances are subject to confirmation.
 14. Previous year's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.
 15. The Company had, during the previous year, acquired business with assets and liabilities of its 'Capital Market Undertaking' of its holding Company M/s.Fortune Financial Services (India) Limited with effect from 1st April, 2007 through a 'Slump Sale'. The previous year's figures for expenditure and income do not include of new undertaking acquired is the previous year and hence are not comparable with the expenditure and income figures of the current year.
- III. Statement of significant accounting policies and the notes numbered I & II form an integral part of the accounts for the year ended March 31, 2009.

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	77946	State Code	11
Balance Sheet Date	31	Month	03
		Year	2009

II. Capital Raised During the year (Amount Rupees in Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Sources of Funds

Total Liabilities	998,688	Total Assets	998,688
Paid-up Capital	175,350	Reserves and Surplus	201,326
Secured Loans	543,202	Unsecured Loans	78,810

Application of Funds

Net Fixed Assets	58,452	Investments	119
Net Current Assets	929,081	Miscellaneous Expenditure	9,559
Deferred Tax Assets	1,477		

IV. Performance of Company (Amount Rupees in Thousands)

Turnover	330,695	Total Expenditure	351,619
Loss Before Tax	20,924	Loss After Tax	26,022
Basic Earning Per Share (in Rupees)	(1.61)	Dividend rate %	3%

V. Generic Names of Principal Services of Company

1. Capital Market Activities
2. Distribution of Financial services



CASH FLOW STATEMENT

(Rupees in Lacs)

	2008-2009	2007-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net/(Loss) Profit before tax and extraordinary items	(209.24)	970.18
Adjustments for :		
Depreciation and Amortisation	253.30	20.15
Miscellaneous Expenses Written off	10.62	1.43
Loss/(Profit) on sale Current Investment/Stocks/Derivatives (Net)	582.80	(100.76)
Provision for Leave Encashment	4.15	7.47
Provision for Gratuity	2.32	6.71
Provision for Diminution in value of Investment/Stock/Derivatives W/Back (Net)	(194.42)	8.39
Provision For Doubtful Debts	35.13	2.53
Interest Income	(607.91)	(101.40)
Interest Expenses	821.71	69.38
Dividend Income	(7.12)	(0.73)
Operating Profit before Working Capital Charge	691.34	883.35
Adjustments for :		
Profit on new undertaking	-	75.72
	691.34	959.07
(Increase) / Decrease in Trade and other receivables	(1,723.68)	(3,221.53)
(Increase) / Decrease in Investments / Stock	(554.84)	(388.76)
Increase / (Decrease) in Margin Money and Fixed Deposits	1,611.43	(6,516.77)
Increase / (Decrease) in Trade payables	(51.33)	2,226.50
	(27.08)	(6,941.49)
Interest Income	607.91	101.40
Dividend Income	7.12	0.73
Direct Tax paid (net of refunds)	(309.51)	(252.76)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	278.44	(7,092.12)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(177.76)	(659.08)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(177.76)	(659.08)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Issue of Shares	-	3,109.70
Increase / (Decrease) in Borrowings	935.17	4,903.80
Interest Expenses	(821.71)	(69.38)
Dividend and Dividend Distribution Tax paid	(290.16)	(49.70)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(176.70)	7,894.42
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(76.02)	143.22
CASH AND CASH EQUIVALENTS		
Balance at the beginning of the year	268.88	125.66
Balance at the end of the year	192.86	268.88
	(76.02)	143.22

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been regrouped / reclassified wherever applicable.

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants

J.T. Poonja
Chairman

Nimish C. Shah
Managing Director

Sudhir V. Nair
Partner

Sanjay Kumar Shah
Company Secretary

Membership No. 45893
Mumbai, May 23, 2009

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of **Fortune Equity Brokers (India) Limited** will be held on Saturday the 29th day of August, 2009 at 9.00 a m at the Registered Office of the Company at, K.K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Redeemable Cumulative Preference Shares of the Company.
3. To declare dividend on the Equity Shares of the Company.
4. To appoint a Director in place of Mr. J. T. Poonja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and approve the re-appoint M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai as the Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Ramesh Venkat, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 24th October, 2008, pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and the Article 67 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute or an existing committee for this purpose) to borrow from time to time both in Indian currency and Foreign currencies including External Commercial Borrowings (ECB) as may be permitted and subject to approval from Reserve Bank of India (RBI) or any other statutory authorities or other statutes for the time being in force as may be required from time to time, any sum or sum of moneys, as it may deem proper for the purposes of business of the Company, from any one or more banks, Financial Institutions, Body Corporates, firms or any other entity, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may at any time, not exceeding a sum of Rs. 200.00 crores (Rupees Two Hundred Crores only) which is in excess of aggregate of the paid up share capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose, and that the Board be and is hereby empowered and authorised to arrange, or agree to the terms and conditions for all such moneys to be borrowed from time to time within the limit so fixed as to payment of interest, processing charges, repayment of principal amounts, number of installments, security to be provided and any other terms and conditions as may be agreed between the lender and the Company, as the Board may in its absolute discretion think fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary for the purpose and to settle any doubt which may arise in respect of borrowings aforesaid, and further to do all such acts, deeds and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

By Order of the Board

Sanjay Kumar Shah
Company Secretary

Mumbai, May 23, 2009



NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be lodged with the company not less than 48 hours before the time of the meeting.
3. Members are requested to bring their attendance slip along with the copy of annual report at the venue of the meeting.
4. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, with respect to item numbers 6 & 7 of the notice are annexed herewith and form part of the Notice.
5. Members are requested to:
 - immediately, intimate change of address, if any, to the Company, quoting reference of their registered folio number;
 - produce the attendance slip at the entrance of the meeting hall;
 - write to the Company at least 10 days in advance of the Annual General Meeting for any information about accounts.
6. All the documents referred to in the Notice and Explanatory Statements, are available for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

Explanatory statements pursuant to section 173(2) of the Companies Act, 1956:

Item No. 6 of the Notice

Pursuant to provisions of Sections 257, 260 and other applicable provisions, if any of the Companies Act, 1956, and Article 101 of the Articles of Association of the Company, Mr. Ramesh Venkat was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 24th October, 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Ramesh Venkat as a Director of the Company, liable to retire by rotation.

Mr. Ramesh Venkat is a fellow member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and Associate Member of Institute of Cost and Works Accountants of India. He has more than 21 years of work experience in the fields of Banking, Corporate Finance and Treasury Management. Mr. Ramesh Venkat is currently working as a President Finance and Treasury at Reliance Anil Dhirubhai Ambani Group.

Your Directors recommend the passing of the resolution as set out in item number 6 of the notice for approval of the members.

None of the Directors other than Mr. Ramesh Venkat may deemed to be concerned or interested in passing of the resolution at item number 6 of the Notice.

Item No. 7 of the Notice

To meet the requirements of the funds for financing expansion programs and working capital requirements, the Company needs to raise funds from time to time from banks and financial institutions in excess of the limit prescribed in section 293(1) (d) of the Companies Act, 1956. It is proposed to increase the limit upto Rs. 200.00 crores for borrowing which is in excess of the paid up capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose and in that process the Board may have to create Mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s) if any, already created in such form and manner as may be approved by the Board of Directors. As per provisions Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of a public company or a private company which is a subsidiary of a public company, shall not, except with the approval of the members of the Company borrow moneys after the commencement of this Act, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Your Directors recommend the passing of the resolution as set out in item number 7 of the notice for approval of the members.

None of the Directors of the Company are in any way concerned or interested in passing of the resolution at item number 7 of the Notice.

By order of the Board

Sanjay Kumar Shah
Company Secretary

Mumbai, May 23, 2009

Fortune Commodities & Derivatives (India) Limited

Financial Statements for the
year ended March 31, 2009
together with Auditors' Report



BOARD OF DIRECTORS

Mr. J.T. Poonja Director

Mr. Nimish C. Shah Director

Mr. Diptesh Shah Director
(ceased w. e. f. 4th March, 2009)

Mr. Gaurang A. Patel Director
(w. e. f. 15th December, 2008)

COMPANY DETAILS

FORTUNE'S LEADERSHIP TEAM

Mr. Kamlesh Gandhi	Director
Mr. Vishal Trehan	Country Head – Retail & Broking
Mr. Arun Kumar Bhangadia	Director – Business Development
Mr. Dileep H. Shinde	Head – Investment Banking
Mr. B. B. Tantri	Head – Operations
Mr. S. G. Muthu Kumar	Head – Corporate Affairs
Mr. S. Kalyanasundaram	Head – Treasury
Mr. Ramchandran Iyer	Head – Institutional Sales, Dealing and Research
Mr. Pranav Kumar	Zonal Head – Corporate Sales
Mr. Sanjay Makhija	Zonal Head – Institutional Sales
Mr. Naveen Sharma	Zonal Head – Northern Region
Mr. Govindaraj	Zonal Head – Southern Region

AUDITORS

M/s Nipun Sudhir & Associates
Chartered Accountants

LEGAL CONSULTANTS

M/s Purohit & Co.
Advocates

BANKERS

Axis Bank Limited
HDFC Bank Limited
ICICI Bank Limited

REGISTERED OFFICE

K. K. Chambers, 2nd Floor,
Sir P. T. Marg,
Fort, Mumbai 400 001
Website : www.ffsil.com



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report together with the audited accounts on the business and operations of the Company for the year ended 31st March, 2009.

Financial Highlights

	(Rupees)	
	2008-2009	2007-2008
Total Income	19,168,444	58,94,003
Profit before Depreciation, Amortisation and Tax	5,798,625	1,620,210
Depreciation and Amortisation	343,968	91,691
Profit before Tax	5,454,657	1,528,519
Provision for Taxation		
- Current tax	1,646,000	1,85,000
- Deferred tax	62,448	(26,731)
- Fringe Benefit tax	43,500	5,000
Profit after Tax	3,702,709	1,365,250
Balance brought forward from previous year	621,503	(743,747)
Balance available for appropriations	4,324,212	621,503
Transfer to General Reserve	370,271	-
Equity Dividend	900,000	-
Dividend Distribution Tax	152,955	-
Balance carried to Balance sheet	2,900,986	621,503
Weighted average number of shares	2,221,918	1,000,000
Nominal value per share	10	10
Basic and diluted earning per share	1.67	1.37
Dividend recommended	3%	-

Result of operations

During the year under review the gross income increased from Rs. 58,94,003/- to Rs. 19,168,444/-. The net profit after tax stood at Rs. 37,02,709/- as compared to Rs. 13,65,250/- in the previous year. During the year under review, the Company focused on increasing its clientele base, expanding number of locations on pan-India basis resulted in consequent increase in volume of business.

Dividend

Your Directors are pleased to recommend, a modest maiden dividend of Rs. 0.30 per share on 30,00,000 equity shares of Rs.10/- each aggregating to Rs. 9,00,000/- out of the current years profits of the Company.

Research and Development

Your Company has continued its focus on Research and Development activities and also planning to give Qualitative Research Reports to its client's thro' E-mail which may be used to make a better decision in trading.

Outlook and Opportunities

Commodity market has been very volatile during the year and has moved in tandem with equity market. Prices of all the major commodities traded on exchanges have crashed from their top and are struggling to recover. During the year we have almost tripled our clientele and have registered six times growth in turnover. We expect to maintain this turnover going ahead as commodities as an emerging asset class has started gaining acceptance among Indian investor community. Increasing participation of investors

across the value chain, regular launch of new products and added advantage of hedge against currency risk have made MCX/ NCDEX a preferred trading platforms.

Fixed Deposits

The Company has not accepted any fixed deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Directors

Mr. Nimish C. Shah retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Gaurang A. Patel has been appointed as an additional Director of the Company. He holds the office of the Directorship only up to the date of the ensuing Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Gaurang A. Patel as a Director of the Company, liable to retire by rotation.

Mr. Diptesh Shah ceased to be a Director of the Company due to sad and untimely demise on 4th March, 2009. The Board of Directors takes on record the contribution put by Mr. Diptesh Shah during his tenure as a Director of the Company.

Auditors

M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai the Statutory Auditors of the Company hold office up to the conclusion of this Annual General Meeting and are recommended for re-appointment. The Company has received a certificate under Section 224(1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits as specified in that section.

Auditors Report

The notes to the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further explanation on Auditors observations, as required under section 217(3) of the Companies Act 1956.

Capital

During the year under review the Company has obtained members approval for increase and reclassification of the authorised capital of the Company. 15,00,000 10% Non Cumulative Non Convertible Redeemable Preference shares of Rs.10/- each aggregating to Rs.150.00 lacs have been cancelled and replaced by the same number of equity shares of Rs.10/- each. During the year further 5,00,000 equity shares have been added in the authorised capital of the Company, consequent to this, the authorised capital has been increased to Rs.300.00 Lacs divided into 30,00,000 equity shares of Rs.10/- each.

After increase in the authorized capital, the Company has further issued 20,00,000 equity shares of Rs.10/- each fully paid aggregating to Rs.200.00 Lacs to its holding company. Consequent to issue of these shares, the paid up capital of the Company has been increased to Rs.300.00 Lacs divided into 30,00,000 equity share of Rs.10/- each.

Conservation of Energy, Technology Absorption

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are not applicable to the Company.

Foreign Exchange Earning and Outgo

No Foreign Exchange was earned and spent during the year under review.

Particulars of Employees

None of the Employees of the Company were in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975, as amended by the Companies Amendment Act, 1988.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed with explanation for deviation, if any;
- appropriate accounting policies have been selected and applied consistently, and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the profit of the Company for the year ended on that date.



- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

Acknowledgements

Your Directors are pleased to place on record their deep appreciation towards the sincere services and co-operation extended by employees at all levels of the organization. Your Directors also wish to place on record their gratitude for the confidence placed in them by the banks they are associated with. Further, your Directors wish to thank the various departments of the Forward Market Commission (FMC), National Commodity and Derivative Exchange Ltd. (NCDEX) and Multi Commodity Exchange of India Ltd. (MCX) and clients of the Company for their valued support and co-operation.

On behalf of the Board

Mumbai, May 23, 2009

J. T. Poonja
Director

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AUDITORS' REPORT

To The Members of Fortune Commodities & Derivatives (India) Limited

We have audited the accompanying Balance Sheet of Fortune Commodities & Derivatives (India) Limited as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, and amendments thereto (together referred to as the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
2. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contract (Regulation) Rules, 1957 have been kept so far appears from our examination of such books. The books of account of the Company's branches maintained at the Head Office has been reviewed by us;
 - iii. The Company, as a commodity broker, has complied with the requirements of the Exchange so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the Exchange;
 - iv. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - v. In our opinion, 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 Companies Act, 1956;
 - vi. On the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009



Annexure referred to in Paragraph (1) of the Auditors' Report to the Members of Fortune Commodities & Derivatives (India) Limited for the year ended March 31, 2009

1. a. The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
b. Though the Company has a system of physical verification of fixed assets once in a period of three years, the Management has not physically verified its fixed assets during the year.
c. No asset has been sold by the Company and hence there is no affect on its going concern.
2. a. In our opinion and according to the explanations given to us, the Company has granted unsecured loans to and taken unsecured loans from companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding in respect of these loans given during the year was Rs.2,79,00,000/- (2 parties) and the outstanding amount of these loans at the end of the year was Rs.1,58,00,000/- (1 party). The maximum amount outstanding in respect of the loans taken during the year was Rs.78,00,000/- (2 parties) and there was no amount outstanding in respect of such loans at the end of the year.
b. In our opinion, the rate of interest, if any, and other terms and conditions of loans given to / taken from the companies listed in the Register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company.
c. The companies to whom loans have been granted, as referred to in a) above, have been regular in the payment of principal and interest where stipulated.
d. In respect of the aforesaid loans, there are no overdue amounts.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of its services. Further on the basis of our examination and according to the information and explanations given to us, neither have we noticed nor have we been informed of any major weaknesses in the internal control system.
4. a. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of Rupees Five lacs in respect of the parties during the year have been made at prices which are reasonable having regard to market prices prevailing at the relevant time.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public. As per the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order relating to public deposits on the Company.
6. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
7. In our opinion and according to the explanations given to us, the Company is not required to maintain cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
8. a. According to the records of the Company and the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, cess and other statutory dues, if applicable to it, other than as specified below.
b. According to the information and explanations given to us, there are no undisputed statutory dues as referred to above as on March 31, 2009 outstanding for a period of more than six months from the date they became payable other than stamp duty amounting to Rs. 224,544/-.
9. The Company does not have any accumulated loss as at March 31, 2009 and it has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
10. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.

11. Based on our examination of documents and records, and as confirmed by the Management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts in respect of its dealing in derivatives and timely entries have been made in those records. We also report that the Company has held these derivatives, in its own name.
13. As explained to us, the Company has not given any guarantee for loans taken by others.
14. Based on our examinations of the records and information and explanations given to us, the Company has not taken any term loans.
15. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we are of the opinion that as at the close of the year, no funds raised on a short term basis has been used for long term investments and vice versa.
16. The Company has made a preferential allotment of shares to its holding company, covered in the register maintained under Section 301 of the Companies Act, 1956, the terms of which are not prima facie prejudicial to the interests of the Company.
17. The Company has not issued any debentures during the year.
18. The Company has not made any public issue of any of its securities during the year.
19. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by the Management.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009

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BALANCE SHEET AS AT MARCH 31, 2009

(Rupees)

	Schedule	As at 31-Mar-09	As at 31-Mar-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	30,000,000	10,000,000
Reserves and Surplus	B	3,271,257	621,503
		<u>33,271,257</u>	<u>10,621,503</u>
Loan Funds			
Secured Loan	C	4,611,987	–
Unsecured Loan	D	–	12,500,000
Deferred Tax Liability		<u>35,717</u>	<u>–</u>
TOTAL		<u><u>37,918,961</u></u>	<u><u>23,121,503</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	1,457,489	962,350
Less : Depreciation		435,659	91,691
Net Block		<u>1,021,830</u>	<u>870,659</u>
Deferred Tax Asset		<u>–</u>	<u>26,731</u>
Current Assets, Loans and Advances			
Current Assets	F	31,549,824	24,806,092
Loans and Advances	G	29,385,856	5,908,072
		<u>60,935,680</u>	<u>30,714,164</u>
Less : Current Liabilities and Provisions			
Current Liabilities	H	21,540,537	8,847,294
Provisions	I	3,027,663	190,000
		<u>24,568,200</u>	<u>9,037,294</u>
Net Current Assets		<u>36,367,480</u>	<u>21,676,870</u>
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	J	529,651	547,243
TOTAL		<u><u>37,918,961</u></u>	<u><u>23,121,503</u></u>
Notes to Accounts	Q		

In terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES
Chartered Accountants

J.T. Poonja
Director

Nimish C. Shah
Director

Sudhir V. Nair
Partner

Membership No. 45893

Mumbai, May 23, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rupees)

	Schedule	Year ended 31-Mar-09	Year ended 31-Mar-08
INCOME			
Income from Operations	K	17,823,504	5,884,346
Other Income	L	1,344,940	9,657
TOTAL		19,168,444	5,894,003
EXPENDITURE			
Operational Expenses	M	2,059,276	834,144
Personnel Expenses	N	4,353,286	2,509,585
Administrative and Other Expenses	O	5,775,721	723,951
Financial Expenses	P	1,181,536	206,113
Depreciation		343,968	91,691
TOTAL		13,713,787	4,365,484
PROFIT BEFORE TAX		5,454,657	1,528,519
Provision for Taxation			
- Current Tax		1,646,000	185,000
- Deferred Tax		62,448	(26,731)
- Fringe Benefits Tax		43,500	5,000
PROFIT AFTER TAX		3,702,709	1,365,250
Balance brought forward from previous year		621,503	(743,747)
BALANCE AVAILABLE FOR APPROPRIATION		4,324,212	621,503
APPROPRIATIONS			
Transfer to General Reserve		370,271	-
Equity Dividend		900,000	-
Dividend Distribution Tax		152,955	-
Balance carried to Balance Sheet		2,900,986	621,503
TOTAL		4,324,212	621,503
EARNINGS PER SHARE			
a) Profit After Tax		3,702,709	1,365,250
b) Weighted Average Number of Equity Shares		2,221,918	1,000,000
c) Nominal Value Per Share (in rupees)		10	10
d) Basic and Diluted Earnings Per Share (in rupees) (Refer Note 9)		1.67	1.37

Notes to Accounts

Q

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja

Director

Nimish C. Shah

Director



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "A" SHARE CAPITAL		
Authorised		
30,00,000 (Previous Year 10,00,000) Equity Shares of Rs. 10/- each	30,000,000	10,000,000
Nil (Previous Year 15,00,000) 10% Non-Cumulative Non-Convertible Redeemable Preference Share of Rs. 10/- each	-	15,000,000
	<u>30,000,000</u>	<u>25,000,000</u>
Issued, Subscribed and Fully paid-up		
30,00,000 (Previous Year 10,00,000) Equity Shares of Rs. 10/- each (All the shares are held by Fortune Financial Services (India) Limited, the Holding Company and its nominees)	30,000,000	10,000,000
TOTAL	<u>30,000,000</u>	<u>10,000,000</u>
SCHEDULE "B" RESERVES AND SURPLUS		
General Reserve		
As per last balance sheet	-	-
Add : Transferred during the year	370,271	-
	<u>370,271</u>	<u>-</u>
Profit and Loss Account	2,900,986	621,503
TOTAL	<u>3,271,257</u>	<u>621,503</u>
SCHEDULE "C" SECURED LOAN		
Working Capital Loans (Secured against pledge of fixed deposit receipts and personal guarantee of two Directors)	4,611,987	-
TOTAL	<u>4,611,987</u>	<u>-</u>
SCHEDULE "D" UNSECURED LOAN		
Other Loan	-	12,500,000
TOTAL	<u>-</u>	<u>12,500,000</u>

SCHEDULE-E : FIXED ASSETS

(Rupees)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions/ Adjustments during the year	Deductions / Adjustments during the year	As at 31.03.2009	As at 01.04.2008	For the year	On deduc- tions / Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008
Tangible Assets										
Office Equipments	404,000	145,913	-	549,913	17,197	85,188	-	102,385	447,528	386,803
Computers	277,550	347,976	-	625,526	27,699	179,536	-	207,235	418,291	249,851
Intangible Assets										
Computer Software	280,800	1,250	-	282,050	46,795	79,244	-	126,039	156,011	234,005
TOTAL	962,350	495,139	-	1,457,489	91,691	343,968	-	435,659	1,021,830	870,659
Previous year	-	962,350	-	962,350	-	91,691	-	91,691	870,659	-

SCHEDULES FORMING PART OF ACCOUNTS

	(Rupees)	
	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "F" CURRENT ASSETS		
Sundry Debtors		
Outstanding for a period exceeding six months :		
Considered Good	13,650	-
Considered Doubtful		192,620
Others :		
Considered Good	355,022	3,456,926
Considered Doubtful	-	-
	<u>368,672</u>	<u>3,649,546</u>
Less: Provision for Doubtful Debts	-	192,620
	<u>368,672</u>	3,456,926
Cash and Bank Balances		
Cash on Hand	5,835	30,000
Balance with Scheduled Banks		
In Current Accounts	1,680,326	8,752,898
In Deposit Accounts (Under lien with a Bank against overdraft facility)	11,000,000	12,500,000
In Margin Money Deposit Accounts (Under lien with a Bank against guarantees to Exchanges)	18,000,000	-
	<u>30,680,326</u>	<u>21,252,898</u>
Other Assets		
Interest Accrued but not due	494,991	66,268
TOTAL	<u><u>31,549,824</u></u>	<u><u>24,806,092</u></u>
SCHEDULE "G" LOANS AND ADVANCES		
Advance recoverable in cash or kind or for value to be received (Includes Rs.2625279 receivable from fellow subsidiary)	3,346,352	282,984
Staff Loans	41,000	48,000
Inter Corporate deposits to fellow subsidiary Deposits	15,800,000	-
Exchange/Clearing Member Deposits	8,350,000	5,350,000
Other Deposits	16,500	16,500
	<u>83,66,500</u>	<u>53,66,500</u>
Advance Tax and Tax Deducted at Source	1,832,004	210,588
TOTAL	<u><u>29,385,856</u></u>	<u><u>5,908,072</u></u>
SCHEDULE "H" CURRENT LIABILITIES		
Sundry Creditors	19,818,043	8,577,841
Other Liabilities	1,722,494	269,453
TOTAL	<u><u>21,540,537</u></u>	<u><u>8,847,294</u></u>



SCHEDULES FORMING PART OF ACCOUNTS

	As at 31-Mar-09	As at 31-Mar-08
(Rupees)		
SCHEDULE "I" PROVISIONS		
Provision for Taxation	1,831,000	185,000
Provision for Fringe Benefit Tax	48,500	5,000
Provision for Proposed Dividend	900,000	-
Provision for Dividend Distribution Tax	152,955	-
Provision For Gratuity	47,074	-
Provision for Leave Encashment	48,134	-
TOTAL	3,027,663	190,000
SCHEDULE "J" MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Deferred revenue expenditure as per last Balance Sheet	547,243	509,335
Add: Incurred during the year	55,000	105,000
Less: Written-off during the year	72,592	67,092
TOTAL	529,651	547,243
	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "K" INCOME FROM OPERATIONS		
Brokerage and related Operational Income	16,150,843	4,934,218
Interest Income	1,672,661	558,462
(Tax Deducted at Source Rs.344,569 (Previous Year Rs.115,044/-))		-
Profit on Sale of Current Investments	-	391,666
TOTAL	17,823,504	5,884,346
SCHEDULE "L" OTHER INCOME		
Miscellaneous Income	16,005	9,657
Provision for Doubtful Debts Written back	192,620	-
Interest income	1,136,315	-
(Tax Deducted at Source Rs.233,847/- (Previous year Rs.Nil))		
TOTAL	1,344,940	9,657
SCHEDULE "M" OPERATIONAL EXPENSES		
Loss on Sale of Derivatives	51,270	-
Other operating expenses	2,008,006	834,144
TOTAL	2,059,276	834,144
SCHEDULE "N" PERSONNEL EXPENSES		
Salaries, Bonus and allowances	3,793,951	2,333,676
Contribution to Provident and other Funds (Including administrative charges)	207,512	111,389
Staff Welfare Expenses and others	351,823	64,520
TOTAL	4,353,286	2,509,585

SCHEDULES FORMING PART OF ACCOUNTS

(Rupees)

	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "O" ADMINISTRATIVE AND OTHER EXPENSES		
Rent	–	120,000
Rates and Taxes	7,186	–
Printing and Stationery	1,084,592	46,628
Travelling Expenses - Domestic	657,734	1,954
Conveyance Expenses	173,446	5,591
Telephone Expenses	12,661	958
Legal and Professional Fees	207,500	174,729
Auditors' Remuneration	163,000	57,500
Repairs and Maintenance	462,466	–
Insurance	107,714	20,011
Postage and Courier Expenses	6,765	–
Provision for Doubtful Debts	–	192,620
Bad Debts Written off	2,803,174	–
Miscellaneous Expenses	89,483	103,960
TOTAL	<u>5,775,721</u>	<u>723,951</u>
SCHEDULE "P" FINANCIAL EXPENSES		
Interest	732,960	–
Bank Charges and others	448,576	206,113
TOTAL	<u>1,181,536</u>	<u>206,113</u>

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NOTES TO ACCOUNTS

SCHEDULE "Q" NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and with the requirements of the Companies Act, 1956.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expense during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. System of Accounting

The Company follows the accrual system of accounting.

4. Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realization / collection.

- a. Income from broking activities is recognised on the trade date of the transaction
- b. Interest income is recognised on a time proportion basis

5. Staff Retirement Benefits

a. Defined benefit plan :

The Company accounts for the defined benefit plans such as gratuity and leave encashment on accrual basis. Contribution towards gratuity liability as determined through actuarial valuation is charged to the Profit and Loss Account each year. Liability for leave encashment is provided by making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current periods.

b. Defined contribution plan :

The Company contributes to the provident fund and pension fund schemes for all its employees who are eligible for the benefit. All such contributions are recognized as an expense and charged to the Profit and Loss Account each year.

6. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation.

7. Intangible Assets

Intangible Assets are stated at cost of acquisition less amortisation.

8. Depreciation and Amortisation

The Company provides for depreciation and amortisation as under:

- a. On written down value basis in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. Intangible Assets are amortised over a period of three years from the date of acquisition.
- c. On a pro-rata basis on assets purchased / sold during the year.
- d. Asset costing less than Rs. 5,000/- per item is fully depreciated in the year of purchase.

9. Current Assets

Current Assets are stated at cost.

10. Taxation

Provision for Tax comprises current tax, deferred tax charge or benefit and fringe benefits tax.

Current Taxes are measured on the basis of the taxes expected to be paid on the taxable income determined in accordance with the prevailing tax rates and laws.

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

Deferred tax is the tax effect of the timing differences between the accounting income and taxable income. Deferred Tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the rates that have been enacted or substantially enacted as at the balance sheet date.

Deferred Tax Assets are recognized only to the extent there is a reasonable certainty that there will be sufficient taxable income against which it can be realized; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of assets. Deferred Tax Assets, if any, are re-assessed periodically.

Provision for Fringe Benefits Tax is made on the basis of applicable rates on the chargeable expenditure of the Company as prescribed under the prevailing tax laws.

11. Earnings Per Share

Basic earnings per share is computed and disclosed by dividing the net profit after tax by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential equity shares, if any.

12. Miscellaneous Expenditure

Preliminary expenditure and expenditure in connection with the raising of capital are amortised over a period of ten years from the year of commencement of business operations or from the year of raising of capital.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation, and
- c. the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liabilities are not recognized but are disclosed in the notes in case of:

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

II. OTHER NOTES**1. Deferred Tax Liability (Net) comprise:**

	(Rupees)	
	2008-2009	2007-2008
Deferred Tax Liability		
Accumulated Depreciation	66,435	32,789
Sub Total	66,435	32,789
Deferred Tax Asset		
Provision for Doubtful Debts	-	59,520
Provision for Leave Encashment	14,873	-
Provision for Gratuity	15,845	-
Sub Total	30,718	59,520
Net Deferred Tax Liability / (Asset)	35,717	(26,731)



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

2. In the opinion of the Management, value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

3. Segment wise reporting

The Company's is primarily engaged in the business of commodity broking activities. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per Accounting Standard 17 on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India

4. Related party transactions

As per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, the Company's related parties with whom the Company has entered into transactions during the year in the ordinary course of business, as certified by the Management are disclosed below:

Names of the Related Parties and their relationships:

a. Related party where control exists:

Holding Company : Fortune Financial Services (India) Limited

b. i. Other related parties with whom transactions have taken place during the year:

Enterprises having significant influence:

Fortune Equity Brokers (India) Limited

Fortune Credit Capital Limited

Arvind & Company

ii. Key management personnel and their relatives:

Mr. Diptesh Shah, Director

Ms. Jalpa Shah, Relative

c) Details of transactions with related parties referred to above:

(Rupees)

Nature of Transaction	Holding Company	Enterprises having significant influence	Key management personnel and their relatives	Total
Commodity market transactions on behalf of				
– Purchase Transactions	– (–)	– (–)	9,922,378 (–)	9,922,378 (–)
– Sale Transactions	– (–)	– (2,187,529)	11,798,114 (–)	11,798,114 (2,187,529)
Dividend	900,000 (–)	– (–)	– (–)	900,000 (–)
Professional charges	– (–)	135,500 (18236)	– (–)	135,500 (18236)
Issue of Equity Shares	20,000,000 (–)	– (–)	– (–)	20,000,000 (–)
Loans taken	3,300,000 (65,722,273)	16,805,000 (15,000,000)	– (–)	20,105,000 (80,722,273)
Loans given	– (–)	74,795,000 (–)	– (–)	74,795,000 (–)
Interest charged	– (–)	1,135,176 (–)	– (–)	1,135,176 (–)

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

(Rupees)

Nature of Transaction	Holding Company	Enterprises having significant influence	Key management personnel and their relatives	Total
Reimbursement of expenses	183,310 (748,952)	4,985,599 (-)	- (-)	5,168,909 (748,952)
Outstanding as on March 31				
a) Guarantee received	36,000,000 (25,000,000)	- (-)	- (-)	36,000,000 (25,000,000)
b) Loan receivable	- (-)	4,205,279 (-)	- (-)	4,205,279 (-)
c) Loan payable	- (180,000)	- (-)	- (-)	- (180,000)
d) Sundry Creditors	- (-)	- (-)	12,453 (-)	12,453 (-)

Note: Figures in brackets represents previous year amount.

Services are rendered by the Holding Company by providing resources like manpower, assets, etc for which the complete amount is not recovered by the group companies.

5. Auditors' Remuneration

(Rupees)

	2008-2009	2007-2008
Statutory audit	1,10,000	50,000
Tax audit	10,000	7,500
Certification and other matters	43,000	-
Total	1,63,000	57,500

6. Employee Benefits

a. Defined Benefit Plans as per Actuarial Valuation as at March 31, 2009

i. Change in Present Value of Defined Benefit Obligation

(Rupees)

	Gratuity
Liability at the beginning of the year	21,821
Interest Cost	4,831
Current Service Cost	38,569
Actuarial (gain)/loss on obligations	(18,147)
Liability at the end of the year	47,074

ii. Change in Fair Value of Plan Assets

Fair Value of Plan Assets at the beginning of the year	-
Expected Return on Plan Assets	-
Contributions	-
Actuarial gain/(loss) on Plan Assets	-
Fair Value of Plan Assets at the end of the year	-
Total Actuarial Gain/(Loss) to be recognised	-



SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

iii. Amount Recognised in the Balance Sheet

Liability at the end of the year	47,074
Fair Value of Plan Assets at the end of the year	–
Difference	(47,074)
Amount Recognised in the Balance Sheet	(47,074)

iv. Expenses recognized in the Profit and Loss Account

Current Service Cost	38,569
Interest Cost	4,831
Expected Return on Plan Assets	–
Actuarial Gain / (Loss)	(18,147)
Expense Recognised in Profit and loss account	25,253

v. Actuarial Assumptions

Discount Rate (per annum)	7.75%
Rate of Return on Plan Assets (per annum)	0.00%
Salary Escalation (per annum)	5.00%

b. Defined Contribution Plans

The amount recognized as expense and included in Schedule 'N' under the head "Contribution to Provident and other funds." of the Profit and Loss Account is Rs. 160,438/- (previous year Rs.111,389/-).

c. Amount recognized as expense in respect of compensated leave absences is Rs.80,596/- (previous year Rs.Nil)

7. Contingent Liability

		(Rupees)	
Details of Guarantees	2008-2009	2007-2008	
Given by bank on behalf of the Company In respect of capital adequacy, daily margin and other contractual commitments for commodity market operations of the Company	3,60,00,000	2,50,00,000	

8. Earnings Per Share

a. The Company has not issued any potential equity shares, hence the weighted average number of equity shares after computation of basic and diluted earnings per share would be 2,221,918.

		2008-2009	2007-2008
A	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	1,000,000	1,000,000
	Addition during the year	2,000,000	1,000,000
	Number of shares at the end of the year	3,000,000	1,000,000
	Weighted average number of equity shares (basic and diluted)	2,221,918	1,000,000
B	Net profit after tax (Rupees)	3,702,709	1,365,250
C	Basic and diluted earning per share of Rs.10 each (Rupees)	1.67	1.37

SCHEDULE "Q" NOTES TO ACCOUNTS (Contd.)

9. Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company has not yet commenced the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence the relevant disclosures have not been made in the accounts. However, in the view of the Management, there is no possibility of any interest being payable to any suppliers as the Company is prompt in making payments to its suppliers.
 10. Balance standing in Debtors, Creditors and loans and advances are subject to confirmations.
 11. Previous year's figures are reworked, regrouped, rearranged, reclassified wherever necessary, to conform to the current year's classification.
- III. The statement of significant accounting policies and the notes numbered I to II form an integral part of the accounts for the year ended March 31, 2009.

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	158409	State Code	11		
Balance Sheet Date	31	Month	03	Year	2009

II. Capital Raised during the year (Amount Rupees in Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Sources of Funds

Total Liabilities	37,919	Total Assets	37,919
Paid-up Capital	30,000	Reserves and Surplus	3,271
Secured Loans	4,612	Deferred Tax Liability	36

Application of Funds

Net Fixed Assets	1,022	Miscellaneous Expenditure	530
Net Current Assets	36,367		

IV. Performance of Company (Amount Rupees in Thousands)

Turnover	19,168	Total Expenditure	13,714
Profit Before Tax	5,454	Profit After Tax	3,703
Earnings Per Share in Rupees	1.67	Dividend rate %	3%

V. Generic Names of Principal Services of Company

1. Commodity Market Activities
2. Derivative Market Activities

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

(Rupees)

	2008-2009	2007-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	5,454,657	1,528,519
Adjustments for :		
Depreciation	343,968	91,691
Miscellaneous expenses written off	72,592	67,092
Provision for Doubtful Debts/Written Back	(192,620)	192,620
Bad Debts Written off	2,803,174	-
Provision for Leave Encashment	48,134	-
Provision for Gratuity	47,074	-
Loss/(Profit) on sale Current Investments/Derivatives (Net)	51,270	(391,666)
Interest Income	(2,808,976)	(558,462)
Interest Expense	732,960	-
Operating Profit before Working Capital Change	6,552,233	929,794
Adjustments for :		
(Increase) / Decrease in Trade and other receivables	(21,862,391)	(6,056,642)
(Increase) / Decrease in Margin Money and Fixed deposits	(16,500,000)	(12,500,000)
Increase / (Decrease) in Trade payables	12,693,243	8,794,352
Cash generated from / (utilised in) operations	(19,116,915)	(8,832,496)
Interest Income	2,808,976	558,462
Direct Tax paid (net of refunds)	(1,621,416)	(187,103)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(17,929,355)	(8,461,137)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(495,139)	(962,350)
Sale / (Purchase) of Investments (Net)	(51,270)	4,382,511
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(546,409)	3,420,161
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Shares	20,000,000	-
Net Proceeds From Borrowings	(7,888,013)	12,500,000
Interest Expense	(732,960)	-
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	11,379,027	12,500,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(7,096,737)	7,459,024
Cash and Cash Equivalents		
Balance at the beginning of the year	8,782,898	1,323,874
Balance at the end of the year	1,686,161	8,782,898
	(7,096,737)	7,459,024

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been regrouped / reclassified wherever applicable.

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants

J.T. Poonja
Director

Nimish C. Shah
Director

Sudhir V. Nair

Partner
Membership No. 45893
Mumbai, May 23, 2009



NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the members of **Fortune Commodities & Derivatives (India) Limited** will be held on Saturday, the 29th day of August, 2009 at 9. 30 a.m. at the registered office of the Company at K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai – 400 001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Nimish C. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare dividend on the equity share capital of the Company.
4. To appoint M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business :

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Gaurang A. Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 15th December, 2008 pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and Article 78 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute or an existing committee for this purpose) to borrow from time to time both in Indian currency and Foreign currencies including External Commercial Borrowings (ECB) as may be permitted and subject to approval from Reserve Bank of India (RBI) or any other statutory authorities or other statutes for the time being in force as may be required from time to time, any sum or sum of monies, as it may deem proper for the purposes of business of the Company, from any one or more banks, Financial Institutions, Body Corporates, firms or any other entity, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may at any time, not exceeding a sum of Rs. 100.00 crores (Rupees One Hundred Crores) which is in excess of aggregate of the paid up share capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose, and that the Board be and is hereby empowered and authorised to arrange, or agree to the terms and conditions for all such monies to be borrowed from time to time with in the limit so fixed as to payment of interest, processing charges, repayment of principal amounts, no. of installments, security to be provided and any other terms and conditions as may be agreed between the lender and the Company, as they may at its absolute discretion think fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary for the purpose and to settle any doubt which may arise in respect of borrowings aforesaid, and further to do all such acts, deeds and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

On behalf of the Board

J. T. Poonja
Director

Mumbai, May 23, 2009

NOTES :

1. Members entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxies in order to be effective must be lodged at the registered office of the Company at least 48 hours before the time of the meeting.
3. Members are requested to bring their attendance slip along with the copy of annual report at the venue of the meeting.
4. Members are requested to:
 - immediately, intimate change of address, if any, to the Company, quoting reference of their registered folio number;
 - produce the attendance slip at the entrance of the meeting hall;
 - write to the Company at least 10 days in advance of the Annual General Meeting for any information about accounts.
5. All the documents referred in the Notice and Explanatory Statements, are available for inspection at the Registered Office of the Company during office hours on all working days except Saturdays, between 11:00 a.m. to 1:00 p.m. up to the date of Annual General Meeting.
6. Explanatory statements pursuant to Section 173 (2) of the Companies Act, 1956 with respect to item numbers 5 and 6 of the notice are annexed herewith and form part of the notice.

Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956:**Item No. 5 of the Notice**

Pursuant to provisions of Sections 257, 260 and other applicable provisions of the Companies Act, 1956, and Article 121 of the Articles of Association of the Company, Mr. Gaurang A. Patel was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 15th December, 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Gaurang A. Patel as a Director of the Company, liable to retire by rotation.

Mr. Gaurang A. Patel is a practicing Chartered Accountant and a Managing Partner of Arvind & Co., Chartered Accountants which is more than fifty years old firm. Mr. Gaurang A. Patel has been practicing for over 25 years in the fields of Audit, Accounts, Taxation, Tax Planning, Capital Markets and other financial and investment advisory services.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors other than Mr. Gaurang A. Patel may deemed to be concerned or interested in passing of the resolution at item number 5 of the Notice.

Item No. 6 of the Notice

To meet the requirement of the funds for financing expansion programs and working capital requirements the Company needs to raise funds from time to time from banks and financial institutions in excess of the limit prescribed in section 293(1) (d) of the Companies Act, 1956. It is proposed to increase the limit upto Rs. 100.00 crores for borrowing which is in excess of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose and in that process the Board may have to create Mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s) if any, already created in such form and manner as may be approved by the Board of Directors. As per provisions Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of a public company or a private company which is a subsidiary of a public company, shall not, except with the approval of the members of the Company borrow moneys after the commencement of this Act, where the monies to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors of the Company are in any way concerned or interested in passing of the resolution at item number 6 of the Notice.

On behalf of the Board

Mumbai, May 23, 2009

J. T. Poonja
Director



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Fortune Credit Capital Limited

Financial Statements for the
year ended March 31, 2009
together with Auditors' Report



BOARD OF DIRECTORS

Mr. J.T. Poonja Director

Mr. Nimish C. Shah Director

Mr. Diptesh Shah Director
(ceased w. e. f. 4th March, 2009)

Mr. Ramesh Venkat Director
(w. e. f. 24th October, 2008)

Mr. Ajit Gopaldas Director
(w. e. f. 26th July, 2008)

COMPANY DETAILS

FORTUNE'S LEADERSHIP TEAM

Mr. Kamlesh Gandhi	Director
Mr. Vishal Trehan	Country Head – Retail & Broking
Mr. Arun Kumar Bhangadia	Director – Business Development
Mr. Dileep H. Shinde	Head – Investment Banking
Mr. B. B. Tantri	Head – Operations
Mr. S. G. Muthu Kumar	Head – Corporate Affairs
Mr. S. Kalyanasundaram	Head – Treasury
Mr. Ramchandran Iyer	Head – Institutional Sales, Dealing and Research
Mr. Pranav Kumar	Zonal Head – Corporate Sales
Mr. Sanjay Makhija	Zonal Head – Institutional Sales
Mr. Naveen Sharma	Zonal Head – Northern Region
Mr. Govindaraj	Zonal Head – Southern Region

Mr. S. Kalyanasundaram	Head – Treasury & Manager Under the Companies Act, 1956 (w. e. f. 16th September, 2008)
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AUDITORS	M/s Nipun Sudhir & Associates Chartered Accountants
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LEGAL CONSULTANTS	M/s Purohit & Co. Advocates
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BANKERS	Axis Bank Ltd. Kotak Mahindra Bank Union Bank of India
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REGISTERED OFFICE	K. K. Chambers, 2 nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001 Website : www.ffmpeg.com
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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Second Annual Report and Audited Accounts for the year ended 31st March, 2009.

Financial Results

(Rupees)

	2008 - 2009	2007 - 2008
Total Income	24,647,306	635,145
Profit before Depreciation and Tax	12,076,595	573,356
Depreciation	24,193	–
Profit before Tax	12,052,402	573,356
Provision for Taxation		
- Current Tax	3,873,500	180,000
- Deferred Tax	6,442	–
- Fringe benefit Tax	41,500	–
Profit after Tax	8,130,960	393,356
Balance brought forward from previous year	3,93,356	–
Balance available for appropriations	8,524,316	393,356
Transfer to Statutory Reserve	1,626,192	
Transfer to General Reserve	406,548	–
Dividend	5,175,000	–
Dividend Distribution Tax	879,492	–
Balance carried to balance sheet	437,084	393,356
Weighted average number of shares	13,386,986	2,250,000
Nominal value per share	10	10
Basic and diluted earnings per share	0.61	0.17
Dividend recommended	3%	–

Results of Operations

The Company started its operations during the year under review. The company has earned total income of Rs. 24,647,306/- as against Rs. 635,145/- in the previous year. The net profit after tax stood at Rs. 8,130,960/- as against Rs. 393,356/- in the previous year.

The Company has received NBFC license from the Reserve Bank of India and categorised as a Loan Company.

Dividend

The Board of Directors recommends a modest dividend of Rs. 0.30 per share on 172,50,000 equity shares of Rs.10/- each, absorbing Rs.5,175,000/- out of current profits of the Company.

Future Outlook

This division has delivered excellent numbers but this growth has come on a lower base. The performance of this division depends to a great extent on creditworthiness of customers. Demand for loan-against-shares, company's main product, is linked to vibrancy in the capital market. Therefore, leverages the existing broking client base and network of Fortune Group would help capitalise the opportunity of cross selling to the existing customer base and grow this business vertical.

Fixed Deposits

The Company has not accepted any fixed deposit from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Directors

Mr. J. T. Poonja retires by rotation and being eligible offers himself for re-appointment.

Mr. Ajit Gopaldas and Mr. Ramesh Venkat have been appointed as additional Directors of the Company. They hold the office of the Directorship only up to the date of the ensuing Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- for each of the Directors, from one of the members of the Company signifying his intention to propose candidatures of Mr. Ajit Gopaldas and Mr. Ramesh Venkat as Directors of the Company, liable to retire by rotation.

Mr. Diptesh Shah ceased to be a Director of the Company due to sad and untimely demise on 4th March, 2009. The Board of Directors takes on record the contribution put by Mr. Diptesh Shah during his tenure as a Director of the Company.

Manager under the Companies Act, 1956

During the year under review the Company has appointed Mr. S. Kalyanasundaram as a Manager under the Companies Act, 1956 for a period of three years from 16th September, 2008 on a remuneration as agreed by the Board and Mr. S. Kalyanasundaram.

Capital

During the year under review the Company has increased its authorised capital from Rs. 2.50 crores comprising of 25 lacs equity shares of Rs. 10/- to Rs. 20.00 crores comprising of 2 crores equity shares of Rs. 10/- each.

During the year the company has further issued one crore fifty lacs equity shares of Rs. 10/- each at par aggregating to Rs. 15.00 crore to its holding company viz. Fortune Financial Services (India) Limited.

Auditors

M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai the Statutory Auditors of the Company hold office up to the conclusion of this Annual General Meeting and are recommended for re-appointment. The Company has received a certificate under Section 224(1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits as specified in that section.

Auditors Report

The notes to the accounts referred to in the Auditor's Report are Self Explanatory and therefore do not call for any further explanation on Auditors observations, as required under section 217(3) of the Companies Act 1956.

Audit Committee

In terms of Section 292A of the Companies Act, 1956, the Company has Audit Committee of the Board of Directors in its place. The Audit Committee consists of three members viz. Mr. J.T. Poonja, Mr. Nimish C. Shah and Mr. Ramesh Venkat. Mr. J.T. Poonja is the Chairman of the Audit Committee.

Remuneration Committee

In terms of provisions of Schedule XIII of the Companies Act, 1956, the Company has formed the Remuneration Committee of Board of Directors consisting of three members viz. Mr. J.T. Poonja, Mr. Nimish C. Shah and Mr. Ramesh Venkat. Mr. J.T. Poonja is the Chairman of the Remuneration Committee.

Grievances Redressal Committee

In terms of the NBFC Guidelines issued by the Reserve Bank of India, the Company has formed Grievances Redressal Committee consisting of three members viz. Mr. J. T. Poonja, Mr. Nimish C. Shah and Mr. S. Kalyanasundaram. Mr. S. Kalyanasundaram acts as a Compliance Officer.

Investment Policy

Pursuant to RBI Circular – DNBS (PD) /CC89/03.05.2001/2006-07 dated February 22,2007, the Company has adopted the Investment Policy and also constituted a committee of four members. The members of the Committee are Mr. J. T. Poonja, Mr. S. Kalyanasundaram, Mr. B. B. Tantri and Mr. S. G. Muthu Kummar.

Loan Policy

The Company has framed Loan Policy as required under the Guidelines issued by Reserve Bank of India.

Fair Practices Code

The Company has framed Fair Practices Code for conducting the business of NBFC activities in fair and transparent manner. The Company has appointed Mr. S. Kalayanasundaram as a nodal Officer for redressal of grievances of the Customers including borrowers in connection with any matter pertaining to business practices, lending decisions, credit management and recovery, the contact details of the nodal officer are displayed on the website of the group.

The Fair Practices Code has also been posted on the website of the Fortune Group.



Conservation of Energy, Technology Absorption

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to the matters specified therein are not applicable to your Company.

Foreign Exchange Earning and Outgo

No Foreign Exchange was earned and spent during the year under review.

Particulars of Employees

During the year under review none of the Employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975.

RBI Guidelines

The Company continues to comply with all the requirements prescribed by the Reserve Bank of India as applicable to it.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed with explanation for deviation, if any;
- appropriate accounting policies have been selected and applied consistently, and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the profit of the Company for the year ended on that date.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

Acknowledgements

Your directors are pleased to place on record their sincere thanks to the Reserve Bank of India, Bankers, Business Associates and employees at all levels for their continued support and valuable co-operation to the Company.

On behalf of the Board

Mumbai, May 23, 2009

J. T. Poonja
Director

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AUDITORS' REPORT

To The Members of Fortune Credit Capital Limited

We have audited the accompanying Balance Sheet of Fortune Credit Capital Limited as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003, and amendments thereto (together referred to as the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
- 2) Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iii. In our opinion, 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 Companies Act, 1956;
 - iv. On the basis of written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES
Chartered Accountants

Sudhir V. Nair
Partner

(Membership Number 45893)

Mumbai, May 23, 2009



Annexure referred to in Paragraph (1) of the Auditors' Report to the Members of Fortune Credit Capital Limited for the year ended March 31, 2009

1. a. The Company's records showing particulars including quantitative details and situations of fixed assets.
b. The Management has not physically verified its fixed assets during the year.
c. None of the assets of the company have been sold during the year.
2. The Company does not have any inventory and hence paragraphs 4(ii) (a), (b) and (c) are not applicable.
3. a. In our opinion and according to the explanations given to us, the Company has granted / taken unsecured loans to / from companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding in respect of the loans taken during the year was Rs.3,10,00,000 (2 parties) and the amount outstanding in respect of these loans as at the end of the year was Rs.2,08,97,891 (2 parties). The maximum amount outstanding in respect of the loans given during the year was Rs.29,09,00,000 (2 parties) and the amount outstanding in respect of these loans as at the end of the year was Rs.66,75,697 (2 parties).
b. In our opinion, the rate of interest and other terms and conditions of loans taken / given by the Company from / to the firm / company listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company.
c. The receipt / payment of principal and interest is regular, wherever there are stipulations with respect to the same.
d. There is no amount overdue in respect of the loans granted to the companies listed in the register maintained under section 301.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of its services. Further on the basis of our examination and according to the information and explanations given to us, neither have we noticed nor have we been informed of any major weaknesses in the internal control system.
5. a. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of Rupees Five lacs in respect of the parties during the year have been made at prices which are reasonable having regard to market prices prevailing at the relevant time.
6. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public. As per the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order relating to public deposits on the Company.
7. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. In our opinion and according to the explanations given to us, the Company is not required to maintain cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
9. a. According to the records of the Company and the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax and other statutory dues, applicable to it.
b. According to the information and explanations given to us, there are no disputed statutory dues, referred to above, not deposited as on March 31, 2009.
10. The Company does not have any accumulated loss till March 31, 2009. The Company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the Management, as there are no dues to banks, there is no default in respect thereof.
12. Based on our examination of documents and records, and as confirmed by the Management, the Company has granted loans and advances on the basis of security by way of pledge of shares and adequate documents have been maintained in respect thereof, wherever such loans have been granted.
13. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that that the Company does not deal or trade in shares, securities and other investments and hence paragraph 4 (xiv) of the Order is not applicable. The investments made by the Company have been held in its own name.
14. The Company has permitted its fixed deposits to be placed under lien for an overdraft facility taken by an Associate Company, the terms of which are not prima facie prejudicial to the interests of the Company.
15. Based on our examinations of the records and information and explanations given to us, the Company has not taken any term loans.
16. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we are of the opinion that as at the close of the year, no funds raised on a short term basis has been used for long term investments and vice versa.
17. The Company has made a preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. In our opinion, the price at which the shares have been issued are not prima facie prejudicial to the interests of the Company.
18. The Company has not issued any debentures during the year.
19. The Company has not made any public issue of any of its securities during the year.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by the Management.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009

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BALANCE SHEET AS AT MARCH 31, 2009

(Rupees)

	Schedules	As at 31-Mar-09	As at 31-Mar-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	172,500,000	22,500,000
Reserves and Surplus	B	2,469,824	393,356
		174,969,824	22,893,356
Loan Funds			
Unsecured Loans	C	63,304,558	–
Deferred Tax Liability (Net)			
		6,442	–
TOTAL		238,280,824	22,893,356
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	211,850	–
Less : Depreciation		24,193	–
Net Block		187,657	–
Investments			
	E	458,932	–
Current Assets, Loans and Advances			
Current Assets	F	24,815,024	22,716,700
Loans and Advances	G	223,248,891	65,420
		248,063,915	22,782,120
Less : Current Liabilities and Provisions			
Current Liabilities	H	1,785,269	10,000
Provisions	I	10,167,315	180,000
		11,952,584	190,000
Net Current Assets		236,111,331	22,592,120
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	J	1,522,904	301,236
TOTAL		238,280,824	22,893,356
Notes to Accounts	O		

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants

J.T. Poonja
Director

Nimish C. Shah
Director

Sudhir V. Nair
Partner

Membership No. 45893
Mumbai, May 23, 2009

S. Kalyanasundaram
Manager under the
Companies Act, 1956

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED MARCH 31, 2009

(Rupees)

Schedules	Year ended 31-Mar-09	Year ended 31-Mar-08
INCOME		
Income from Operations K	24,008,896	635,145
Other Income (Dividend)	638,410	-
TOTAL	24,647,306	635,145
EXPENDITURE		
Operational Expenses (Interest)	8,378,721	-
Personnel Expenses L	931,064	-
Administrative and Other Expenses M	3,134,419	61,698
Financial Expenses N	126,507	91
Depreciation	24,193	-
TOTAL	12,594,904	61,789
PROFIT BEFORE TAX	12,052,402	573,356
Provision for Taxation		
- Current Tax	3,873,500	180,000
- Deferred Tax	6,442	-
- Fringe Benefits Tax	41,500	-
PROFIT AFTER TAX	8,130,960	393,356
Balance brought forward from previous year	393,356	-
BALANCE AVAILABLE FOR APPROPRIATION	8,524,316	393,356
APPROPRIATIONS		
Transfer to Statutory Reserve	1,626,192	-
Transfer to General Reserve	406,548	-
Equity Dividend	5,175,000	-
Dividend Distribution Tax	879,492	-
Balance carried to Balance Sheet	437,084	393,356
TOTAL	8,524,316	393,356
EARNINGS PER SHARE		
a) Profit After Tax	8,130,960	393,356
b) Weighted average number of Equity Shares	13,386,986	2,250,000
c) Nominal value per share (in rupees)	10	10
d) Basic and diluted Earnings Per Share (in rupees)	0.61	0.17

Notes to Accounts**O**

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja

Director

Nimish C. Shah

Director

S. KalyanasundaramManager under the
Companies Act, 1956



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "A" SHARE CAPITAL		
Authorised		
2,00,00,000 (Previous year 25,00,000) Equity Shares of Rs. 10/- each	200,000,000	25,000,000
	<u>200,000,000</u>	<u>25,000,000</u>
Issued, Subscribed and fully paid-up		
1,72,50,000 (Previous year 22,50,000) Equity Shares of Rs. 10/- each (All the shares are held by Fortune Financial Services (India) Limited, the Holding Company and its nominees)	172,500,000	22,500,000
TOTAL	<u>172,500,000</u>	<u>22,500,000</u>
SCHEDULE "B" RESERVES AND SURPLUS		
General Reserve	406,548	-
Statutory Reserve (u/s 45-1C of the RBI Act, 1934)	1,626,192	-
Profit and Loss Account	437,084	393,356
TOTAL	<u>2,469,824</u>	<u>393,356</u>
SCHEDULE "C" UNSECURED LOANS		
Inter Corporate Loans	63,304,558	-
TOTAL	<u>63,304,558</u>	<u>-</u>

SCHEDULE - D : FIXED ASSETS

(Rupees)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	Asat 01.04.2008	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Asat 31.03.2009	Asat 01.04.2008	For the year	On deduc- tions/ Adjustments	Asat 31.03.2009	Asat 31.03.2009	Asat 31.3.2008
Tangible Assets										
Office Equipments	-	11,500	-	11,500	-	474	-	474	11,026	-
Computers	-	200,350	-	200,350	-	23,719	-	23,719	176,631	-
TOTAL	-	211,850	-	211,850	-	24,193	-	24,193	187,657	-
Previous year	-	-	-	-	-	-	-	-	-	-

SCHEDULES FORMING PART OF ACCOUNTS

	(Rupees)			
	As at 31-Mar-09		As at 31-Mar-08	
SCHEDULE "E" INVESTMENTS (At cost unless otherwise specified)				
CURRENT INVESTMENT (Non Trade)				
MUTUAL FUND UNITS (UNQUOTED)				
	Number	Rupees	Number	Rupees
Birla Sunlife Saving Fund (Net Asset Value Rs.458,932 previous year Rs.Nil)	45862	458,932		-
TOTAL		<u>458,932</u>		<u>-</u>
SCHEDULE "F" CURRENT ASSETS				
Cash and Bank Balances				
Cash on Hand		5,141		20,000
Balance with Scheduled Banks				
In Current Accounts	1,083,630		655,243	
In Deposit Accounts	23,011,206		21,500,000	
(Under Lien with Bank against overdraft facility for fellow subsidiary)		<u>24,094,836</u>		22,155,243
Interest Accrued but not Due		715,047		541,457
TOTAL		<u>24,815,024</u>		<u>22,716,700</u>
SCHEDULE "G" LOANS AND ADVANCES				
Inter Corporate Loans		218,158,175		-
Advance Tax and Tax Deducted at Source		5,090,716		65,420
TOTAL		<u>223,248,891</u>		<u>65,420</u>
SCHEDULE "H" CURRENT LIABILITIES				
Sundry Creditors		884,694		-
Other Liabilities		900,575		10,000
TOTAL		<u>1,785,269</u>		<u>10,000</u>
SCHEDULE "I" PROVISIONS				
Provision for Taxation		4,053,500		180,000
Provision for Fringe Benefits Tax		41,500		-
Provision for Proposed Equity Dividend		5,175,000		-
Provision for Dividend Distribution Tax		879,492		-
Provision for Gratuity		17,823		-
TOTAL		<u>10,167,315</u>		<u>180,000</u>
SCHEDULE "J" MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
As per last balance sheet		301,236		-
Add: Addition during the year/period		1,394,600		334,707
Less: Written off during the year/period		172,932		33,471
TOTAL		<u>1,522,904</u>		<u>301,236</u>



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees)

	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "K" INCOME FROM OPERATIONS		
Interest on Loan (Tax deducted at source Rs.4,351,153 (Previous Year Rs. Nil))	21,967,041	-
Interest on Fixed Deposit (Tax deducted at source Rs.229,143/- (Previous Year Rs. 65,420/-))	2,026,855	635,145
Other operational Income	15,000	-
TOTAL	24,008,896	635,145
SCHEDULE "L" PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	280,885	-
Managerial Remuneration (Refer Note II.6 of Schedule 'O')	500,746	-
Contribution to Provident Fund, Pension Fund, Gratuity etc.	36,773	-
Staff Welfare Expenses and Others	112,660	-
TOTAL	931,064	-
SCHEDULE "M" ADMINISTRATIVE AND OTHER EXPENSES		
Rates and Taxes	7,600	-
Printing and Stationery	509,025	1,404
Travelling Expenses	561,064	-
Conveyance Expenses	190,722	-
Legal and Professional Fees	760,866	8,243
Auditors' Remuneration	222,126	10,000
Repairs and Maintenance	688,550	-
Miscellaneous Expenditure Written off	172,932	33,471
Miscellaneous Expenses	21,534	8,580
TOTAL	3,134,419	61,698
SCHEDULE "N" FINANCIAL EXPENSES		
Bank charges and Others	126,507	91
TOTAL	126,507	91

NOTES TO ACCOUNTS

SCHEDULE "O" NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 1956 and guidelines issued by the Reserve Bank of India ('RBI') for Non Banking Financial Companies.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expense during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

3. System of Accounting

The Company follows the accrual system of accounting.

4. Revenue Recognition

- a. Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.
- b. Interest income is recognised on accrual (time proportion) basis except in case of Non Performing Assets (NPAs), if any, which is recognised on receipt basis, as per RBI guidelines.
- c. Dividend Income is recognised when the right to receive dividend is established

5. Staff Retirement Benefits

a. Defined benefit plan

The Company accounts for the defined benefit plans such as gratuity and leave encashment on accrual basis. Contribution towards gratuity liability as determined through actuarial valuation is charged to the Profit and Loss Account each year. Liability for leave encashment is provided by making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current periods.

b. Defined contribution plan

The Company contributes to the employees provident fund and pension fund schemes for all its employees who are eligible for the benefit. All such contributions are recognised as an expense and charged to the Profit and Loss Account each year.

6. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation

7. Depreciation

The Company provides for depreciation as under:

- a. On written down value basis, in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. On a pro-rata basis on assets purchased / sold during the year.
- c. Asset costing less than Rs.5,000/- per item is fully depreciated in the year of purchase.

8. Current Assets

Current Assets are stated at cost.

9. Taxation

Provision for Tax comprises current tax, deferred tax charge or benefit and fringe benefit tax.

Current Taxes are measured on the basis of the taxes expected to be paid on the taxable income determined in accordance with the prevailing tax rates and laws.

Deferred tax is the tax effect of the timing differences between the accounting income and taxable income. Deferred Tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the rates that have been enacted or substantially enacted as at the balance sheet date.



SCHEDULE "O" NOTES TO ACCOUNTS (Contd.)

Deferred Tax Assets are recognised only to the extent there is a reasonable certainty that there will be sufficient taxable income against which it can be realised; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets. Deferred Tax Assets, if any, are re-assessed periodically.

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the chargeable expenditure of the Company as prescribed under the prevailing tax laws.

10. Investments

All Investments are stated at cost. Investments are classified into long term investments and current investments. Provision for diminution in the value of long-term investment is made only if such a decline is other than temporary. Provision for diminution in the value of Current Investment as at the end of the year is charged to the Profit and Loss Account.

11. Earnings Per Share

Basic earnings per share is computed and disclosed by dividing the net profit after tax by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of shares outstanding during the year, adjusted for the effects of all dilutive potential equity shares, if any.

12. Miscellaneous Expenditure

Preliminary expenditure and expenditure in connection with the raising of capital is amortised over a period of ten years from the year of commencement of business operation or from the year of raising of capital.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- the company has a present obligation as a result of past event,
- a probable outflow of resources is expected to settle the obligation, and
- the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liabilities are not recognised but are disclosed in the notes in case of:

- a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

14. Prudential Norms

The Company, registered as a Non Banking Financial Company (non-deposit accepting) continues to be classified as a Loan Company and follows the Non Banking Financial Companies prudential norms (Reserve Bank) Directions, 1998 for its NBFC activities.

II. OTHER NOTES

- The Company is registered with the Reserve Bank of India on June 24, 2008 as a Non Banking Financial Company (non-deposit accepting). The Company is primarily engaged in the business of financing and corporate lending against security of shares, stocks, bonds, debentures or other similar instruments on short, medium and long term basis.

2. Deferred Tax Liability (net) comprises

	(Rupees)	
	2008-2009	2007-2008
Deferred Tax Liability		
Difference between Book and Tax Written Down Values of Assets	12,500	–
Deferred Tax Assets		
Provision for Gratuity	6,058	–
Net Deferred Tax Liability	6,442	–

SCHEDULE “O” NOTES TO ACCOUNTS (Contd.)**3. Segment wise reporting**

The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per Accounting Standard 17 on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India.

4. Related party transaction

As per Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the Company’s related parties with whom the Company has entered into transactions during the period in the ordinary course of business, as certified by the Management are disclosed below:

Names of the Related Parties and their relationships:

- a) Related party where control exists:
Fortune Financial Services (India) Limited - Holding Company
- b) Other related parties with whom transactions have taken place during the year:
 - a) Enterprises having significant influence
Fortune Equity Brokers (India) Ltd
Fortune Commodities & Derivatives (India) Limited
Fortune Financial India Insurance Brokers Limited
Jamish Investments Pvt. Limited
 - b) Key management personnel and their relatives
Mr. S. Kalyansundaram, Manager

(Rupees)

Nature of Transaction	Holding Company	Enterprises having significant influence	Key management personnel and their relatives	Total
Interest	– (–)	1,632,323 (–)	– (–)	1,632,323 (–)
Dividend	5,175,000 (–)	– (–)	– (–)	5,175,000 (–)
Reimbursement	1,728,898 (362,394)	758,870 (–)	– (–)	2,487,768 (362,394)
Remuneration	– (–)	– (–)	500,746 (–)	500,746 (–)
Interest charged	280,636 (–)	9,602,783 (–)	– (–)	9,883,419 (–)
Issue of Equity shares	150,000,000 (22,500,000)	– (–)	– (–)	150,000,000 (22,500,000)
Loans taken	– (–)	45,500,000 (–)	– (–)	45,500,000 (–)
Loans given	10,000,000 (–)	621,190,559 (–)	– (–)	631,190,559 (–)
Outstanding as on March 31				
Loan given	6,622,826	52,871 (–)	– (–)	6,675,697 (–)
Loan taken	– (–)	20,897,891 (–)	– (–)	20,897,891 (–)

Note: Figures in brackets represent previous year’s amount.



SCHEDULE "O" NOTES TO ACCOUNTS (Contd.)

- c) Services rendered by the holding company like provision of manpower, assets, space for operation have not been recovered completely by the holding Company.

5. Auditors' Remuneration

(Rupees)

	2008-2009	2007-2008
Statutory audit fees	193,025	10,000
Certification and other matters	19,101	–
Tax audit fees	10,000	–
Total	222,126	10,000

6. Managerial Remuneration

(Rupees)

	2008-2009	2007-2008
Salary, Bonus and Allowances	480,166	–
Contribution to Provident and Other Funds	20,580	–
Total	500,746	–

The Managerial Remuneration paid to manager for the period ended March 31, 2009 is under the provision of section 269 read with Schedule XIII of the Companies Act, 1956 and is within the limits envisaged under Schedule XIII. The disclosure is for the period commencing from September 16, 2008 i.e. from the date of appointment as Manager. Actuarial valuation based provision with respect to gratuity has not been included as these are for the Company as whole.

7. Employee Benefits

(a) Defined Benefit Plans as per Actuarial Valuation as at March 31, 2009

(i) Change in Present Value of Defined Benefit Obligation

(Rupees)

	Gratuity
Liability at the beginning of the year	–
Interest Cost	–
Current Service Cost	17,823
Liability Transfer in	–
Actuarial (gain)/loss on obligations	–
Liability at the end of the year	17,823

(ii) Change in Fair Value of Plan Assets

(Rupees)

Fair Value of Plan Assets at the beginning of the year	–
Expected Return on Plan Assets	–
Contributions	–
Actuarial gain/(loss) on Plan Assets	–
Fair Value of Plan Assets at the end of the year	–
Total Actuarial Gain/(Loss) To Be Recognised	–

SCHEDULE "O" NOTES TO ACCOUNTS (Contd.)**(iii) Amount Recognised in the Balance Sheet**

(Rupees)	
Liability at the end of the year	17,823
Fair Value of Plan Assets at the end of the year	–
Difference	(17,823)
Amount Recognised in the Balance Sheet	(17,823)

(iv) Expenses recognised in the Profit and Loss Account

(Rupees)	
Current Service Cost	17,823
Interest Cost	–
Expected Return on Plan Assets	–
Actuarial Gain / (Loss)	–
Expense Recognised in the Profit and Loss Account	17,823

(v) Actuarial Assumptions

(Rupees)	
Discount Rate (per annum)	7.75%
Rate of Return on Plan Assets (per annum)	–
Salary Escalation (per annum)	5.00%

b) Defined Contribution Plans

The amount recognised as expense and included in Schedule 'L' under the head "Contribution to Provident Fund and other Funds" of the Profit and Loss Account is Rs. 39,530/- (previous year Rs. Nil).

8. Schedule to the Balance Sheet as required in terms of paragraph 13 of Non Banking Financial (Non Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

As at March 31, 2009

Particulars		(in rupees)	
Liabilities side :			
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid	Amount outstanding	Amount overdue
	(a) Debentures : Secured	–	–
	: Unsecured	–	–
	(other than falling with in the meaning public deposit *)		
	(b) Deferred Credits	–	–
	(c) Terms Loans		
	(d) Inter corporate Loans and borrowings	63,304,558	–
	(e) Commercial paper	–	–
	(f) Other Loans	–	–



SCHEDULE "O" NOTES TO ACCOUNTS (Contd.)

	Assets side :	
		Amount outstanding
(2)	Break-up of Loans and Advances including Bills receivables (other than those included in (4) below)	
	(a) Secured	–
	(b) Unsecured	218,158,175
(3)	Break-up of Leased Assets and Stock on hire and other counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors	–
	(a) Financial lease	–
	(b) Operating lease	–
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	–
	(b) Repossessed Assets	–
	(iii) Other loans counting towards AFC activities	–
	(a) Loans where assets have been repossessed	–
	(b) Loans other than (a) above	–
(4)	Break-up of Investments	–
	Current Investments	–
	1. Quoted :	–
	(i) Shares : (a) Equity	–
	(b) Preference	–
	(ii) Debentures and Bonds	–
	(iii) Units of Mutual Funds	458,932
	(iv) Government Securities	–
	(v) Others	–
	2. Unquoted :	
	(i) Shares : (a) Equity	–
	(b) Preference	–
	(ii) Debentures and Bonds	–
	(iii) Units of Mutual Funds	–
	(iv) Government Securities	–
	(v) Others	–
	Long Term Investments	
	1. Quoted :	
	(i) Shares : (a) equity	–
	(b) Preference	–
	(ii) Debentures and Bonds	–
	(iii) Units of Mutual Funds	–
	(iv) Government Securities	–
	(v) Others	–

SCHEDULE "O" NOTES TO ACCOUNTS (Contd.)

2.	Unquoted :				-
	(i) Shares :	(a) Equity			-
		(b) Preference			-
	(ii) Debentures and Bonds				-
	(iii) Units of Mutual Funds				-
	(iv) Government Securities				-
	(v) Others				-
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above :				
		Amount net of provisions			
		Secured	Unsecured	Total	
1.	Related Parties				
	(a) Subsidiaries		-		-
	(b) Companies in the same group		66,75,697	66,75,697	
	(c) Other related parties		-		-
2.	Other than related parties		-		-
	Total		66,75,697	66,75,697	
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)				
	Category	Market value /Break up or fair value or NAV	Book Value (net of provision)		
1.	Related Parties	-	-		
	(a) Subsidiaries	-	-		
	(b) Companies in the same group	-	-		
	(c) Other related parties	-	-		
2.	Other than related parties	-	-		
	Total	-	-		
(7)	Other Information				
	Particulars	Amount			
(i)	Gross Non-Performing Assets				-
	(a) Related parties				-
	(b) Other than related parties				-
(ii)	Net Non-Performing Assets				-
	(a) Related parties				-
	(b) Other than related parties				-
(iii)	Assets acquired in satisfaction of debts				-
					-

9. Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company has not yet commenced the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence the relevant disclosures have not been made in the accounts. However, in the view of the Management, there is no possibility of any interest being payable to any supplier as the Company is prompt in making payments to its suppliers.



SCHEDULE "O" NOTES TO ACCOUNTS (Contd.)

10. Earnings Per Share

- a. The Company has not issued any potential equity shares, hence the weighted average no of equity shares after computation of basis and diluted earnings per share would be 13,386,986.

(Rupees)

		2008-2009	2007-2008
A	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	2,250,000	–
	Addition during the year	15,000,000	2,250,000
	Number of shares at the end of the year	17,250,000	2,250,000
	Weighted average number of equity shares (basic and diluted)	13,386,986	2,250,000
B	Net profit after tax	8,130,960	393,356
C	Basic and diluted earning per share of Rs.10/- each	0.61	0.17

11. Balances standing in debtors, creditors and loan and advances are subject to confirmation.
12. Previous period's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.
13. As the Company commenced its non-banking financial company operations during the year, the figures of the year are not comparable with the previous period's figures.
- III. The statement of significant accounting policies and the notes numbered I to II form an integral part of the accounts for the year ended March 31, 2009.

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	175180	State Code	11
Balance Sheet Date	31	Month	03
		Year	2009

II. Capital Raised During the year (Amount Rupees in Thousands)

Public Issue	NIL	Rights Issue	150000
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount Rupees in Thousand)

Sources of Funds

Total Liabilities	238,281	Total Assets	238,281
Paid-up Capital	172,500	Reserves and Surplus	2,470
Secured Loans	-	Unsecured Loans	63,305
Deferred Tax Liability	6		

Application of Funds

Net Fixed Assets	188	Investments	459
Net Current Assets	236,111	Miscellaneous Expenditure	1,523
Accumulated Losses	-		

IV. Performance of Company (Amount Rupees in Thousand)

Turnover	24,647	Total Expenditure	12,595
Profit/(Loss) Before Tax	12052	Profit/(Loss) After Tax	8,131
Basic Earning Per Share (in rupees)	0.61	Dividend rate %	3%

V. Generic Names of Principal Services of Company

Financing Activities



CASH FLOW STATEMENT

(Rupees)

	2008-2009	2007-2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extraordinary items	12,052,402	573,356
Adjustments for :		
Depreciation	24,193	–
Miscellaneous Expenses Written off	172,932	33,471
Provision for Gratuity	17,823	–
Dividend Income	(638,410)	–
Interest Income	(23,993,896)	(635,145)
Interest Expense	8,378,721	–
Operating Profit before Working Capital Change	(3,986,235)	(28,318)
Adjustments for :		
(Increase) / Decrease in Trade and other receivables	(1,568,190)	(876,164)
Increase / (Decrease) in Trade payables	1,775,269	10,000
	(3,779,156)	(894,482)
Interest Income	23,993,896	635,145
Dividend Income	638,410	–
Direct Tax Paid (net of refunds)	(5,025,296)	(65,420)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	15,827,854	(324,757)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(211,850)	–
Sale / (Purchase) of Investments (Net)	(458,932)	–
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(670,782)	–
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	150,000,000	22,500,000
Net Proceeds from Borrowings	(154,853,617)	–
Interest Expense	(8,378,721)	–
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(13,232,338)	22,500,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	1,924,734	22,175,243
Cash and Cash Equivalents		
Balance at the beginning of the year	22,175,243	–
Balance at the end of the year	24,099,977	22,175,243
	1,924,734	22,175,243

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been regrouped / reclassified wherever applicable.

In terms of our Report of even date

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants

Sudhir V. Nair
Partner

Membership No. 45893
Mumbai, May 23, 2009

For and on behalf of the Board

J.T. Poonja
Director

Nimish C. Shah
Director

S. Kalyanasundaram
Manager under the
Companies Act, 1956

NOTICE

NOTICE is hereby given that the Second Annual General Meeting of the members of **Fortune Credit Capital Limited** will be held on Saturday, the 29th day of August, 2009 at 10:00 a.m. at the registered office of the Company at K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai – 400 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J T Poonja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare dividend on the equity share capital of the Company.
4. To appoint M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Ajit Gopaldas, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 26th July, 2008, pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Ramesh Venkat, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 24th October, 2008, pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in super session of the earlier resolution passed at the Extra Ordinary General Meeting of the members of the Company held on 8th December, 2008, pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and Article 78 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute or an existing committee for this purpose) to borrow from time to time both in Indian currency and Foreign currencies including External Commercial Borrowings (ECB) as may be permitted and subject to approval from Reserve Bank of India (RBI) or any other statutory authorities or other statutes for the time being in force as may be required from time to time, any sum or sum of monies, as it may deem proper for the purposes of business of the Company, from any one or more banks, Financial Institutions, Body Corporates, firms or any other entity, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may at any time, not exceeding a sum of Rs. 300.00 crores (Rupees Three Hundred Crores) which is in excess of aggregate of the paid up share capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose, and that the Board be and is hereby empowered and authorised to arrange, or agree to the terms and conditions for all such monies to be borrowed from time to time with in the limit so fixed as to payment of interest, processing charges, repayment of principal amounts, number of installments, security to be provided and any other terms and conditions as may be agreed between the lender and the Company, as the Board may at its absolute discretion think fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary for the purpose and to settle any doubt which may arise in respect of borrowings aforesaid, and further to do all such acts, deeds and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT consent of the members be and is hereby accorded, pursuant to the provisions of Sections 198, 269, 310, 387 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) read with Schedule XIII of the Act, to the appointment of Mr. S. Kalyanasundaram as a Manager under the Companies Act, 1956 for a period of 3 (three) years



with effect from 16th September, 2008 on the terms and conditions, including the remuneration payable to him as a Manager under the Companies Act, 1956 and the minimum remuneration payable to him in case of absence or inadequacy of profits in any year, as set out in the draft agreement between the Company and Mr. S. Kalyanasundaram produced at this meeting and, for the purpose of identification, initialed by the Chairman hereof.

RESOLVED FURTHER THAT the Board of Directors ("the Board") be and is hereby authorized to execute the agreement in terms of the said draft with such alterations, changes and or variations in the remuneration payable to Mr. S. Kalyanasundaram as may be agreed between the Board and Mr. S. Kalyanasundaram provided that the said remuneration as altered, changed and / or varied shall be in accordance with the limits prescribed therefore under Schedule XIII of the Act for the time being and from time to time in force.

AND RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient or proper."

On behalf of the Board

J. T. Poonja
Director

Mumbai, May 23, 2009

NOTES

1. Members entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxies in order to be effective must be lodged at the registered office of the Company at least 48 hours before the time of the meeting.
3. Members are requested to bring their attendance slip along with the copy of annual report at the venue of the meeting.
4. Members are requested to:
 - immediately, intimate change of address, if any, to the Company, quoting reference of their registered folio number;
 - produce the attendance slip at the entrance of the meeting hall and;
 - write to the Company at least 10 days in advance of the Annual General Meeting for any information about accounts.
5. All the documents referred in the Notice and Explanatory Statements, are available for inspection at the Registered Office of the Company during office hours on all working days except Saturdays, between 11:00 a.m. to 1:00 p.m. up to the date of Annual General Meeting.
6. Explanatory statements pursuant to Section 173 (2) of the Companies Act, 1956 with respect to item nos. 5, 6, 7 & 8 of the notice are annexed herewith and form part of the notice.

Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956:

Item no. 5 of the Notice

Pursuant to provisions of Sections 257, 260 and other applicable provisions of the Companies Act, 1956, and Article 121 of the Articles of Association of the Company, Mr. Ajit Gopaldas was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 26th July 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Ajit Gopaldas as a Director of the Company, liable to retire by rotation.

Mr. Ajit Gopaldas holds Engineering and MBA degrees from the Indian Institutes of Technology and Management. He also holds second Masters degree, MA-ICP (International Commerce & Policy) in the US. He has also studied at Beijing and Oxford universities.

A CEO of US-India Forum, is an independent entrepreneur, marketing and strategy consultant. He has more than three decades of experience in marketing and general management.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors other than Mr. Ajit Gopaldas may deemed to be concerned or interested in passing of the resolution at item no. 5 of the Notice.

Item no. 6 of the Notice

Pursuant to provisions of Sections 257, 260 and other applicable provisions of the Companies Act, 1956, and Article 121 of the Articles of Association of the Company, Mr. Ramesh Venkat was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 24th October, 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Ramesh Venkat as a Director of the Company, liable to retire by rotation.

Mr. Ramesh Venkat is a fellow member of the Institute of Chartered Accountants of India and The Institute of Company Secretaries of India and Associate Member of Institute of Cost and Works Accountants of India. He has more than 21 years of work experience in the fields of Banking, Corporate Finance and Treasury Management. Mr. Ramesh Venkat is currently working as a President Finance and Treasury at Reliance Anil Dhirubhai Ambani Group.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors other than Mr. Ramesh Venkat may deemed to be concerned or interested in passing of the resolution at item no. 6 of the Notice.

Item no. 7 of the Notice

The Company's present limit of borrowings is Rs. 100.00 crores as approved by the members in their Extra Ordinary General Meeting held on 8th December, 2008. The Board of Directors are of the view that the present limit needs to be increased to Rs. 300.00 crores taking in to consideration the future plans for expansion. Since the amount of Rs. 300.00 crores exceeds the aggregate of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose and in that process the Board may have to create Mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s) if any, already created in such form and manner as may be approved by the Board of Directors. As per provisions Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of a public company or a private company which is a subsidiary of a public company, shall not, except with the approval of the members of the Company borrow moneys after the commencement of this Act, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose. Therefore, Company needs approval of the members for increase in the borrowing limits from Rs. 100.00 crores to Rs. 300.00 crores.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors of the Company are in any way concerned or interested in passing of the resolution at item no. 7 of the Notice.

Item no. 8 of the Notice

The Board of Directors in their meeting held on 16th September 2008, have, subject to the approval of the Company's members in general meeting appointed Mr. S. Kalyanasundaram as a Manager under the Companies Act, 1956 for a period of three years commencing from 16th September, 2008 on the terms and conditions including remuneration set out in the draft Agreement referred to in the resolution at item no 8 of the notice.

A. PERIOD : Three years i.e. from 16th September 2008 to 15th September, 2011.

B. Remuneration of Mr. S. Kalyanasundaram :

- i. Salary : Rs.30,000/- (Rupees Thirty Thousand only) per month, with a liberty to the Board to grant or withhold increments as deemed fit;



- ii. House Rent Allowance of Rs. 9,000/- per month;
- iii. Conveyance Allowance of Rs. 800/- per month;
- iv. Special Allowance of Rs. 11,100/- per month ;
- v. Education Allowance of Rs. 200/- per month;
- vi. Medical Reimbursement of Rs. 1,250/- per month on submission of bills;
- vii. Annual Bonus of Rs. 29,988/- ;
- viii. Benefit of 1st class air/ air conditioned train and or such other mode of conveyance as opted for, for self and family, while proceeding on privilege leave, together with reasonable hotel/board and lodging expenses subject to maximum of Rs. 29,988/- per year;
- ix. Annual Performance Award/Incentive of Rs. 2,00,000/- as may be decided by the Board;
- x. Benefit of the Company's Provident Fund Scheme together with the benefit of any Superannuation/Annuity Fund or Scheme which the Company may introduce in future;
- xi. Gratuity in accordance with the rules of the Company but not exceeding fifteen days salary for each completed year of service;
- xii. Benefit of casual leave in accordance with the rules of the Company;
- xiii. 22 days' privilege leave with full pay and allowances for each completed year of service, the said leave being accummulated and encashable in accordance with the rules of the Company.

The above remuneration including the perquisites aforesaid, shall, nevertheless, be paid and allowed to Mr. S. Kalyanasundaram as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year.

C. OTHER TERMS,

- i. The Manager shall not, without Board approval, engage himself in any other business, occupation or employment competing with the Company's business.
- ii. The Manager shall not divulge or disclose any confidential information or knowledge as to the business or affairs of the Company.
- iii. In the event of the death of the Manager during the term of the agreement, the Company shall pay to his legal heirs, his full salary and other emoluments for that month and for three months thereafter.
- iv. Both the parties are entitled to terminate the agreement by giving 90 days' notice in writing.

The appointment and the payment of remuneration to Mr. S. Kalyanasundaram, Manager under the Companies Act, 1956 has been approved by the Remuneration Committee of the Board of Directors of the Company at their meeting held on 15th September, 2008. The remuneration as stated above will not require approval of the Central Government in terms of provisions of Section 198, 269, 310, 387 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, as amended up to date and is in conformity with Part (A) of Clause 1 of Section II of Schedule XIII to the Companies Act, 1956.

Your Directors are of the view that in view of, inter alia, his knowledge, business acumen, expertise, and experience the appointment of Mr. S. Kalyanasundaram will be in the interest of the Company and its shareholders and, accordingly, commend the resolutions at item number 8, for your acceptance.

The payment of remuneration to the Manager is approved by a resolution passed by the Remuneration Committee.

The Company has not made any default in repayment of any of its debts. There is no default by the Company for repayment of public deposits or debentures or interest payable thereon as the Company has not accepted any deposits from public. The Company has also not issued any debentures.

The draft Agreement between the Company and Mr. S. Kalyanasundaram referred to in the resolution, is available for inspection of members at the registered office of the Company during the Company's normal business hours on all working days (except Saturdays).

None of the Directors other than Mr. S. Kalyanasundaram may be deemed to be concerned or interested in passing of the resolution at item number 8 of the Notice.

An abstract of the terms of contract between the Company and Mr. S. Kalyanasundaram together with the memorandum of interest pursuant to section 302 of the Companies Act, 1956, has already been circulated to the members.

On behalf of the Board

J. T. Poonja
Director

Mumbai, May 23, 2009

Fortune Financial India Insurance Brokers Limited

*(earlier known as Fortune Insurance
Advisory Services (India) Limited)*

Financial Statements for the
year ended March 31, 2009
together with Auditors' Report



BOARD OF DIRECTORS

Mr. J.T. Poonja Director

Mr. Nimish C. Shah Director

Mr. Diptesh Shah Director
(ceased w. e. f. 4th March, 2009)

Mr. Gaurang A. Patel Director
(w. e. f. 15th December, 2008)

COMPANY DETAILS

FORTUNE'S LEADERSHIP TEAM

Mr. Kamlesh Gandhi	Director
Mr. Vishal Trehan	Country Head – Retail & Broking
Mr. Arun Kumar Bhangadia	Director – Business Development
Mr. Dileep H. Shinde	Head – Investment Banking
Mr. B. B. Tantri	Head – Operations
Mr. S. G. Muthu Kumar	Head – Corporate Affairs
Mr. S. Kalyanasundaram	Head – Treasury
Mr. Ramchandran Iyer	Head – Institutional Sales, Dealing and Research
Mr. Pranav Kumar	Zonal Head – Corporate Sales
Mr. Sanjay Makhija	Zonal Head – Institutional Sales
Mr. Naveen Sharma	Zonal Head – Northern Region
Mr. Govindaraj	Zonal Head – Southern Region

AUDITORS

M/s Nipun Sudhir & Associates
Chartered Accountants

LEGAL CONSULTANTS

M/s Purohit & Co.
Advocates

BANKERS

Union Bank of India

REGISTERED OFFICE

K. K. Chambers, 2nd Floor,
Sir P. T. Marg,
Fort, Mumbai 400 001
Website : www.ffsil.com



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Second Annual Report together with the audited accounts on the business and operations of the Company for the year ended 31st March, 2009.

Financial Highlights

	(Rupees)	
	2008-2009	2007-2008
Total Income	3,323,159	1,04,577
Profit/(Loss) before Depreciation and Tax	(3,066,033)	(147,494)
Depreciation	55,252	1,451
Profit/(Loss) before Tax	(3,121,285)	(1,48,945)
Provision for Taxation		
- Deferred tax	12,001	224
- Fringe Benefit tax	40,000	-
Profit/(Loss) after Tax	(3,173,286)	(1,49,169)
Balance brought forward from previous year	(149,169)	-
Losses carried to Balance sheet	(3,322,455)	(1,49,169)
Weighted average number of shares	600,000	600,000
Nominal value per share	10	10
Basic and diluted earning per share	(5.29)	(0.25)

Change in the name of the Company

The Company has obtained approval of members & Registrar of Companies Maharashtra, to change the name of the Company. Accordingly, the name of the Company has been changed from Fortune Insurance Advisory Services (India) Limited to Fortune Financial India Insurance Brokers Limited with effect from December 17, 2008.

Results of Operations

The Company is 100% subsidiary of Fortune Financial Services (India) Limited. During the year under review the company has earned an income of Rs. 33,23,159/- towards commission and interest on bank deposits as against Rs. 1,04,577/- in the previous period. The company has incurred a loss of Rs. 31,73,286/- as against loss of Rs. 1,49,169/- during the previous period.

Dividend

In view of the loss incurred by the company, Board of Directors do not recommended any dividend for the year.

Future Outlook

Insurance distribution business has not been very encouraging during the year. Main reason behind this lackluster performance has been depressed equity market as more than 80% of new insurance policies sold during previous year have been ULIP products. We have taken various measures to enhance branch networks and improve our reach for improvement of sales. Our focus on performance delivery has led to huge staff churning in the business. We are taking necessary steps to exploit full potential of this business as we believe insurance distribution has got tremendous potential because of under-penetrated Indian market.

Fixed Deposits

The Company has not accepted any fixed deposits from the public during the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

Directors

Mr. J. T. Poonja retires by rotation and being eligible, offers himself for re-appointment.

Mr. Gaurang A. Patel has been appointed as an additional Director of the Company. He holds the office of the Directorship only up to the date of the ensuing Annual General Meeting. The Company has received a notice together with a Deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Gaurang A. Patel as a Director of the Company, liable to retire by rotation.

Mr. Diptesh Shah ceased to be a Director of the Company due to sad and untimely demise on 4th March, 2009. The Board of Directors takes on record the contribution put by Mr. Diptesh Shah during his tenure as a Director of the Company.

Auditors

M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai the Statutory Auditors of the Company hold office up to the conclusion of this Annual General Meeting and are recommended for re-appointment. The Company has received a certificate under Section 224(1B) of the Companies Act, 1956 stating that the appointment, if made, will be within the limits as specified in that section.

Auditors Report

The notes to the accounts referred to in the Auditor's Report are Self Explanatory and therefore do not call for any further explanation on Auditors observations, as required under section 217(3) of the Companies Act 1956.

Conservation of Energy, Technology Absorption

The information required under section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to these matters are not applicable to your Company.

Foreign Exchange Earning and Outgo

No Foreign Exchange was earned and spent during the year under review.

Particulars of Employees

None of the employees of the Company were in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules, 1975.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed with explanation for deviation, if any;
- appropriate accounting policies have been selected and applied consistently, and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the loss of the Company for the year ended on that date.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

Acknowledgements

Your directors are pleased to place on record their sincere thanks to the Bankers and business Associates for their continued and valuable co-operation and support to the Company.

On behalf of the Board

Mumbai, May 23, 2009

J. T. Poonja
Director



AUDITORS' REPORT

To The Members of Fortune Financial India Insurance Brokers Limited

We have audited the accompanying Balance Sheet of Fortune Financial India Insurance Brokers Limited (erstwhile Fortune Insurance Advisory Services (I) Limited) as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, and amendments thereto (together referred to as the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
2. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, 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 Companies Act, 1956, to the extent applicable;
 - v. On the basis of the written representations received from the directors, as at March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009

Annexure referred to in Paragraph (1) of the Auditors' Report to the Members of Fortune Financial India Insurance Brokers Limited for the year ended March 31, 2009

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
 - b. Though the Company has a system of physical verification of fixed assets once in a period of three years, the Management has not physically verified its fixed assets during the year.
 - c. No asset has been sold by the Company and hence there is no affect on its going concern.
2.
 - a. In our opinion and according to the explanations given to us, the Company has taken unsecured loan from a company listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding in respect of these loans given during the year was Rs.28,50,000 (1 party) and there is no amount outstanding in respect of this loan at the end of the year.
 - b. In our opinion, the rate of interest, and other terms and conditions of the loan taken by the Company from the company listed in the Register maintained under section 301 of the Companies Act, 1956 is not prima facie prejudicial to the interests of the Company.
 - c. The Company has not given any loan during the year.
3. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of its services. Further on the basis of our examination and according to the information and explanations given to us, neither have we noticed nor have we been informed of any major weaknesses in the internal control system.
4.
 - a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of Rupees Five lacs in respect of the parties during the year have been made at prices which are reasonable having regard to market prices prevailing at the relevant time.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public. As per the information and explanations given to us, the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not passed any order relating to public deposits on the Company.
6. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
7. In our opinion and according to the explanations given to us, the Company is not required to maintain cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
8.
 - a. According to the records of the Company and the information and explanations given to us, the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, cess and other statutory dues.
 - b. According to the information and explanations given to us, there are no undisputed statutory dues as referred to above as on March 31, 2009 outstanding for a period of more than six months from the date they became payable .
9. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to banks.
10. Based on our examination of documents and records, and as confirmed by the Management, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The Company does not deal or trade in shares ,securities, debentures or other instruments.
12. As explained to us, the Company has not given any guarantee for loans taken by others.



13. Based on our examinations of the records and information and explanations given to us, the Company has not taken any term loans.
14. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we are of the opinion that as at the close of the year, no funds raised on a short term basis has been used for long term investments and vice versa.
15. The Company has not made any preferential allotment of shares during the year.
16. The Company has not issued any debentures during the year.
17. The Company has not made any public issue of any of its securities during the year.
18. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by the Management.

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

Sudhir V. Nair

Partner

(Membership Number 45893)

Mumbai, May 23, 2009

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BALANCE SHEET AS AT MARCH 31, 2009

(Rupees)

	Schedules	As at 31-Mar-09	As at 31-Mar-08
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	6,000,000	6,000,000
Deferred Tax Liability (Net)		12,225	224
TOTAL		6,012,225	6,000,224
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	B	168,700	41,500
Less : Depreciation		56,703	1,451
Net Block		111,997	40,049
Current Assets, Loans and Advances			
Current Assets	C	2,368,539	5,638,352
Loans and Advances	D	624,876	22,370
		2,993,415	5,660,722
Less : Current Liabilities and Provisions			
Current Liabilities	E	517,507	13,250
Provisions	F	43,498	-
		561,005	13,250
Net Current Assets		2,432,410	5,647,472
Profit and Loss Account		3,322,455	149,169
Miscellaneous Expenditure (to the extent not written off or adjusted)	G	145,363	163,534
TOTAL		6,012,225	6,000,224
Notes to Accounts	M		

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants

Sudhir V. Nair
Partner

Membership No. 45893
Mumbai, May 23, 2009

J.T. Poonja
Director

Nimish C. Shah
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

(Rupees)

	Schedules	As at 31-Mar-09	As at 31-Mar-08
INCOME			
Income from Operations	H	3,322,094	104,577
Other Income	I	1,065	-
TOTAL		3,323,159	104,577
EXPENDITURE			
Operational Expenses		35,538	6,836
Personnel Expenses	J	5,066,961	166,560
Administrative and Other Expenses	K	1,176,196	78,675
Depreciation		55,252	1,451
Financial Expenses	L	110,497	-
TOTAL		6,444,444	253,522
LOSS BEFORE TAX		(3,121,285)	(148,945)
Provision for Taxation			
- Current Tax		-	-
- Deferred Tax		(12,001)	(224)
- Fringe Benefits Tax		(40,000)	-
LOSS AFTER TAX		(3,173,286)	(149,169)
Balance brought forward from previous year		(149,169)	-
BALANCE AVAILABLE FOR APPROPRIATION		(3,322,455)	(149,169)
APPROPRIATION			
Balance carried to Balance Sheet		(3,322,455)	(149,169)
TOTAL		(3,322,455)	(149,169)
EARNINGS PER SHARE			
a) Profit/(Loss) After Tax		(3,173,286)	(149,169)
b) Weighted average number of Equity Shares		600,000	600,000
c) Nominal value per Share (in rupees)		10	10
d) Basic and diluted Earnings Per Share		(5.29)	(0.25)

Notes to Accounts

M

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**
Chartered Accountants**Sudhir V. Nair**
PartnerMembership No. 45893
Mumbai, May 23, 2009**J.T. Poonja**
Director**Nimish C. Shah**
Director



SCHEDULES FORMING PART OF ACCOUNTS

(Rupees)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "A" SHARE CAPITAL		
Authorised		
10,00,000 Equity Shares of Rs. 10/- each	10,000,000	10,000,000
TOTAL	10,000,000	10,000,000
Issued, Subscribed and Fully Paid-up		
6,00,000 Equity Shares of Rs. 10/- each fully paid up (All the above shares are held by the Holding Company- Fortune Financial Services (I) Ltd and its nominees)	6,000,000	6,000,000
TOTAL	6,000,000	6,000,000

SCHEDULE - B : FIXED ASSETS

(Rupees)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2008	Additions/ Adjustments during the year	Deductions / Adjustments during the year	As at 31.03.2009	As at 01.04.2008	For the year	On deduc- tions / Adjustments	As at 31.03.2009	As at 31.03.2009	As at 31.3.2008
Tangible Assets										
Office Equipments	-	14,300	-	14,300	-	1,556	-	1,556	12,744	-
Computers	41,500	112,900	-	154,400	1,451	53,696	-	55,147	99,253	40,049
TOTAL	41,500	127,200	-	168,700	1,451	55,252	-	56,703	111,997	40,049
Previous year	-	41,500	-	41,500	-	1,451	-	1,451	40,049	-

(Rupees)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "C" CURRENT ASSETS		
Debtors		
(Unsecured)		
Outstanding for less than six months Considered Good	61,873	64,987
Cash and Bank Balances		
Cash on Hand	2,526	24,500
Balance with Scheduled Bank		
In Current Account	2,304,140	546,865
In Deposit Accounts	-	5,000,000
	2,306,666	5,571,365
Interest Accrued but not Due	-	2,000
TOTAL	2,368,539	5,638,352
SCHEDULE "D" LOANS AND ADVANCES		
Advance Taxes and Taxes Deducted at Source	624,876	22,370
TOTAL	624,876	22,370
SCHEDULE "E" CURRENT LIABILITIES		
Other Liabilities	517,507	13,250
TOTAL	517,507	13,250

SCHEDULES FORMING PART OF ACCOUNTS

(Rupees)

	As at 31-Mar-09	As at 31-Mar-08
SCHEDULE "F" PROVISIONS		
Provision for Fringe Benefits Tax	40,000	-
Provision for Gratuity	3,498	-
TOTAL	43,498	-
SCHEDULE "G" MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Opening Balance	163,534	-
Add : Addition during the year	-	181,705
	163,534	181,705
Less: Written off during the year	18,171	18,171
TOTAL	145,363	163,534
	Year ended 31-Mar-09	Year ended 31-Mar-08
SCHEDULE "H" INCOME FROM OPERATIONS		
Commission Income	2,900,980	92,866
(Tax deducted at source Rs. 523,773/- (Previous Year Rs.21,043/-))		
Interest Income	421,114	11,711
(Tax deducted at source Rs. 43,733/- (Previous Year Rs.1,327/-))		
TOTAL	3,322,094	104,577
SCHEDULE "I" OTHER INCOME		
Miscellaneous Income	1,065	-
TOTAL	1,065	-
SCHEDULE "J" PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	4,634,085	156,884
Contribution to Provident and other funds	163,756	9,676
Staff Welfare	269,120	-
TOTAL	5,066,961	166,560
SCHEDULE "K" ADMINISTRATIVE AND OTHER EXPENSES		
Rates and Taxes	4,335	2,500
Printing and Stationery	281,533	12,784
Travelling Expenses	374,043	-
Conveyance Expenses	121,555	-
Telephone Expenses	5,500	-
Legal and Professional Fees	297,814	20,000
Auditors' Remuneration	61,892	10,000
Repairs and Maintenance	-	7,450
Membership Fees	1,500	-
Sundry Expenses	9,853	-
Stamp Duty and Filing Fees	-	7,770
Miscellaneous Expenditure Written off	18,171	18,171
TOTAL	1,176,196	78,675
SCHEDULE "L" FINANCIAL EXPENSES		
Interest	109,338	-
Bank Charges and Others	1,159	-
TOTAL	110,497	-



NOTES TO ACCOUNTS

SCHEDULE "M" NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and with the requirements of the Companies Act, 1956.

2. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expense during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. System of Accounting

The Company follows the accrual system of accounting.

4. Revenue Recognition

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

- a. Brokerage income on first year premium on insurance policies is recognized, when an insurance policy sold by the Company is accepted by the principal insurance company and is exclusive of service tax. Renewal commission is accounted on for on receipt basis.
- b. Interest income is recognized on a time proportion basis.

5. Staff Retirement Benefits

a. Defined benefit plan

The Company accounts for the defined benefit plans such as gratuity and leave encashment on accrual basis. Contribution towards gratuity liability as determined through actuarial valuation is charged to the Profit and Loss Account each year. Liability for leave encashment is provided by making a reliable estimate of the amount of benefit that employees have earned in return for their service in the current periods.

b. Defined contribution plan

The Company contributes to the employees provident fund and pension fund schemes for all its employees who are eligible for the benefit. All such contributions are recognised as an expense and charged to the Profit and Loss Account each year.

6. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition less accumulated depreciation

7. Depreciation

The Company provides for depreciation as under:

- a. On written down value basis, in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. On a pro-rata basis on assets purchased / sold during the year.
- c. Asset costing less than Rs.5,000/- per item is fully depreciated in the year of purchase.

8. Current Assets

Current Assets are stated at cost.

9. Taxation

Provision for Tax comprises current tax, deferred tax charge or benefit and fringe benefits tax.

Current Taxes are measured on the basis of the taxes expected to be paid on the taxable income determined in accordance with the prevailing tax rates and laws.

SCHEDULE "M" NOTES TO ACCOUNTS (Contd.)

Deferred tax is the tax effect of the timing differences between the accounting income and taxable income. Deferred Tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the rates that have been enacted or substantially enacted as at the balance sheet date.

Deferred Tax Assets are recognised only to the extent there is a reasonable certainty that there will be sufficient taxable income against which it can be realised; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets. Deferred Tax Assets, if any, are re-assessed periodically.

Provision for Fringe Benefits Tax is made on the basis of applicable rates on the chargeable expenditure of the Company as prescribed under the prevailing tax laws.

10. Preliminary Expenditure

Preliminary expenses are amortised over a period of ten years from the year of commencement of the business operation.

11. Provisions, Contingent Liability and Contingent Assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- the company has a present obligation as a result of past event,
- a probable outflow of resources is expected to settle the obligation, and
- the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liabilities are not recognized but are disclosed in the notes in case of:

- a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation,
- a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

II. OTHER NOTES

- During the year the Company changed its name from Fortune Insurance Advisory Services (India) Limited to Fortune Financial India Insurance Brokers Limited.

2. Auditor's Remuneration

(Rupees)

	2008-2009	2007-2008
Statutory audit	55,150	10,000
Certification and other matters	6,742	-
Total	61,892	10,000

3. Deferred Tax Liability (net) comprises

(Rupees)

	2008-2009	2007-2008
Deferred Tax Liability		
Accumulated Depreciation	13,306	224
Deferred Tax Assets		
Provision for Gratuity	1,081	-
Net Deferred Tax Liability	12,225	224



SCHEDULE “M” NOTES TO ACCOUNTS (Contd.)

4. Segment wise reporting

The Company's is primarily engaged in the business of insurance agency income. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per Accounting Standard 17 on “Segment Reporting” (AS-17) issued by the Institute of Chartered Accountants of India.

5. Related party transactions

As per Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the Company's related parties with whom the Company has entered into transactions during the period in the ordinary course of business, as certified by the Management are disclosed below:

Names of the Related Parties and their relationships:

- a. Related party where control exists:
Fortune Financial Services (India) Limited- Holding Company
- b. Other related parties with whom transactions have taken place during the year:
 - i. Enterprise having significant influence
Fortune Equity Brokers (India) Limited
 - ii. Key management personnel and their relatives
Arvind & Co.

(Rupees)

Nature of Transaction	Holding Company	Enterprises having significant influence	Total
Reimbursement	498,008 (293,219)	722,978 (-)	1,220,986 (293,219)
Professional Fees	- (-)	9,273 (-)	9,273 (-)
Interest	- (-)	109,338 (-)	109,338 (-)
Professional Fees charged	- (-)	5,50,000 (-)	5,50,000 (-)
Loans Taken	- (-)	28,50,000 (-)	28,50,000 (-)
Issue of Equity shares	- (6,000,000)	- (-)	- (6,000,000)

Note: Figures in brackets represents previous years amount.

- iii. Services are rendered by the Group Companies by providing resources like manpower, assets, etc. for which the complete amount has not been recovered from the Company.

6. Employee Benefits

a. Defined Benefit Plans as per Actuarial Valuation as at March 31, 2009

i. Change in Present Value of Defined Benefit Obligation

(Rupees)

Liability at the beginning of the year	-
Interest Cost	2,742
Current Service Cost	34,269
Actuarial (gain)/loss on obligations	(33,513)
Liability at the end of the year	3,498

SCHEDULE "M" NOTES TO ACCOUNTS (Contd.)

ii. Change in Fair Value of Plan Assets

(Rupees)

Fair Value of Plan Assets at the beginning of the year	–
Expected Return on Plan Assets	–
Contributions	–
Actuarial gain/(loss) on Plan Assets	–
Fair Value of Plan Assets at the end of the year	–
Total Actuarial Gain/(Loss) To Be Recognised	–

iii. Amount Recognised in the Balance Sheet

(Rupees)

Liability at the end of the year	3,498
Fair Value of Plan Assets at the end of the year	–
Difference	(3,498)
Amount Recognised in the Balance Sheet	(3,498)

iv. Expenses recognised in the Profit and Loss Account

(Rupees)

Current Service Cost	34,269
Interest Cost	2,742
Expected Return on Plan Assets	–
Actuarial Gain / (Loss)	(33,513)
Expense Recognised in P& L	3,498

v. Actuarial Assumptions

(Rupees)

Discount Rate (per annum)	7.75%
Rate of Return on Plan Assets (per annum)	–
Salary Escalation (per annum)	5.00%

b. Defined Contribution Plans

The amount recognised as expense and included in Schedule 'J' under the head "Contribution to Provident Fund and other Fund" of the Profit and Loss Account is Rs. 160,258/- (previous year Rs. 9,676/-).

7. Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company has not yet commenced the process of compiling the relevant information from its suppliers about their coverage under the said Act and hence the relevant disclosures have not been made in the accounts. However, in the view of the Management, there is no possibility of any interest being payable to any supplier as the Company is prompt in making payments to its suppliers.
8. Balances standing in debtors, creditors and loan and advances are subject to confirmation.
9. Previous period's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.
10. The previous period's figures being only for a part of the year, the current years figures are not comparable to the previous year.

- iii. The statement of significant accounting policies and the notes numbered I to II form an integral part of the accounts for the year ended March 31, 2009.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	177677	State Code	11
Balance Sheet Date	31	Month	03
		Year	2009

II. Capital Raised During the year (Amount Rupees in Thousand)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount Rupees in Thousand)

Sources of Funds

Total Liabilities	6,012	Total Assets	6,012
Paid-up Capital	6,000	Reserves and Surplus	-
Secured Loans	-	Unsecured Loans	-
Deferred Tax Liability	12		

Application of Funds

Net Fixed Assets	112	Investments	-
Net Current Assets	2,432	Miscellaneous Expenditure	145
Accumulated Losses	3,323		

IV. Performance of Company (Amount Rupees in Thousands)

Turnover	3,323	Total Expenditure	6,444
Profit / (Loss) Before Tax	(3,121)	Profit / (Loss) After Tax	(3,173)
Earning Per Share in Rupees	(5.29)	Dividend rate % (on Equity)	-

V. Generic Names of Principal Services of Company

Insurance Broking

CASH FLOW STATEMENT

(Rupees)

	2008-2009	2007-2008
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extraordinary items	(3,121,285)	(148,945)
Adjustments for :		
Depreciation	55,252	1,451
Miscellaneous expenses written off	18,171	18,171
Provision for Gratuity	3,498	–
Interest Income	(421,114)	(11,711)
Interest Expense	109,338	–
Operating Profit before Working Capital Change	(3,356,140)	(141,034)
Adjustments for :		
(Increase) / Decrease in Trade and Other Receivables	5,114	(248,692)
Increase / (Decrease) in Trade Payables	504,257	13,250
	(2,846,769)	(376,476)
Interest Income	421,114	11,711
Direct Tax Paid (net of refunds)	(602,506)	(22,370)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(3,028,161)	(387,135)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(127,200)	(41,500)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(127,200)	(41,500)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	–	6,000,000
Interest Expense	(109,338)	–
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	(109,338)	6,000,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,264,699)	5,571,365
Cash and Cash Equivalents		
Balance at the beginning of the year	5,571,365	–
Balance at the end of the year	2,306,666	5,571,365
	(3,264,699)	5,571,365

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been regrouped / reclassified wherever applicable.

In terms of our Report of even date

For and on behalf of the Board

For **NIPUN SUDHIR & ASSOCIATES**

Chartered Accountants

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 23, 2009

J.T. Poonja
Director**Nimish C. Shah**
Director



NOTICE

Notice is hereby given that the Second Annual General Meeting of the members of **Fortune Financial India Insurance Brokers Limited** (earlier known as Fortune Insurance Advisory Services (India) Limited) will be held on Saturday, the 29th day of August, 2009 at 10.30 a.m. at the Registered Office of the Company at K.K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended as on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J. T. Poonja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Nipun Sudhir & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** Mr. Gaurang A. Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 15th December, 2008, pursuant to Sections 257, 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company, who holds office only up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.
5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and Article 78 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute or an existing committee for this purpose) to borrow from time to time both in Indian currency and Foreign currencies including External Commercial Borrowings (ECB) as may be permitted and subject to approval from Reserve Bank of India (RBI) or any other statutory authorities or other statutes for the time being in force as may be required from time to time, any sum or sum of moneys, as it may deem proper for the purposes of business of the Company, from any one or more banks, Financial Institutions, Body Corporates, firms or any other entity, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may at any time, not to exceed a sum of Rs. 100.00 crores (Rupees One Hundred Crores) which is in excess of aggregate of the paid up share capital of the Company and its free reserve, that is to say, reserves not set apart for any specific purpose, and that the Board be and is hereby empowered and authorised to arrange, or agree to the terms and conditions for all such moneys to be borrowed from time to time with in the limit so fixed as to payment of interest, processing charges, repayment of principal amounts, number of installments, security to be provided and any other terms and conditions as may be agreed between the lender and the Company, as the Board may at its absolute discretion think fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary for the purpose and to settle any doubt which may arise in respect of borrowings aforesaid, and further to do all such acts, deeds and things and to execute all such documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

On behalf of the Board

J. T. Poonja
Director

Mumbai, May 23, 2009

NOTES

1. Members entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the time of the meeting.
3. Members are requested to bring their attendance slip along with the copy of annual report at the venue of the meeting.
4. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, with respect to item numbers 4 and 5 of the Notice are annexed herewith and form part of the Notice.
5. Members are requested to:
 - immediately, intimate change of address, if any, to the Company, quoting reference of their registered folio number;
 - produce the attendance slip at the entrance of the meeting hall;
 - write to the Company at least 10 days in advance of the Annual General Meeting for any information about accounts.
6. All the documents referred to in the Notice and Explanatory Statements, are available for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956:

Item No. 4 of the Notice

Pursuant to provisions of Sections 257, 260 and other applicable provisions of the Companies Act, 1956, and Article 121 of the Articles of Association of the Company, Mr. Gaurang A. Patel was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 15th December, 2008. Being an Additional Director of the Company, he holds office only up to the date of this Annual General Meeting. The Company has received a notice together with a deposit of Rs. 500/- from one of the members of the Company signifying his intention to propose candidature of Mr. Gaurang A. Patel as a Director of the Company, liable to retire by rotation.

Mr. Gaurang A. Patel is a practicing Chartered Accountant and a Managing Partner of Arvind & Co. which is more than fifty years old firm and a Fellow member of the Institute of Chartered Accountants of India. Mr. Gaurang A. Patel has been practicing for over 25 years in the fields of Audit, Accounts, Taxation, Tax Planning, Capital Markets and other financial & investment advisory services.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors other than Mr. Gaurang A. Patel may deemed to be concerned or interested in passing of the resolution at item number 4 of the Notice.

Item No. 5 of the Notice

To meet the requirement of the funds for financing expansion programs and working capital requirements the Company needs to raise the funds from time to time from the banks & financial institutions in excess of the limit prescribed in section 293(1) (d) of the Companies Act, 1956. It is proposed to fix the limit of Rs. 100.00 crores for borrowing which is in excess of the paid up capital and free reserves, that is to say, reserves not set apart for any specific purpose and in that process the Board may have to create Mortgage(s) and charge(s) in addition to the mortgage(s) and charge(s) if any, already created in such form and manner as may be approved by the Board of Directors. As per provisions of Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of a public company or a private company which is a subsidiary of a public company, shall not, except with the approval of the members of the Company borrow moneys after the commencement of the Act, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The Board recommends the Ordinary Resolution for approval of the members.

None of the Directors of the Company are in any way concerned or interested in passing of the resolution at item number 5 of the Notice.

On behalf of the Board

Mumbai, May 23, 2009

J. T. Poonja
Director

