

BOARD OF DIRECTORS

Mr. J.T. Poonja	Chairman
Mr. Nimish C. Shah	Managing Director
Mr. Chintan V. Valia	Additional Director (<i>w.e.f. 25.03.2013</i>)
Mr. C. R. Mehta	Director (<i>resigned w.e.f. 07.02.2013</i>)
Mr. H. R. Prasad	Director
Mr. Manoj G. Patel	Director
Mr. Ramesh Venkat	Director
Mrs. Sangeeta J. Poonja	Director (<i>resigned w.e.f. 31.07.2012</i>)
Mr. Sanjay Kothari	Director (<i>resigned w.e.f. 05.02.2013</i>)
Mr. Shailesh Haribhakti	Alternate Director (<i>resigned w.e.f. 06.08.2012</i>)
Mr. Sohan C. Mehta	Director



GROUP INFORMATION

FORTUNE'S LEADERSHIP TEAM

Mr. Vishal Trehan	Chief Executive Officer – Broking & Distribution
Mr. Yashpal Madan	President – Group Operations
Mr. Gyan Mohan	Chief Executive Officer – Investment Banking
Mr. Nadeem Akbarali Karmali	Chief Executive Officer – Institutional Business
Mr. Mohan Natarajan	Group Chief Operating Officer
Mr. B. B. Tantri	Chief Operating Officer – Broking & Distribution
Mr. S. G. Muthu Kummar	Head – Corporate Affairs
Mr. Pranav Kumar	National Head – Corporate Sales
Mr. S. Kalyanasundaram	Executive Vice President – Funds & Settlements
Mr. Naveen Sharma	National Head Sales – Broking & Distribution
Mr. Mahantesh Sabarad	Sr. Vice President – Equity Research
Mr. Sandeep K. Shah	Head – Institutional Sales (India)

COMPANY SECRETARY

Mr. Haroon Mansuri

AUDITORS

M/s. Nipun Sudhir & Associates
Chartered Accountants

BANKERS

Andhra Bank
Axis Bank Ltd.
HDFC Bank Ltd.
Karur Vysya Bank Ltd.
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.fortune.co.in

DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Twenty Second Annual Report and Audited Accounts for the year ended 31st March, 2013.

Financial Results

(Rupees in lakhs)

	2012-13	2011-12	2012-13	2011-12
	Stand-alone		Consolidated	
Total Income	247.76	579.36	6,289.02	8,034.77
Profit/(loss) before depreciation and tax	(412.57)	72.35	(1,152.01)	124.59
Depreciation and amortization	6.91	11.46	172.83	243.49
Profit/(Loss) before tax	(419.48)	60.89	(1,324.84)	(118.90)
Provision for tax				
- Current tax	–	11.80	25.08	147.15
- Current tax relating to prior years (Net)	5.16	4.10	(2.11)	20.51
- Deferred tax	(21.52)	(3.10)	(85.94)	(65.41)
Profit/(loss) after tax	(403.12)	48.09	(1,261.87)	(221.15)
Balance brought forward from the previous year	2,615.35	2,639.47	3,390.21	3,720.75
Balance available for appropriations	2,212.23	2,687.56	2,128.34	3,499.60
Transfer to statutory reserve	–	–	6.28	34.50
Dividend	–	64.40	–	64.40
Tax on dividend	–	7.81	–	10.49
Balance carried to balance sheet	2,212.23	2,615.35	2,122.06	3,390.21
Weighted average number of equity shares				
- Basic	1,28,79,290	12,683,674	1,28,79,290	12,683,674
- Diluted	1,28,79,290	12,683,674	1,28,79,290	12,683,674
Nominal value per share (in rupees)	10.00	10.00	10.00	10.00
Basic and diluted earnings per share				
- Basic (in rupees)	(3.13)	0.38	(9.80)	(1.74)
- Diluted (in rupees)	(3.13)	0.38	(9.80)	(1.74)

Working Results

Standalone

The income during the year 2012-13 stood at Rs. 247.76 lakhs as against Rs. 579.36 lakhs during the previous year. The company has incurred a loss of Rs. 419.48 lakhs as compared to a profit of Rs. 60.89 lakhs in the previous year. The loss after tax stood at Rs. 403.12 lakhs as against a profit of Rs. 48.09 lakhs in the previous year.

Consolidated

The consolidated income during the year 2012-13 stood at Rs. 6,289.02 lakhs as against Rs. 8,034.77 lakhs during the previous year. During the year under review the company has on consolidated basis incurred a loss of Rs. 1,261.87 lakhs after tax as against a loss of Rs. 221.15 lakhs in the previous year.

**Dividend**

In view of the loss incurred by the company, the Board of Directors do not recommend any dividend for the financial year 2012-2013.

Consolidated Financial Statements

The Board of Directors of your company at its meeting held on May 29, 2013 approved the consolidated financial statements for the financial year 2012-13 in accordance with the Accounting Standard (AS-21) and other applicable Accounting Standards issued by the Institute of Chartered Accountants of India as well as Clause 32 of the listing agreement, which includes financial information of all its subsidiaries.

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 as stipulated under Clause 49 of the listing agreement forms part of this annual report.

All Board members and senior management personnel have affirmed compliance with code of conduct for the year 2012-2013. A declaration to this effect certified by the Chairman of the company is also attached in the annual report.

The Chairman and the Chief Financial Officer (CFO) of the company 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 attached in the annual report.

Management Discussion and Analysis

A detailed review of operations, performance and future outlook of your company and its businesses is given in the Management Discussion and Analysis, which forms part of this annual report.

Issue of equity shares on exercise of ESOP options

Details of equity shares issued under ESOP, as also the disclosures in compliance with Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure – I to this report.

The company has received a certificate from the Auditors of the company certifying that the FFSIL ESOP Schemes 2006 & 2007 have been implemented in accordance with the SEBI Guidelines and the resolution passed at the annual general meeting held on September 23, 2006. The Certificate would be placed at the annual general meeting for inspection by members.

Subsidiary Companies

During the year under review, the company has formed two more subsidiary companies, viz. Fortune Integrated Home Finance Limited and Fortune Integrated Assets Finance Limited.

As per general circular issued by the Ministry of Corporate Affairs, the balance sheet, statement of profit & loss and other documents of the subsidiary companies for the year ended March 31, 2013 are not attached with the accounts of the holding company. However, the annual accounts of the subsidiary companies will be made available to investors of the holding and subsidiary companies for inspection at the registered office of the company and will also be uploaded on the website of the company seeking such information at any point of time.

The following information in aggregate for each of the subsidiary companies are disclosed in annual report as stipulated in the circular 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 II and forms part of the annual report.

Fixed Deposits

The company does not hold any public deposit and has not accepted any 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.

Committees

The company has four committees of the Board of Directors. These committees are – Audit Committee, Remuneration / Compensation Committee, Shareholders Grievances Committee and Internal Finance Committee.

The terms of reference, composition and the details of the meetings held during the year under review are provided in corporate governance report.

Internal Control Systems & 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 in 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.

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 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

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 at their meeting held on 29th May, 2013 has subject to the approval of the members in the ensuing annual general meeting, re-appointed Mr. Nimish C. Shah as a Managing Director of the company for a period of three years commencing from 1st July, 2013.

During the year under review, Mr. Shailesh Haribhakti has resigned as an Alternate Director of the company effective from 6th August, 2012.

Further during the year under review, Mrs. Sangeeta Poonja, Mr. Sanjay Kothari and Mr. C. R. Mehta have resigned as Directors of the company with effect from 31st July, 2012, 5th February, 2013 and 7th February, 2013 respectively.

The Board of Directors wishes to take on record the valuable contribution given by them during their tenure as Directors of the company.

The Board of Directors through circular resolution on 25th March, 2013, appointed Mr. Chintan V. Valia as an Additional Director of the company. Mr. Chintan V. Valia holds the office of Directorship till the ensuing annual general meeting. The company has received deposit from the member of the company proposing the candidature of Mr. Chintan V. Valia as a Director of the company.

Effective from 1st April, 2013, Mr. J. T. Poonja has given up Executive position in the company. However, he continues to be the non-executive Chairman of the company.

Mr. Ramesh Venkat Director of the company, retires by rotation and being eligible offers himself for re-appointment.

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 earnings and outgo

(Rupees in Lakhs)

Particulars	2012 - 2013	2011 - 2012
Earnings :		
Investment banking income	55.95	62.32
Outgo :		
Travelling & business promotion	2.46	2.01
Miscellaneous expenses	–	2.04
Dividend	21.67	86.68

Particulars of employees

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

Transfer of unclaimed dividend to Investor Education & Protection Fund (IEPF)

During the year under review, the company has transferred of Rs. 68,180 & Rs. 85,075 being unclaimed dividends for the year ended 31st March, 2005 & 31st March, 2006 respectively to the Investor Education & Protection Fund (IE&PF) as required under the applicable provisions of the Companies Act, 1956.



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 had been followed along with proper explanation relating to material departures;
- appropriate accounting policies had been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss 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 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 & financial institutions they are associated with. Further, your Directors wish to thank the various regulatory authorities, business associates and clients for their valued co-operation.

On behalf of the Board

J. T. Poonja
Chairman

Mumbai, May 29, 2013

Annexure I

Disclosure as required under Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	PARTICULARS	ESOP SCHEME 2006	ESOP SCHEME 2007
A	Options Granted	522,500	60,990
B	The pricing formula	The remuneration/compensation committee has been authorised to decide the exercise price in accordance with the SEBI Guidelines and any other amendments made thereto.	
C	Options vested	413,790	38,000
D	Options exercised	179,290	Nil
E	Total number of shares arising as a result of exercise of option	179,290	Nil
F	Options lapsed	343,210	23,990
G	Variation of terms of options	Not Applicable	Not Applicable
H	Money realized by exercise of options	Rs. 1,41,15,790	Nil
I	Total number of options in force	Nil	37,000
J.	Employee wise details of options granted to :		
	i. Senior managerial personnel	Nil	Nil
	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.	Nil	Nil
	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;	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']	Rs. (3.13)	
L.	As the exercise is made at the market price prevailing on the date of the grant, the issuance of equity shares pursuant to exercise equity shares pursuant to exercise of ESOP Options does not affect the profit & loss account of the company.	Not Applicable	
M	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.	Not Applicable	
N	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	



Statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to subsidiary companies as on March 31, 2013

1.	Name of the subsidiary Companies	Fortune Equity Brokers (India)Limited	Fortune Commodities & Derivatives (India) Limited	Fortune Credit Capital Limited	Fortune Financial India Insurance Brokers Limited	Fortune Integrated Home Finance Limited	Fortune Integrated Assets Finance Limited
2.	The financial year of the subsidiary companies	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
3.	Shares of the subsidiary companies held by Fortune Financial Services (India) Limited						
	a) No. of shares & face value	1,66,50,000 equity shares Rs.10 each.	30,00,000 equity shares Rs.10 each	2,76,00,000 equity shares Rs.10 each	6,00,000 equity shares Rs.10 each	2,50,000 equity shares Rs.10 each	22,50,000 equity shares Rs.10 each
		5,00,000 10% & 9,00,000 12.50% Redeemable cumulative preference shares Rs. 10 each	–	–	–	–	–
	b) extent of holding (%)	100	100	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 March 31, 2013, amounted to :- (Amount Rs. in lakhs)						
	• For the subsidiaries' financial year ended March 31, 2013 .	(840.41)	(32.89)	31.43	0.51	(0.34)	(17.05)
	• For the previous financial years of the subsidiaries since they became the holding company's subsidiaries	786.04	18.40	622.54	7.18	–	–
	b) Dealt in the accounts of Fortune Financial Services (India) Ltd for the year ended March 31 2013, amounted to :-						
	• For the subsidiaries' financial year ended March 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil
	• For the previous financial years of the subsidiaries since they became the holding company's subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil

Annexure III

Information under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the Directors' Report for the year ended March 31, 2013

Sr.No.	Name & Designation	Remuneration (Rs.)	Qualification	Experience in years	Date of commencement of employment	Age	Last employment, Designation/ No. of years & No. of shares held & % of holding
I. Employed throughout the year :							
1.	Mr. J. T. Poonja	1,06,27,575	M.A. (Eco)	45	01-08-1992	71	Vijaya Bank Asst. General Manager 19 years 23,900 (0.18%)
II. Employed for part of the year :							
2.	Mr. Nimish C. Shah	37,69,940	MBA (USA)	24	01-07-2008	49	Fortune Equity Brokers (India) Limited Managing Director 4 years 22,27,504 (17.30%)

Notes:

- 1) The above employments are contractual.
- 2) The above employments are subject to the rules and regulations of the company as in force from time to time.
- 3) Mr. J. T. Poonja, is a relative of Mrs. Sangeeta J. Poonja, a Director of the company, who ceased to be a Director w. e. f. 31st July, 2012.
- 4) Mr. Nimish C. Shah is a relative of Mr. Sohan C. Mehta.
- 5) 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.
- 6) Remuneration paid to Mr. J. T. Poonja includes Rs. 25,91,333 towards leave encashment and Rs. 31,50,000 towards gratuity.
- 7) Effective from 1st April, 2013 Mr. J. T. Poonja has become a Non Executive Chairman.



REPORT ON CORPORATE GOVERNANCE

Corporate Philosophy

Your company converge good corporate governance, focus on enhancement of long term value creation for all stakeholders and conduct the business in accordance with the highest ethical standards and sound corporate governance practice. Clause 49 of the listing agreement, which relates to corporate governance, was revised in October 2004, making far reaching amendments in the code.

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.

Your Company confirms the compliance of corporate governance, in all material aspects except in case of Clause 49 (III), of the listing agreement, the details of which are given below:

I Board of Directors:

a) Composition of the Board

The Board is headed by a Chairman and comprises eminent persons with considerable professional experience from varied disciplines. The strength of the Board as on 31st March, 2013 is seven Directors.

b) Board Meetings held during the year

During the year 2012-2013, the Board of Directors met four times: on 30th May, 2012; 31st July, 2012; 31st October, 2012; and 6th February, 2013

The maximum gap between any two meetings has been not more than four months. All meetings were well attended.

Table 1: Composition of the Board, attendance record and membership of Board Committees as on March 31, 2013

Name	Category	Attendance		Other Directorships (other than Pvt. Ltd. Cos.)	Committees (as on March 31 2013)	
		Board Meetings	Last AGM		Member-Ship	Chairman-ship
Mr. J. T. Poonja	Promoter & Executive Chairman	3	Yes	2	1	3
Mr. Nimish C. Shah	Promoter & Managing Director	4	Yes	6	8	1
Mr. Sohan C. Mehta	Promoter & Non-Executive Director	1	No	1	-	-
Mr. Chintan V. Valia	Additional Director	1	No	5	-	-
Mr. Ramesh Venkat	Independent Director	2	No	4	3	1
Mr. H. R. Prasad	Independent Director	4	No	3	1	4
Mr. Manoj G. Patel	Independent Director	-	No	-	-	-
Mr. C. R. Mehta	Independent Director	4	No	-	-	-
Mr. Sanjay Kothari	Independent Director	2	No	-	-	-
Mrs. Sangeeta Poonja	Promoter & Non-Executive Director	2	No	-	-	-
Mr. Shailesh Haribhakti	Alternate Director to Mr. Manoj Patel	2	No	-	-	-

Change in Directorate during the financial year:

- Mrs. Sangeeta Poonja resigned as a Director w. e. f. 31st July, 2012.
- Mr. Shailesh Haribhakti resigned as an Alternate Director w. e. f. 6th August, 2012.
- Mr. Sanjay Kothari resigned as a Director w. e. f. 5th February, 2013.
- Mr. C. R. Mehta resigned as a Director w. e. f. 7th February, 2013.
- Mr. Chintan Valia has been appointed as an Additional Director w. e. f. 29th August, 2012 and resigned on 19th December, 2012. Again he has been appointed as an Additional Director w. e. f. 25th March, 2013.
- Effective from 1st April, 2013 Mr. J. T. Poonja has become a Non Executive Chairman.

Notes:

- As on March 31, 2013 the company had 7 (seven) Directors. The Chairman of the company is an Executive Director till 31st March, 2013.
- None of the Directors on the Board holds memberships of more than ten committees or Chairmanship of more than five committees. The company has received the necessary declarations from the Directors.
- Other directorships do not include directorships in private limited companies, section 25 companies, companies incorporated outside India and alternate directorships.
- Memberships and/or Chairmanships of the Board Committees include Audit Committee and Shareholders' Grievances Committees.
- The company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year ended March 31, 2013 except for payment of sitting fees.

c) Table – 2 Remuneration to Directors

Name of Directors	Remuneration	Sitting fees of the Board & Committee meetings
	(Rupees)	
Mr. J. T. Poonja (1)	1,06,27,575	–
Mr. Nimish C. Shah (2)	37,69,940	40,000
Mr. Sohan C. Mehta	–	20,000
Mr. Ramesh Venkat	–	80,000
Mr. H. R. Prasad	–	1,60,000
Mr. Chintan V. Valia	–	20,000
Mr. Manoj Patel	–	–
Mr. C. R. Mehta	–	1,60,000
Mr. Sanjay Kothari	–	40,000
Mrs. Sangeeta Poonja	–	40,000
Mr. Shailesh Haribhakti	–	40,000

(1) Remuneration paid to Mr. J. T. Poonja Includes Rs. 25,91,333 towards leave encashment and Rs. 31,50,000 towards gratuity.

(2) Remuneration paid to Mr. Nimish C. Shah is for the period commencing from 1st August, 2012.

No stock options as on date have been granted to any non-executive Directors of the company.

d) Number of shares held by non promoter Directors : Nil

e) 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.

II Committees of the Board

The Board has four major Board level committees **a)** Audit Committee **b)** Remuneration / Compensation Committee **c)** Shareholders 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:

**a) Audit committee**

The Audit Committee comprises of four members viz. Mr. H R Prasad, Mr. J. T. Poonja, Mr. Ramesh Venkat, Mr. C.R. Mehta. and Mr. Chintan Valia In compliance with Clause 49 of the listing agreement, three members of the Audit Committee including the Chairman of the committee are independent Directors. All the members are 'financially literate' as required by Clause 49 and have 'accounting or related financial management expertise'.

Terms of reference

The broad terms and reference of Audit Committee are to review the financial statements before submission to Board, to review reports of the Statutory Auditors and Internal Auditors and to review the weaknesses in internal controls, if any, reported by Internal and Statutory Auditors etc. In addition, the powers and role of the Audit Committee includes references made under Clause 49 of the listing agreement as well as section 292A of The Companies Act, 1956.

The Audit Committee met four times during the year under review on 30th May, 2012; 31st July, 2012; 31st October, 2012 and 6th February, 2013.

Table 3: Composition and attendance of members of the committee

Sr. No.	Name	Status	No. of meetings attended
1.	Mr. H R Prasad, Independent Director	Chairman	4
2.	Mr. J. T. Poonja, Promoter & Executive Chairman	Member	3
3.	Mr. Ramesh Venkat, Independent Director	Member	2
4.	Mr. C.R. Mehta, Independent Director (1)	Member	4
5.	Mr. Chintan V. Valia, Additional Director (2)	Member	–

(1) Mr. C. R. Mehta Resigned as a member w. e. f. 7th February, 2013

(2) Mr. Chintan Valia has been appointed as a member w. e. f. 25th March, 2013

There is a participation of Statutory Auditors, Internal Auditors and Chief Financial Officer of the company in the committee meetings. Mr. Haroon Mansuri, Company Secretary acts as the Secretary of the committee.

The Chairman of the Audit Committee briefs the Board members about the significant discussions at Audit Committee Meetings. Minutes of the Audit Committee Meetings are also circulated to the members of the Board, discussed and taken note of by the board.

b) Shareholders Grievances Committee

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.

During the year under review, four meetings were held on May 30, 2012, July 31, 2012, October 31, 2012 and February 6, 2013.

Table 4: Composition and attendance of members of the committee

Sr. No.	Name	Status	No. of meeting(s) attended
1.	Mr. Nimish C. Shah, Promotor & Managing Director	Chairman	4
2.	Mr. C. R. Mehta, Independent Director (1)	Member	4
3.	Mr. Chintan V. Valia, Additional Director (2)	Member	–
4.	Mr. B.B. Tantri, Sr. Executive	Member	4
5.	Mr. S. G. Muthu Kummar, Sr. Executive	Member	4

1) Mr. C. R. Mehta Resigned as a member w. e. f. 7th February, 2013

2) Mr. Chintan Valia has been appointed as a member w. e. f. 25th March, 2013

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

During the year under review, four complaints were received from shareholders and resolved to their satisfaction. There were no pending complaints either at the beginning or at the end of the year.

The Board has delegated the power of share transfer to the Registrar and Share Transfer Agent 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.

c) Remuneration / Compensation Committee

The company has in place the remuneration/compensation committee comprising of three independent Directors viz. Mr. Ramesh Venkat, Mr. C.R. Mehta, Mr. Sanjay Kothari and one promoter Director, Mr. Nimish C. Shah and one additional Director Mr. Chintan V. Valia.

Table 5: Composition and attendance of members of the committee

Sr. No.	Name	Status	No. of meeting(s) attended
1.	Mr. Ramesh Venkat, Independent Director	Chairman	1
2.	Mr. Sanjay Kothari, Independent Director (1)	Member	1
3.	Mr. C. R. Mehta, Independent Director (2)	Member	1
4.	Mr. Chintan V. Valia, Additional Director (3)	Member	–
5.	Mr. Nimish C. Shah, Promoter and Managing Director	Member	1

- 1) Mr. Sanjay Kothari resigned as a member w. e. f. 5th February, 2013
- 2) Mr. C. R. Mehta resigned as a member w. e. f. 7th February, 2013
- 3) Mr. Chintan Valia has been appointed as a member w. e. f. 25th March, 2013

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.

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.

Meetings

During the year under review, the committee met once on 31st July, 2012 and the meeting was attended by all the members.

d) Internal Finance Committee

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, corporate guarantee, performance guarantee issuing of letter of comfort, providing securities 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.

Table 6: Composition of Internal Finance Committee

Sr. No.	Name	Status
1.	Mr. J.T. Poonja, Promoter and Executive Chairman	Chairman
2.	Mr. Nimish C. Shah, Promoter and Managing Director	Member
3.	Mr. Chintan V. Valia, Additional Director (1)	Member

- 1) Mr. Chintan V. Valia has been appointed as a member w. e. f. 25th March, 2013.

During the year under review no meeting was held.

III Management:

Management Discussion and Analysis:

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

Disclosures

a) Subsidiary Companies:

In accordance with clause 49 (III) of the listing agreement, Fortune Equity Brokers (India) Limited and Fortune Credit Capital Limited are the material non-listed subsidiary companies.

Mr. Sanjay Kothari and Mr. Ramesh Venkat Independent Directors of the holding company were Directors on the Board of these two subsidiary companies respectively.

Mr. Sanjay Kothari resigned as a Director w e f 5th February, 2013, hence from 5th February, 2013 till 31st March, 2013, no independent director was representing the holding company in a materially non listed subsidiary company viz. Fortune Equity Brokers (India) Limited.

The financial statements, investments, a statement of significant transactions and the minutes of the subsidiary companies are placed in the quarterly Board meetings for review by the Board of Directors of the holding company.

b) Related party transactions

- 1) Transactions with the related parties are disclosed in notes to accounts in the annual report as required under Accounting Standard 18 ("AS 18") issued by The Institute of Chartered Accountants of India.

- 2) There were no transactions of material nature which have been entered into by the company with its Promoters, Directors, Management, Subsidiaries or relatives etc. that may have potential conflict with the interest of the company.

c) Accounting treatment in preparation of financial statement

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.

d) Risk Management

Risk assessment and minimization procedures are periodically reviewed by the Internal Finance Committee and the Board of Directors of the company.

e) Code for prevention of Insider Trading

In compliance with the SEBI regulations on prevention of insider trading, the company has adopted a code of 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. The company regularly issues Trading Window Closure Notice to all concerned and the same is also uploaded in the company's website.

f) Certification by Chairman & CFO

As required by sub clause V of the Clause 49 of the listing agreement with the stock exchange, Mr. J. T. Poonja, Chairman and Mr. S. G. Muthu Kummar, Chief Financial Officer of the company have certified to the Board that for the financial year ended March 31 2013 the company has complied with the requirements of the said sub clause.

g) Pledge of equity shares of the Company

23,800 equity shares of Rs. 10 each fully paid-up of the company held by one of promoters' relative are pledged. The same has been disclosed in the shareholding pattern of the company.

IV General Shareholder Information**a) Disclosure regarding appointment/re-appointment of Directors**

At the ensuing annual general meeting of the members of the company, scheduled to be held on August 31, 2013, Mr. Ramesh Venkat Director of the company, retires by rotation and being eligible has offered himself for re-appointment.

b) Means of communication

The company's website www.fortune.co.in contains a separate section viz. "Investor Relationship" under which shareholders information is available in a user friendly and downloadable form.

- Quarterly Results :**

Quarterly consolidated results are published in Free Press Journal and Navshakti newspapers and the same together with stand-alone results are posted on company's website – www.fortune.co.in

- Annual Report :**

Annual report containing the audited stand-alone & consolidated accounts and accounts of the subsidiary companies together with Auditors' Reports, Directors Reports, Corporate Governance reports and Management Discussion and Analysis is posted on the company's website – www.fortune.co.in .

Apart from quarterly results and annual reports of the company, the company's website also contains summary of financial performance for the last five years, shareholding pattern and contact information.

c) General Body Meetings

Table 7: The details of the last three annual general meetings:

Year	Date & Time	Venue	Details of the special resolutions passed
2012	Aug 25 2012 at 11.00 a m	K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001	No special resolution passed.
2011	Aug 27 2011 at 11.00 a m	K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001	No special resolution passed.
2010	Aug 28 2010 at 11.00 a m	K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001	a) Issue of equity warrants to the promoters. b) Issue of ESOP grants to one particular employee in excess of 1% of the paid up capital of the company.

During the year the company has not passed any resolution through postal ballot.

During the year no extra ordinary general meeting was held.



- **Ensuing annual general meeting:**

Day & Date : Saturday, August 31, 2013

Time : 11.00 a.m.

Venue : 59, Sonawalla Building, First Floor, Mumbai Samachar Marg, Fort, Mumbai - 400 001

- **Last date for receipt of proxies**

The proxy duly filled and signed by the members be sent to the company at its registered office latest by Thursday, **August 29, 2013 (before 11.00 a.m.)**

Table 8: Financial Calendars

Financial Year	April 2012 – March 2013	April 2013 – March 2014
First quarter results	July 31, 2012	Last week of July 2013
Second quarter results	October 31, 2012	Last week of October 2013
Third quarter results	February 6, 2013	Last week of January 2014
Annual audited results	May 29, 2013	By end of May 2014

- **Book closure** August 26, 2013 – August 31, 2013
- **Listing of shares** The Bombay Stock Exchange Ltd.
- **Stock Code** 530023
- **ISIN** INE924D01017

Issue of equity shares under FFSIL ESOP Scheme 2006

During the year under review, the company has not issued any shares under FFSIL ESOP Scheme.

The details of the total grants, vesting, exercise of options and lapse of options during the financial year ending March 31 2013 is given in the Annexure I to the Directors Report.

Table 9: FFSIL share price vis-a-vis sensx April 2012 to March 2013 :

MONTH	FFSIL share price (face value Rs.10)		BSE Sensex		No. of shares traded	No. of Trades
	High	Low	High	Low		
	(Rupees)					
April 2012	91.75	67.50	17,664.10	17,010.16	1,185	56
May 2012	93.45	79.45	17,432.33	15,809.71	28,37,405	486
June 2012	101.15	82.20	17,448.48	15,748.98	20,324	391
July 2012	98.00	69.10	17,631.19	16,598.48	3,55,899	656
August 2012	104.00	82.65	17,972.54	17,026.97	1,74,665	450
September 2012	99.90	78.40	18,869.94	17,250.80	3,580	35
October 2012	90.00	66.00	19,137.29	18,393.42	2,906	29
November 2012	65.70	57.20	19,372.70	18,255.69	2,575	14
December 2012	66.50	54.50	19,612.18	19,149.03	3,914	29
January 2013	81.00	57.05	20,203.66	19,508.93	7,381	58
February 2013	76.65	54.55	19,966.69	18,793.97	678	19
March 2013	65.70	46.85	19,754.66	18,568.43	17,907	56

Source: www.bseindia.com

Table 10 : Performance of share price of the company in comparison to BSE SENSEX:

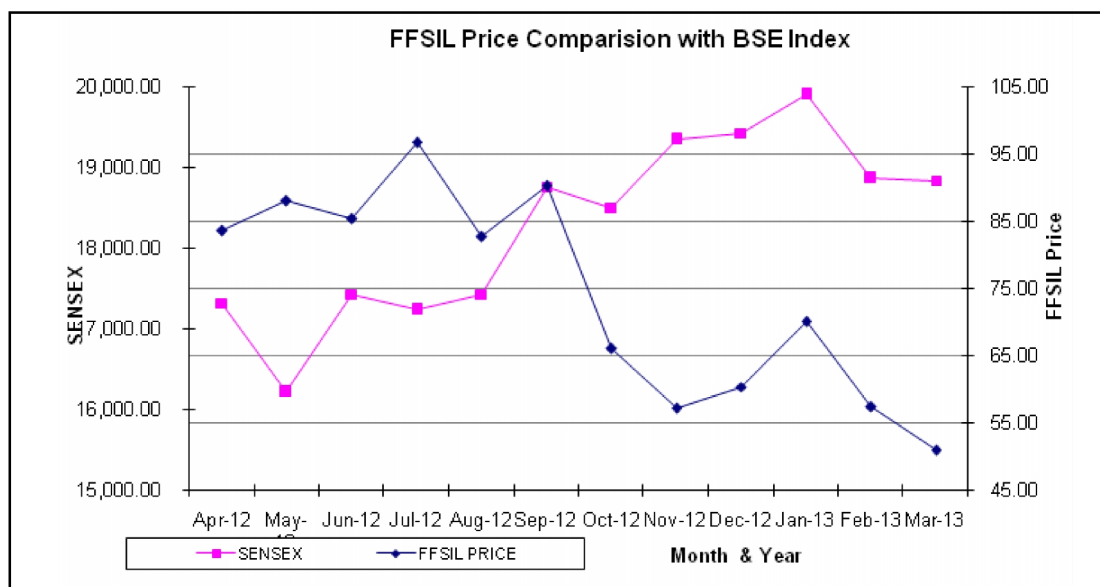


Table 11: Shareholding pattern

Category	No. of shares shareholding	% of	No. of shares shareholding	% of
	As on March 31 2013		As on March 31 2012	
Promoters				
Indian Promoters & Promoter Group	36,98,429	28.72	64,61,828	50.17
Non Promoters				
NRIs (including Foreign Corporate Bodies)	54,78,714	42.54	54,67,508	42.46
Corporate Bodies	15,36,027	11.92	1,78,118	1.38
Indian Public	21,66,120	16.82	7,71,836	5.99
Total	128,79,290	100.00	128,79,290	100.00

Table 12 : Distribution of shareholding

Category	No. of share-holders	% to total	Share holding in rupees	% to total	No. of share-holders	% to total	Share holding in rupees	% to total
	As on March 31, 2013				As on March 31, 2012			
Up to 500	1,146	83.96	18,92,060	1.47	1,186	83.64	20,34,970	1.58
501 – 1,000	92	6.74	7,37,700	0.57	94	6.63	7,62,630	0.59
1,001 – 2,000	37	2.71	5,60,720	0.44	42	2.96	6,59,710	0.51
2,001 – 3,000	17	1.25	4,48,570	0.35	18	1.27	4,75,170	0.37
3,001 – 4,000	10	0.73	3,65,590	0.28	10	0.71	3,60,380	0.28
4,001 – 5,000	2	0.15	,95,530	0.07	3	0.21	1,43,930	0.11
5,001 – 10,000	18	1.32	12,74,780	0.99	20	1.41	15,06,240	0.17
10,001 & above	43	3.15	12,34,17,950	95.83	45	3.17	12,28,49,870	95.39
Total	1,365	100.00	12,87,92,900	100.00	1,418	100.00	12,87,92,900	100.00

Table 13 : Category wise summary of shareholding

Category	No. of shareholders	No. of shares	% of Shareholding holders	No. of Share	No. of shares	% of shareholding
	As on March 31 2013			As on March 31 2012		
Resident Individuals	1,269	5,481,619	42.56	1,319	68,46,843	53.16
Foreign Corporate Bodies	3	43,33,992	33.65	3	43,33,992	33.65
Foreign Institutional Investors	2	10,53,690	8.18	2	10,53,700	8.18
Bodies corporate	52	18,07,027	14.03	52	4,49,118	3.49
HUFs	26	1,11,930	0.87	30	1,15,821	0.90
Non Resident Indians	13	91,032	0.71	12	79,816	0.62
Total	1,365	1,28,79,290	100.00	1,418	128,79,290	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).

Table14 : The breakup of the shares held in physical & demat form

Particulars	No. of shares	Percentage	No. of shares	Percentage
	As on March 31 2013		As on March 31 2012	
Held in Demat form				
- CDSL	91,73,368	71.23	91,56,153	71.09
- NSDL	33,68,407	26.15	33,51,922	26.03
Held in physical form	3,37,515	2.62	3,71,215	2.88
Total	1,28,79,290	100.00	128,79,290	100.00

In terms of circular No. Cir/ISD/3/2011 issued by SEBI, the entire shareholding of the promoters as on March 31 2013 is in demat form.

- Outstanding GDRs / ADRs etc.**

The Company has not issued any GDRs or ADRs.

Table15: Dividend record for the last six financial years

Financial year ended	Dividend per equity share of Rs. 10 each fully paid
	(Rupees)
March 31, 2012	0.50
March 31, 2011	2.00
March 31, 2010	2.50
March 31, 2009	1.10
March 31, 2008	2.20
March 31, 2007	2.00

As required under section 205A (5) of the Companies Act, 1956 an amount of Rs. 68,180 & Rs. 85,075 for the year ended 31st March, 2005 & 31st March, 2006 respectively were due and transferred to Investor Education and Protection Fund (IEPF) during the year under review.

Table 16 : Details of funds raised during the last three financial years

Financial year	Particulars	Amount raised (Rs. in lakhs)	Impact on paid up equity capital of the company
2011-2012	Allotment of 6,00,000 equity shares of Rs. 10 each at a premium of Rs. 70 per equity share to the promoters, their relatives and the companies in which they are interested on preferential basis upon conversion of equity warrants.	480.00	On issue of 6,00,000 equity shares of Rs. 10 each fully paid, the total paid up equity capital increased from Rs. 1,227.93 lakhs divided in to 1,22,79,290 equity shares of Rs. 10 each fully paid to Rs. 1,287.93 lakhs divided in to 1,28,79,290 equity shares of Rs. 10 each fully paid
2010-2011	Allotment of 44,700 equity shares of Rs. 10 each fully paid up at a premium of Rs. 45 per equity share to employees of the company under FFSIL ESOP Scheme 2006.	24.59	On issue of 1,62,890 equity shares of Rs. 10 each fully paid, the total paid up equity capital increased from Rs. 1,211.64 lakhs divided in to 1,21,16,400 equity shares of Rs. 10 each fully paid to Rs. 1,227.93 lakhs divided in to 1,22,79,290 equity shares of Rs. 10 each fully paid
	Allotment of 1,18,190 equity shares of Rs. 10 each fully paid up at a premium of Rs. 81 per equity share to employees of the company under FFSIL ESOP Scheme 2006.	107.55	
2009-2010	Allotment of 10,00,000 equity shares of Rs. 10 each at a premium of Rs. 70 per equity share to the foreign strategic investors on preferential basis.	800.00	On issue of 10,16,400 equity shares of Rs. 10 each fully paid, the total paid up equity capital increased from Rs. 1,110.00 lakhs divided in to 1,11,00,000 equity shares of Rs. 10 each fully paid to Rs. 1,211.64 lakhs divided in to 1,21,16,400 equity shares of Rs. 10 each fully paid
	Allotment of 16,400 equity shares of Rs. 10 each fully paid up at a premium of Rs. 45 per equity share to employees of the company under FFSIL ESOP Scheme 2006.	9.02	

- **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.

Table 17: Address for shareholders' correspondence

Registered Office :	Registrar and Share Transfer Agent :
Company Secretary Fortune Financial Services (India) Ltd. K. K. Chambers, 2nd Floor, Sir P. T. Marg, Fort, Mumbai 400 001 Tel Nos.:+91 -22- 2207 7931 Fax No.: +91-222 2207 2948 / 1776 Email : cosecretary@ffsil.com Website : www.fortune.co.in	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 : +91-22-2301 6761 / 8261 Fax No. +91-22-2301 2517 e-mail : busicomp@vsnl.com, busicomp@gmail.com Website : 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.

- **E-mail id for the shareholders :**

The company has exclusive e-mail id viz. cosecretary@ffsil.com for the shareholders grievances & complaints.



- **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.

V Compliance

- **Compliance under Clause 49 of the Listing Agreement**

The company has complied with all mandatory requirements under Clause 49 of the listing agreement with stock exchange except Clause 49 (III).

There were no non-compliances by the company during the year except in case of Clause 49 (III) of the listing agreement. 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.

The company does not follow Whistle Blower Policy.

Table 18: Compliance report on Corporate Governance for the quarter ended March 31 , 2013

Particulars	Clause of listing agreement	Compliance status Yes/No
I Board of Directors	49 (I)	
(A) Composition of Board	49(IA)	Yes
(B) Non-executive Directors' compensation and disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 II (D)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	49 (III)	No
IV. Disclosures	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting treatment	49 (IV B)	N.A.
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes
(E) Remuneration of directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on corporate governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

- **Auditors' certificate on Corporate Governance :**

The company has obtained a certificate from the auditors of the company, certifying the compliance / Non Compliance with the requirements of clause 49 of the listing agreement. The said certificate is annexed to the corporate governance report and forms part of the annual report.

- **Compliance of Clause 5A of the Listing Agreement**

In terms of clause 5A of the listing agreement, the company has sent three reminders to the shareholders whose share certificates have been returned undelivered. The company has received few responses from the shareholders, intimating their new address.

The company has opened an exclusive demat account titled as "Fortune Financial Services (India) Limited - Unclaimed Securities Suspense Account and transferred 19,800 equity shares of Rs. 10 each fully paid belonging to 91 shareholders. During the year under review, none of the shareholders has made any claim.

- **Disclosure under Clause 53 of the Listing Agreement**

The company has not entered in to any contract, agreement, back to back treaties / contracts / agreements / MOUs or similar instruments with any media companies and/or their associates.

The disclosures as required under clause 53 of the listing agreement are not applicable to the company.

VI Shareholders' safeguard and other information

- **Nomination facility for shareholders**

As required under the applicable provisions of the Companies Act, 1956, a nomination facility is made available to the shareholders of the company. Members holding shares in physical form may avail this facility.

- **Email address**

In view of the Circular Nos. 17/2011 & 18/2011 dated 21st April 2011 & 29th April 2011 respectively issued by the Ministry of Corporate Affairs on "Green Initiative in corporate governance" whereby the company is permitted to send the notices, annual reports and other documents in electronic mode.

In this connection the members who are holding the shares in physical form are requested to register their e mail ids and/or intimate for the change if any, of the e mail ids already registered, quoting their Folio Nos. and other details to the Registrar and Share Transfer Agent viz. Purva Sharegistry (India) Private Limited and those holding the shares in demat form are requested to register their e mail ids with their depository participants.

The company proposes to send the notices, annual reports and other documents in electronic mode in future.

- **Unclaimed dividend transfer to Investor Education & Protection Fund**

Pursuant to section 205A (5) of the Companies Act, 1956 all unclaimed/unpaid dividends up to the year ended 1995 - 1996 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.

In terms of section 205C of the Companies Act, 1956, the unclaimed dividend for the financial years commencing from 1996 till 2006 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.

Dates of declaration of dividends from the financial year 2005-2006 and corresponding dates when unclaimed dividends are due for transfer to the fund are given in the below mentioned table.



Table 19: Details of unclaimed dividend as on March 31, 2013

Financial year ended	Type of dividend	Date of declaration	Dividend amount	Unclaimed dividend	Last date for claiming the dividend amount	Last date for transfer to the Fund
			(Rs. in lakhs)			
31/03/2012	Final	25/08/2012	64.40	1.23	29/09/2019	30/09/2019
31/03/2011	Final	27/08/2011	247.39	4.96	01/10/2018	02/10/2018
31/03/2010	Final	28/08/2010	304.71	6.09	02/10/2017	03/10/2017
31/03/2009	Final	29/08/2009	122.10	2.92	03/10/2016	04/10/2016
31/03/2008	Final	30/08/2008	220.00	4.16	30/09/2015	01/10/2015
31/03/2007	Final	11/08/2007	100.00	1.72	11/09/2014	12/09/2014
31/03/2007	Interim	13/02/2007	77.66	1.69	13/03/2014	14/03/2014
31/03/2006	Final	23/09/2006	38.83	0.97	23/10/2013	24/10/2013

- Payment of dividend through ECS mandate**

Members who are holding the shares in physical form are requested to register their bank account details and/or intimate for the change if any, in the bank accounts details already registered, quoting their Folio Nos. and other details to the Registrar and Share Transfer Agent viz. Purva Shareregistry (India) Private Limited,

Members holding the shares in demat form are requested to register their bank account details and/or intimate for the change if any, in the bank accounts details already registered, quoting their with their depository participants.

This will enable the members to receive dividend in fast and secured mode as and when declared by the company.

DECLARATION BY THE 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 March 31 2013.

Mumbai, May 29 2013

J. T. Poonja
Chairman

CHAIRMAN AND CHIEF FINANCIAL OFFICER CERTIFICATION

We, J. T. Poonja, 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 March 31 2013 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. that there are no significant changes in accounting policies during the year; and
 - iii. there were no instances of significant fraud of which we have become aware.

Mumbai, May 29 2013

J. T. Poonja
Chairman

S. G. Muthu Kummar
Chief Financial Officer



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Fortune Financial Services (India) limited.

We have examined the compliance of conditions of corporate governance by Fortune Financial Services(India) Limited (the company) for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange in India.

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

1. The number of independent directors on the Board of the Company is less than 50% of the strength of the Board of Directors w.e.f. February 7, 2013. However, the Company has a timeframe of 180 days (i.e. upto to August 6, 2013) to comply with this requirement.
2. The Company did not have any independent director from the Board of the holding company as a director on the Board of Directors of one of its material non listed Indian subsidiary company (Fortune Equity Brokers (India) Limited) w.e.f. February 5, 2013 resulting in failure to comply with clause 49 (III) of the listing agreement.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **Nipun Sudhir & Associates**
Chartered Accountants
ICAI Firm Registration Number: 0126168W

Sudhir V. Nair
Partner
(Membership No. 45893)

Mumbai, May 29 2013

MANAGEMENT DISCUSSION & ANALYSIS

Macroeconomic outlook

India's annual GDP for FY13 clocked 5% compared to 6.2% in FY12 which was the slowest growth rate over the past 10 years. The quarterly GDP growth rates in Q3FY13 and Q4FY13 dipped to 4.7% and 4.8% respectively. This was due to slowdown in agriculture from 3.6% in FY12 to 1.8% in FY13, manufacturing slowdown from 2.7% to 1.9%. Macroeconomic conditions have been weak, stuck by infrastructure bottlenecks, subdued investment sentiment and low domestic demand. The recent moderation in inflation has provided room for further monetary easing in which may spur growth.

GDP plunged to 10-year low FY13

GDP at factor cost at 2004-05 prices (in %)	FY- 10	FY- 11	FY- 12	FY- 13
Gross Domestic Product	8.60	9.30	6.20	5.00
Agriculture, Forestry & Fishing	0.80	7.90	3.60	1.80
Mining & Quarrying	5.90	4.90	-0.60	0.40
Manufacturing	11.30	9.70	2.70	1.90
Electricity, Gas & Water supply	6.20	5.20	6.50	4.90
Construction	6.70	10.20	5.60	5.90
Trade, Hotel, Transport & Communication	7.90	11.50	6.20	5.20
Finance, Insurance, Real Estate & Business Services	9.70	10.10	11.70	8.60
Social & Personal Services	11.70	4.30	6.00	6.80

Source: MOSPI

Exports grew at rapid clip due to global recovery

India's trade showed flat growth in FY13, with export posting 1.8% de-growth and imports growing at 0.4%. Trade deficit widened to USD 190bn in FY13 led by 9.2% increase in oil imports (34.5% of total imports) at USD 169bn on greater demand. Export growth was supported by oil exports which grew at 7% in FY13. India's current account deficit has been impacted due to the increased trade deficit and rupee depreciation, which depreciated nearly 12% in FY13. Current account deficit concerns have been augmented as rupee has depreciated further.

Unprecedented growth in exports

In %	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Exports	23.40	22.60	28.90	13.70	-3.50	40.50	21.80	-1.80
Imports	33.80	24.50	35.40	20.80	-5.00	28.20	32.30	0.40

Source: RBI

Inflation has softened

	FY-08	FY-09	FY-10	FY-11	FY-12	FY-13
(Figures in %)						
WPI	4.70	8.10	3.80	9.60	8.90	7.40
Primary articles	8.30	11.00	12.70	17.70	9.80	9.80
Fuel & Power	–	11.60	-2.10	12.30	14.00	10.50
Manufactured products	4.80	6.20	2.20	5.70	7.30	5.40

Source: RBI

Inflation reduced in FY13 to 7.4% from 8.9% in FY12. Fuel & Power and manufactured products resulted in inflation moderation. Easing of global commodity prices and demand slowdown reduced the inflationary situation. Inflation in May 2013 decelerated further to 4.7%.

**Merchant Banking**

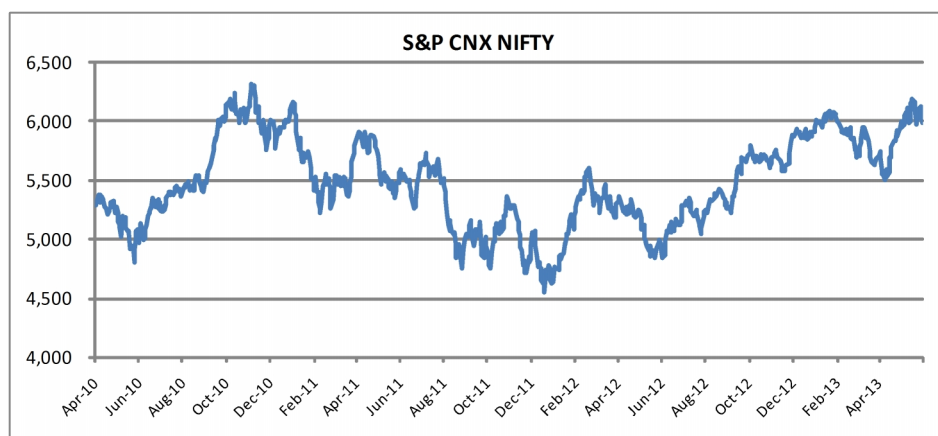
After subdued market in FY12, primary equity issuance market in FY13 declined further. In FY13, there were 33 IPOs that raised Rs 6,528cr as compared to 34 IPOs that raised Rs 5,903cr in FY12. Issuances dropped as the market was not conducive and most market participants remained risk averse. Debt issues also declined to Rs 16,386cr as compared to Rs 35,611cr in FY12. In corporate debt market, privately placed amount for FY13 stood at Rs 361,462cr through 2,489 issues. QIPs surged in FY13, amounting to Rs 15,966cr from 45 issues as compared to 16 issues in FY12.

(Rs cr.)

	FY-10	FY-11	FY-12	FY-13
Primary Market - Debt Issue	2,500	9,451	35,611	16,386
Primary Market – Equity Issue	54,866	57,617	12,753	9,297
QIP	42,729	25,850	2,163	15,966
Private Placement – Debt	226,948	218,785	261,282	361,462

Source: SEBI

Growth in QIP issue as compared to primary market issue reflected the higher institutional interest in FY13. High private placement in corporate debt was due to greater FII participation and due to relatively higher bank rates.

Capital market

Source: NSE

After negative return in FY12, benchmark equity market index (S&P CNX NIFTY) grew by 7.3% in FY13. The volatility during the year remained high as the markets traded in a band of 24% from the previous year's closing level.

Trading turnover (average daily turnover) contracted further to Rs 2,195cr (decline of 18% over FY12) on BSE while NSE cash turnover contracted to Rs 10,833cr (decline of 4% over FY12).

Cash Market daily turnover declines

(Rs cr.)

Year	BSE	NSE	Total
FY09	4,527	11,325	15,852
FY10	5,651	16,959	22,610
FY11	4,333	14,049	18,382
FY12	2,681	11,289	13,970
FY13	2,195	10,833	13,028

Source: NSE, BSE, SEBI

Commodity Market

The FY13 witnessed a 6% decrease in the total value of trade to Rs.170.46 lakh crores in commodities across 22 exchanges in India.

Growth of commodities turnover during past 5 years

(Rs. in lakh crore)

Year	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover	52.49	77.65	119.49	181.26	170.46
Growth (in %)	29.10	47.90	53.90	51.70	- 6.00

Source- FMC

The major commodities that were traded in India were bullion and metals which comprised 46% and 19% respectively of total trade. Trade in bullion de-grew by 29.4% over the last year with gold trading de-growth at 14% over FY12. The agriculture commodities de-grew by 1.8% even as Agri non-food de-grew by 37%.

Sectoral Break up and Growth of Different Commodities

(Rs cr.)

	2012-13	% age share in overall trade	2011-12	% age share in overall trade	Growth in 2012-13
Agriculture	1,728,204	10.10	2,196,149	12.10	-21.31
Bullion	7,862,678	46.10	10,181,957	56.20	-22.78
Metals	3,260,050	19.10	2,896,720	16.00	12.54
Energy	3,768,408	22.10	2,851,268	15.70	32.17
Overall	17,046,840	100.00	18,126,103	100.00	-5.95

Source- FMC

The government of India is planning a new legislation this year which would allow banks and foreign players to participate in commodity trading. The option contract in commodities which is under review by government will help improve the trade volume by attracting hedgers and speculators. Option contract can be a perfect tool for the commodity risk management market in India. This would help bring the equity, debt and commodity market together spurring the business for the many market participants.

Despite having a strong and growing economy, India's share in global commodity market is not much encouraging. Except gold, India's share in other commodities compared to its global peers is insignificant. Although India's production of agriculture products is large its contribution to international trade is miniscule. Various development projects on and off the farm will be the key growth driver in the near future.

Challenges ahead

Institution Participation - Currently many institutional mostly financials are not permitted to trade commodity futures.

Introduction of Commodity Options - The matter is said to be under the active consideration of the Government and the options trading may be introduced in the near future.

Tax and Legal bottlenecks - Regulatory changes are needed to bring uniformity in octroi and sales taxes etc. VAT is yet to be adopted by all states. Currently the taxes for speculative gain and loss are different which means speculator cannot offset futures losses against profits in the underlying commodity.

Wholesale Debt Market

In Indian wholesale debt market is government securities (G-sec) hold a major share of 50.6% of total traded value and 56.2% of total market capitalization. RBI regulations require banks to keep a min 23% SLR which is the major reason behind the popularity of G-sec. Also the less developed corporate bond market helps G-sec take a major share of bond market. The share of top 10 securities in total trade value is steadily decreasing over the years signaling a more broad based market evolution. In year March 2013 the share of top 10 securities accounts for 47.9% as compared to 53.3% in 2007-08. Indian debt market is the third largest in Asia, yet the volumes are abysmally low.

**Market Capitalization as on March-31, 2013**

Security Type	No of Securities	Mkt Cap (<i>'in crores</i>)	%age of total
Govt Securities	128	2,769,002	56.20
PSU Bonds	1079	305,606	6.20
State Loans	1,490	904,143	18.30
Treasury Bills	53	298,488	6.10
Local Bodies	19	3,028	0.10
Fin Inst.	543	173,140	3.50
Bank Bonds	495	210,486	4.30
Supranational Bonds	1	391	0.00
Corporate Bonds	1,974	264,047	5.40
Total	5,782	4,928,332	100.00

Source- NSE

Financing Activities (NBFC)

NBFCs have been playing a very important role both from the macro economic perspective and the structure of the Indian financial system. NBFCs are the preferred alternatives to the conventional banks as a financial intermediary for meeting various financial requirements of a business enterprise as they provide a hassle free credit. A sales driven approach and quick & efficient service offered by NBFC without complex formalities make them a better alternative to traditional banks. To withstand the competition, NBFCs need to constantly innovate in terms of their product as well as improve their operational efficiencies. The coming years will be very crucial for NBFCs and only those who will be able to face the challenge and prove themselves by standing the test of time will survive in the long run. The changing and tougher banking regulation can be a major impediment to the growth of NBFC in India.

Number of NBFC registered with RBI

End June	Number of Registered NBFC	Number of NBFC-D	Number of NBFCs ND-SI
2006	13,014	428	149
2007	12,968	401	173
2008	12,809	364	189
2009	12,740	336	234
2010	12,630	308	260
2011	12,409	297	319
2012	12,385	271	375

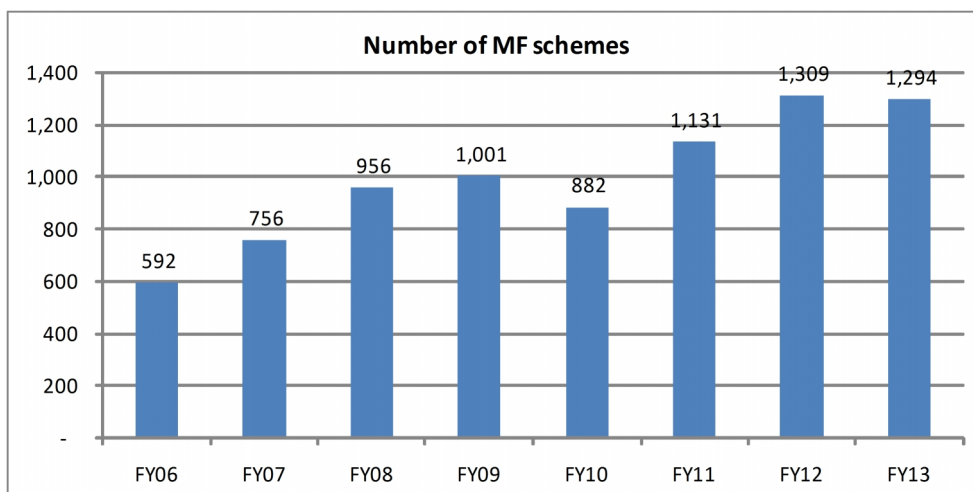
Source-RBI Annual Report on trends and progress of banks.

The non-banking financial sector is witnessing a consolidation process, with smaller NBFCs (deposit taking) opting for either merger or closure and some larger ones getting converted into non-deposit taking NBFCs. NBFCs are comfortably placed with higher capital. The financial performance of deposit-taking Non-Banking Financial Companies (NBFCs-D) showed an improvement as reflected in the increase in their operating profits mainly emanating from growth in fund-based income. Despite the decline in the number of NBFCs, their total assets as well as net owned funds registered an increase during 2011-12.

Vehicle Finance

Vehicle finance industry generally faced challenges with the slowdown in demand coupled with high fuel prices and little respite in interest rates. As per estimates from Society of Indian Automobile Manufacturers, growth in overall passenger vehicle segment is likely to improve slightly to 5-7% on the back of the continued demand for the diesel vehicles which is expected to push the growth of utility vehicle sales. In the commercial vehicle segment, sale of medium and heavy commercial ranges are expected to improve. The long term perspective of the commercial vehicle industry looks positive and is expected to grow at a compounded annual growth rate of 12-14% till 2017-18 (source: CRISIL).

Mutual Funds



Source: AMFI

The net resource mobilization increased to Rs 76,539cr in FY13 largely due to income funds. At gross level, mutual funds mobilized over Rs 72.67 lakh crore in FY13, while there was redemption worth Rs 71.91 lakh crore. The net inflow into income funds was Rs 82,981 lakhs in FY13 as compared to net outflow of Rs 18,528cr in FY12. In equity funds, net outflow in FY13 was Rs 12,931cr as compared to net inflow of Rs 264 cr. This significant level of fund mobilization has also helped the total asset under management of mutual funds to grow to Rs 7.01 lakh crore in FY13 compared to 5.87 lakh crore in FY12. Equity funds contributed 21% to the AUM, income fund contributed 56% to the AUM and liquid/ money market fund contributed 13% to it.

(‘in crores)

	Sales	Redemptions	Net Resource Mobilization
FY05	840,694	837,508	3,186
FY06	1,099,559	1,045,336	54,223
FY07	1,938,592	1,844,512	94,080
FY08	4,464,376	4,310,575	153,801
FY09	5,426,353	5,454,650	-28,297
FY10	10,019,023	9,935,942	83,081
FY11	8,859,515	8,908,921	-49,406
FY12	6,819,679	6,841,702	-22,023
FY13	7,267,885	7,191,346	76,539

Source: AMFI

Insurance

As at the end of September 2012, there were 52 insurance companies operating in India of which 24 are in the life insurance business and 27 are in non-life insurance business. In addition GIC is the sole national re-insurer. The life-insurance industry recorded a premium income of Rs 2,87,072cr in FY12 as compared to Rs 2,91,639cr in FY11. In the non-life segment the insurers



underwrote gross direct premium of Rs 52,876cr in FY12 as compared to Rs 42,576cr in FY11. Life insurance penetration has gone up from 2.15% in 2001 to 3.4% in 2011.

Improved insurance penetration

Insurance Penetration as % to GDP	2004	2005	2006	2007	2008	2009	2010	2011
India (fiscal year)	3.20	3.10	4.80	4.70	4.60	5.20	5.10	4.10
World	7.90	7.50	7.50	7.50	7.10	7.00	6.90	6.60

Source: IRDA

Challenges & Outlook

The global economic scenario for 2013 remains depressed. The economic environment in India also worsened during 2012-13. The GDP growth rate moderated further to 5%. Interest rates and inflation continue to be high, affecting business and consumer sentiments. Being an elections year, the mega event of the largest democracy, early next year will be a vital development for India economy. It is believed, the weaker currency will offset the current account deficit by rising export due to competitive pricing in the international market and would improve the corporate earnings in the coming quarters, which is considered as positive for the country's foreign portfolio investment perspective. In general economic evaluation, The UNIDOW FIS has maintained a stable outlook on the overall economic prospect of the country. The challenge of overspending will be curbed and anticipating a firm growth and minimal risk of large fiscal deficit to GDP ratio.

Financial Performance on Consolidated Basis

The financial markets were volatile during the year under review. A combination of factors such as high inflation, a depreciating rupee, investors fear about the euro zone, sluggish industrial and investment activities, net drop in FII inflow collectively contributed to the lower growth of the economy. All these have taken a toll on investor sentiments and market participation. There was a fall in fee-based income. The investment banking business and the institutional brokerage business also witnessed drop in incomes. With tough macro and volatile market condition, the consolidated top-line dipped from Rs. 8,034.77 lakhs to Rs. 6,289.02 lakhs. Your company posted a net loss of Rs 1,261.87 lakhs as compared to the loss of Rs. 221.15 lakhs in FY12.

Risk and Concern

Fortune operates on a comprehensive risk management framework that has put in place over the period of time. Fortune reviews credit applications, collections and branch processes to ensure that the business process is in line with the organizational policies and procedures. Concerned divisions identify operational and tactical risk and suggest measures for mitigation and control. The findings and observations are used for periodic process improvements.

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, has in its place a clear processes and well-defined roles and responsibilities for its employees 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 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 published from time to time.

Our aim is to establish and enhance Company's operating policies, systems and processes in order to align them to best practices and changing organizational and regulatory requirements. With the current market scenario becoming more challenging, the focus on asset quality has taken a center stage.

Internal audit of its entire subsidiary are regularly carried out. The Internal Audit Reports along with implementation and recommendations contained therein are constantly reviewed by the Audit Committee of the Board. 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.

Cautionary Statement

Statements in this Management Discussion and Analysis report describing the Company's objectives, projections, estimates and expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

The Company is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

INDEPENDENT AUDITOR'S REPORT

To the Members of

Fortune Financial Services (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Fortune Financial Services (India) Limited (the Company and its subsidiaries constitute the "Fortune Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Fortune Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Consolidated Balance Sheet, of the state of affairs of the Fortune Group as at March 31, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss, 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 Statement, of the consolidated cash flow of the Fortune Group for the year ended on that date.

For NIPUN SUDHIR & ASSOCIATES
Chartered Accountants
ICAI Firm Registration No. 0126168W

Sudhir V. Nair
Partner
(Membership Number 45893)

Mumbai, 29 May 2013

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013**

(Rupees in lakhs)

Particulars	Note number	As at 31-Mar-13		As at 31-Mar-12	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	4	1,287.93		1,287.93	
Reserves and surplus	5	9,049.99		10,311.86	
			10,337.92		11,599.79
Non-current liabilities					
Long-term borrowings	6	-		3.72	
Long-term provisions	7	-	-	3.11	6.83
Current liabilities					
Short-term borrowings	6	12,198.32		15,031.43	
Trade payables	8	5,752.99		9,022.47	
Other current liabilities	9	1,623.94		1,847.96	
Short-term provisions	7	272.08	19,847.33	207.69	26,109.55
TOTAL			30,185.25		37,716.17
ASSETS					
Non-current assets					
Fixed assets					
(i) Tangible assets	10	343.40		534.67	
(ii) Intangible assets	10	56.17		23.02	
Non current investments	11	0.05		0.05	
Deferred tax assets	12	256.46		170.51	
Long-term loans and advances	13	1,396.00		1,178.32	
Other non-current assets	14	68.22	2,120.30	188.56	2,095.13
Current assets					
Current investments	15	1,318.61		882.19	
Trade receivables	16	1,719.20		6,409.69	
Cash and bank balances	17	10,646.69		15,307.10	
Short-term loans and advances	13	13,749.27		12,106.33	
Other current assets	14	631.18	28,064.95	915.73	35,621.04
TOTAL			30,185.25		37,716.17

Significant accounting policies and Notes to Accounts **1 to 35**

In terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No.0126168W

Sudhir V. Nair

Partner

Membership No.45893

Mumbai, May 29, 2013

Nimish C. Shah

Managing Director

Chintan V. Valia

Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note number	(Rupees in lakhs)	
		Year ended 31-Mar-13	Year ended 31-Mar-12
Income			
Revenue from operations	18	6,046.50	7,921.75
Other income	19	242.52	113.02
TOTAL		6,289.02	8,034.77
Expenses			
Employee benefits expense	20	1,639.75	2,255.15
Finance costs	21	1,037.92	1,408.75
Depreciation and amortisation expense		172.83	243.49
Operating and other expenses	22	4,763.36	4,246.28
TOTAL		7,613.86	8,153.67
Profit / (Loss) before tax		(1,324.84)	(118.90)
Tax expense:			
- Current tax		25.08	147.15
- Current tax relating to prior years		(2.11)	20.51
- Deferred tax		(85.94)	(65.41)
Profit / (Loss) after tax		(1,261.87)	(221.15)
Earnings per equity share:			
Basic and diluted (Rupees) (Refer note 31)		(9.80)	(1.74)
Significant accounting policies and Notes to Accounts	1 to 35		

In terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No.0126168W

Sudhir V. Nair

Partner

Membership No.45893

Mumbai, May 29, 2013

Nimish C. Shah

Managing Director

Chintan V. Valia

Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	(Rupees in lakhs)	
	31-Mar-2013	31-Mar-2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	(1,324.84)	(118.90)
Adjustments for :		
Depreciation and amortisation expense	172.83	243.49
Miscellaneous expenses written off	15.94	15.29
Loss on sale of assets (net)	25.97	7.42
Provision for diminution in value of current investments/ stock/derivatives (net)	208.50	–
Provision for diminution in value of current investments/ stocks/derivatives written back (net)	–	(5.27)
Loss on sale of current investments(net)	–	144.39
Net gain on sale of investments	(298.31)	–
Provision for doubtful debts	23.19	109.46
Provision for doubtful advances	–	3.99
Provision for doubtful advances written back	(0.60)	–
Bad Debts / Sundry balances written off (net)	365.53	316.59
General provision against standard assets	1.20	1.30
Provision for non performing assets	113.43	–
Provisions for employee benefits	21.34	(11.48)
Interest received	(160.91)	(97.33)
Interest expense	897.71	1,231.63
Dividend income	(17.38)	(9.42)
Operating Profit before Working Capital Change	43.60	1,831.16
Adjustments for :		
(Increase)/ Decrease in trade and other receivables	3,039.61	84.32
(Increase)/ Decrease in current investments	(346.61)	(45.86)
(Increase)/Decrease in margin money deposit, fixed deposit and other bank balances (Refer note 17)	4,967.22	(1,344.36)
(Increase)/Decrease in other liabilities	(98.59)	358.41
Increase/ (Decrease) in trade payables	(3,269.48)	(686.42)
	4,335.75	197.25
Interest income	160.91	97.33
Dividend income	17.38	9.42
Direct taxes paid (net of refunds)	(448.44)	(293.41)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	4,065.60	10.59
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(79.07)	(82.63)
Sale of fixed assets	38.39	33.12
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(40.68)	(49.51)

CONSOLIDATED CASH FLOW STATEMENT CONTD...

	(Rupees in lakhs)	
	31-Mar-2013	31-Mar-2012
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares /Conversion of equity warrants	–	360.00
Net borrowings	(2,847.63)	580.85
Interest expense	(897.71)	(1,231.63)
Dividend and distribution tax paid	(74.69)	(283.22)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(3,820.03)	(574.00)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	204.89	(612.92)
Cash and cash equivalents at the beginning of the year	654.99	1,267.91
Cash and cash equivalents at the end of the year	859.88	654.99
Previous year's figures have been regrouped / reclassified wherever necessary.		

In terms of our Report of even date

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No.0126168W

Sudhir V. Nair

Partner

Membership No.45893

Mumbai, May 29, 2013

For and on behalf of the Board

Nimish C. Shah

Managing Director

Chintan V. Valia

Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary



Significant accounting policies and Notes to Consolidated Accounts

1 COMPANY OVERVIEW

Fortune Financial Services (India) Limited (the 'Company') and its six wholly owned Indian subsidiaries (collectively referred to as the "Group") is one of the hybrid players in the business that are present both in corporate finance as well as entire broking spectrum. The 'Group's full service portfolio consists of investment banking as well as corporate finance activities on the capital market side as well as advisory, offers broking services in the cash and future & options segments, depository participant, currency derivatives, commodity broking, loan activities, wholesale debt market activities, portfolio management services and all wealth and distribution related products.

2 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 Standards 21 (AS 21) "Consolidated Financial Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- ii) The notes and significant accounting policies to the Consolidated Financial Statements are intended to serve as a guide for a better understanding of the Groups 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.
- ii) The details of subsidiaries and the interest of the Company therein, included in the Consolidated Financial Statements are as under :

Name of the subsidiary	As at March 31, 2013	As at March 31, 2012
	% of voting power held	
Fortune Equity Brokers (India) Limited	100	100
Fortune Commodities & Derivatives (India) Limited	100	100
Fortune Credit Capital Limited	100	100
Fortune Financial India Insurance Brokers Limited	100	100
Fortune Integrated Home Finance Limited	100	–
Fortune Integrated Assets Finance Limited	100	–

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared under the historical cost convention on an accrual basis. The financial statements have been prepared in accordance with the generally accepted accounting principles to comply in all material aspects with the Accounting Standards (AS) prescribed in the Companies (Accounting Standards) Rules 2006 and the provisions of the Companies Act, 1956 ("The Act") issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

3.2 Use of estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

3.3 Revenue recognition

Revenue is recognised when it is earned and no significant uncertainty exists of its ultimate realisation/collection.

- a. Issue Management fee is accounted on the basis of the terms of agreement with the clients.
- b. Placement fees, professional fees and other service charges are accounted when there is reasonable certainty of its ultimate realisation / collection.
- c. Income on broking activities is recognised on the trade dates.
- d. Income from distribution is accounted when there is reasonable certainty of its ultimate realisation.
- e. Interest income is recognised on an accrual (time proportion) basis. In its 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.
- f. Commission income on first year premium on insurance policies is recognised, when insurance policies sold by the Company are accepted by the principal insurance company. Renewal commission is accounted for on receipt basis.
- g. Income from depository operations is recognised on accrual basis.
- h. Dividend Income is recognised when the right to receive dividend is established.
- i. Profit / loss on sale of investment is determined at the time of actual sale/ redemption

3.4 Employee Benefits**a) Short term employee Benefits**

Employee benefits such as salaries, allowances short term compensated absences, estimated cost of bonus, exgratia and employee benefits under defined contribution plans such as provident fund and other funds which fall due within twelve months of rendering the service are classified as short term employee benefits and charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

b) Long term employee benefits

Employee benefits under defined benefits plans like gratuity which fall due for payment after a period of twelve months from rendering of service or after completion of employment are determined base on actuarial valuation using the projected unit credit method.

The Company's obligations recognised in the Balance Sheet represents the present value of obligations as reduced by the fair value of plan of assets, where applicable

3.5 Employee stock option scheme.

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) and the Guidance Note on Accounting for Stock Options issued by The Institute of Chartered Accountants of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation, if any, is charged to the Statement of Profit and Loss on a straight line basis over the vesting period of the options. The Employee Stock Option outstanding account, net of unamortised deferred employee compensation, if any is shown separately as part of reserves.

3.6 Tangible fixed assets

Intangible Assets are stated at cost of acquisition, net of tax / duty credits availed less amortisation and impairment losses, if any. An asset is recognised when it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where it's cost can be reliably measured.

3.7 Intangible fixed assets

Intangible Assets are stated at cost of acquisition, net of tax / duty credits availed less amortisation and impairment losses, if any. An asset is recognised when it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where it's cost can be reliably measured.

3.8 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 Act.
- b. On intangible assets, 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. On assets costing less than Rs.5,000, at hundred percent of the cost of the asset in the year of purchase.
- e. On leasehold improvements, over the primary period of the lease.

3.9 Impairment

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in a prior accounting period is reversed if there is a change in the estimate of the recoverable amount.

3.10 Taxation

Provision for tax comprises current tax and deferred tax charge or benefit.

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 and are capable of reversal in one or more subsequent periods. 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.

3.11 Investments

All Investments are stated at cost. Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments". Provision for diminution in value of current investments is made if the fair value of investments is less than its cost. 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 value of investments made during the year is charged to the Statement of Profit and Loss.

3.12 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 price 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 scrip wise /index wise) on open futures contracts, credit balances if any, in the account attributable to anticipated income being ignored keeping in view the consideration of prudence.

3.13 Earnings per share

The basic earnings per share is computed and disclosed by dividing the net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

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

3.14 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

3.15 Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of past events for which a probable outflow of resources is expected to settle the

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.

3.16 Leases

Operating lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments for assets taken under operating leases are charged off to the statement of Profit and Loss over the lease term.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and deposits with bank. The Company considers all highly liquid investments/ bank deposits with a remaining maturity on the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

3.18 Cash flow statements

The Cash Flow Statement is prepared using the indirect method set out in Accounting Standard 3 on "Cash flow Statement" and presents the cash flow by operating, investing and financing activities of the Company.

3.19 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Realised gains and losses on foreign currency transactions during the year are recognised in the Statement of Profit and Loss. Monetary items denominated in foreign currency are restated using the closing exchange rate of the date of the balance sheet and the resulting net exchange difference is recognised in the Statement of Profit and Loss.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4 SHARE CAPITAL

(Rupees in lakhs)

	As at 31-Mar-2013		As at 31-Mar-2012	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs. 10 each	15,000,000	1,500.00	15,000,000	1,500.00
TOTAL	15,000,000	1,500.00	15,000,000	1,500.00
Issued, subscribed and fully paid-up				
Equity shares of Rs.10 each	12,879,290	1,287.93	12,879,290	1,287.93
TOTAL	12,879,290	1,287.93	12,879,290	1,287.93

a Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

(Rupees in lakhs)

	As at 31-Mar-2013		As at 31-Mar-2012	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	12,879,290	1,287.93	12,279,290	1,287.93
Issued during the year on conversion of equity warrants	–	–	600,000	60.00
At the end of the year	12,879,290	1,287.93	12,879,290	1,287.93

b Shares held by shareholders holding more than 5% of the aggregate shares in Company“shares in the Company

Name of Shareholder	31-Mar-2013		March 31, 2012	
	Number of shares	% of Holding	Number of shares	% of Holding
Nimish C. Shah	2,227,504	17.30	2,065,504	15.59
Nogard Investments Limited	1,800,000	13.98	1,800,000	14.66
Lytton Grove Corporation	1,533,992	11.91	1,533,992	12.49
Bomin Finance Limited	1,000,000	7.76	1,000,000	8.14
Alchemy Housing Finance Private Limited	692,251	5.37	–	–
Virtuous Finance Limited	692,251	5.37	–	–
Jagannath T. Poonja	23,900	0.19	1,607,040	12.48

c Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive their share in the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d The Company has not reserved any shares for issue of options and contracts / commitments for sale of shares / divestments.

e During the period of five years preceding March 31, 2013

- The Company has not allotted any shares pursuant to contract(s) without payment being received in cash
- The Company has not allotted any bonus shares
- The Company has not bought back any shares

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

f Employees stock option plan ("ESOP")

The Employee Stock Option Plan provides that the Company's employees and those of its subsidiaries are granted options to acquire equity shares of the Company. The options may be exercised within a specified period.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any of the fair market value of the underlying share over the exercise price.

The Company currently has two ESOP schemes, ESOP scheme 2006 and ESOP Scheme 2007. These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 2006 scheme provides for the issue of 522,500 options and 2007 scheme for 60,690 options to eligible employees. These schemes are administered by the Compensation Committee comprising four members, the majority of whom are independent directors.

Details of options granted, vested, exercised, lapsed and the closing balance in the above mentioned Schemes are as under:

Particulars	ESOP Scheme 2006		ESOP Scheme 2007	
	2012-2013	2011-2012	2012-2013	2011-2012
Options outstanding at the beginning of the year	–	98,010	38,000	25,000
Options granted during the year	–	–	–	45,000
Lapsed during the year	–	98,010	1,000	32,000
Options exercised during the year	–	–	–	–
Options outstanding at the end of the year	–	–	37,000	38,000
Options vested	–	–	–	–
Options yet to vest	–	–	37,000	38,000

As the exercise is made at the market price prevailing on the date of the grant, the issuance of equity shares pursuant to exercise of options does not affect the profit and loss of the Company.

5 RESERVES AND SURPLUS

(Rupees in lakhs)

	As at 31-Mar-13	As at 31-Mar-12
Capital Reserve		
Balance as per last financial statements	268.00	88.00
Add : Amount transferred on forfeiture of equity warrants	–	180.00
Closing Balance	268.00	268.00
Securities Premium Account		
Balance as per last financial statement	5,729.52	5,309.52
Add : Securities premium credited on share issue	–	420.00
Closing Balance	5,729.52	5,729.52
Statutory Reserve		
(u/s 45-1C of the RBI Act, 1934)		
Balance as per last financial statements	191.72	157.22
Add: Transferred during the year	6.28	34.50
Closing Balance	198.00	191.72
General Reserve		
Balance as per last financial statement	732.41	732.41
Closing Balance	732.41	732.41



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Surplus in Statement of Profit and Loss		
Balance as per last financial statement	3,390.21	3,720.75
Net Profit/(loss) for the year	(1,261.87)	(221.15)
Amount available for appropriation	2,128.34	3,499.60
Less: Appropriations		
Proposed final equity dividend	–	64.40
Tax on dividend	–	10.49
Transfer to statutory reserve	6.28	34.50
Total appropriation	6.28	109.39
Closing balance	2,122.06	3,390.21
TOTAL	9,049.99	10,311.86

6 BORROWINGS

	(Rupees in lakhs)			
	Long term		Short term	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Loans repayable on demand				
From banks	–	–	6,127.55	10,341.25
Others	–	–	6,070.77	4,690.18
Vehicle loans	3.72	18.24	–	–
	3.72	18.24	12,198.32	15,031.43
Less: Current maturity of Vehicle loans disclosed under the head "Current Liabilities" (Refer note 9)	(3.72)	(14.52)	–	–
TOTAL	–	3.72	12,198.32	15,031.43
The above amount includes:				
Secured borrowings	–	–	10,719.20	13,737.28
Unsecured borrowings	–	–	1,479.12	1,294.15

Notes:

- Loans from banks are secured against shares, fixed deposit and book debts . These loans are repayable on demand within one year from the respective dates of the loans and carry interest in the range of 10% to 22% p.a.
- Vehicles loans are secured by hypothecation of vehicles and carries an interest rate of 9.8% p.a. and repayable in equated 36 monthly installments from the date of loan.
- Loans from bank include Rs. 4,891.41 lakhs (previous year Rs. 6,327.85 lakhs) for which corporate guarantees have been provided by the Holding Company.
- The Directors have provided personal guarantee in respect of loans from banks where balance as at March 31, 2013 is Nil (previous year Rs. 1,788.20 lakhs).

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

7 PROVISIONS

(Rupees in lakhs)

	Long term		Short term	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Provision for employee benefits				
Unavailed leave	–	–	90.22	73.77
Gratuity	–	3.11	41.07	33.07
Others				
Provision for proposed equity dividend	–	–	–	64.40
Contingent provision against standard assets	–	–	27.36	26.16
Provision for non performing assets	–	–	113.43	–
Provision for dividend distribution tax	–	–	–	10.29
TOTAL	–	3.11	272.08	207.69

8 TRADE PAYABLES

(Rupees in lakhs)

	As at 31-Mar-13	As at 31-Mar-12
Trade payables	5,752.99	9,022.47
TOTAL	5,752.99	9,022.47

9 OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31-Mar-13	As at 31-Mar-12
Interest accrued and due	261.79	440.11
Income received in advance	–	38.43
Unclaimed dividends	23.82	24.11
Book overdraft	515.46	428.41
Mark to Market Margin -Equity Index/Stock/Option/Currency futures (Net of provision for diminution Rs.0.25 lakhs (previous year Rs.10.51 lakhs))	6.85	12.72
Statutory liabilities	235.68	224.17
Other payables	576.62	665.49
Current maturity of long term borrowings (Vehicle loans) (Refer Note 6)	3.72	14.52
TOTAL	1,623.94	1,847.96



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10. FIXED ASSETS

(Rupees in lakhs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the year	On deductions	As at 31.03.2013	As at 31.03.2013	As at 31.3.2012
Tangible Assets										
Electrical installation	1.84	–	–	1.84	1.80	0.01	–	1.81	0.03	0.04
Computers	481.33	3.00	46.04	438.29	378.68	40.03	40.33	378.38	59.91	102.65
Office equipments	312.41	9.13	52.73	268.81	119.93	25.96	22.57	123.32	145.49	192.48
Furniture and fixtures	108.97	1.23	20.37	89.83	72.56	6.01	11.69	66.88	22.95	36.41
Leasehold improvements	426.10	5.49	130.34	301.25	301.04	62.21	116.21	247.04	54.21	125.06
Vehicles	158.80	8.13	14.38	152.55	80.77	19.67	8.70	91.74	60.81	78.03
	1,489.45	26.98	263.86	1,252.57	954.78	153.89	199.50	909.17	343.40	534.67
Previous year	1,488.10	69.56	68.21	1,489.45	758.09	224.36	27.67	954.78	534.67	730.01
Intangible Assets										
Computer Software	263.42	52.09	–	315.51	240.40	18.94	–	259.34	56.17	23.02
	263.42	52.09	–	315.51	240.40	18.94	–	259.34	56.17	23.02
Previous year	250.35	13.07	–	263.42	221.27	19.13	–	240.40	23.02	43.27
TOTAL	1,752.87	79.07	263.86	1,568.08	1,195.18	172.83	199.50	1,168.51	399.57	557.69
Previous year	1,738.45	82.63	68.21	1,752.87	979.36	243.49	27.67	1,195.18	557.69	759.09

11 NON CURRENT INVESTMENTS (At cost, unless otherwise stated)

Name of the company	Paid up value per security	Number of instruments		Amount (Rupees in lakhs)	
		As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Investment in equity shares(Fully paid-up) (unquoted)(Trade)					
The Bombay Stock Exchange Limited	Re.1	70,694	70,694	0.05	0.05
TOTAL				0.05	0.05
(Lien with a bank for overdraft facility of a subsidiary company)					

12 DEFERRED TAX ASSETS

(Rupees in lakhs)

	As at 31-Mar-13	As at 31-Mar-12
Provision for employee benefits	40.61	35.67
Provision for doubtful debts	53.61	48.76
Provision for diminution in value of current investments	41.54	19.13
Provision for non performing assets	36.80	–
Provision for doubtful advances	1.18	1.43
Accumulated depreciation	82.72	65.52
TOTAL	256.46	170.51

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 LOANS AND ADVANCES

	(Rupees in lakhs)			
	Long term		Short term	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Unsecured, considered good (unless otherwise stated)				
NBFC Loan Portfolio				
Secured	–	–	8,754.69	8,237.02
Others	–	–	2,933.84	2,226.96
Deposits				
Deposit with exchanges	430.99	431.83	–	34.00
Security deposits	73.49	251.77	126.51	13.83
Loans and advances to related parties	–	–	–	955.84
Other loans	–	–	1,621.56	419.42
Loan to employees	27.81	47.55	62.63	59.88
Less: Provision for doubtful loans	–	(4.41)	(3.81)	–
Prepaid expenses	14.62	26.42	117.68	124.75
Advance income tax and tax deducted at source	849.09	423.62	–	–
(Net of provision of Rs. 844.03 lakhs previous year Rs. 1,489.49 lakhs)				
Advances recoverable in cash or kind or for value to be received	–	1.54	136.17	34.63
(Includes gratuity plan asset Rs. 15.71 lakhs (previous year Nil))				
TOTAL	1,396.00	1,178.32	13,749.27	12,106.33

Deposits include Rs. 84.70 lakhs (previous year Rs. 84.70 lakhs) due from partnership firm in which the Company's directors are partners.

Loans and advances to related party include Nil (previous year Rs. 955.84 lakhs) due from partnership firm in which the Company's directors are partners.

Loan to employee include Rs. 14.33 lakhs (previous year Nil) due from officer of the Company

14 OTHER ASSETS

	(Rupees in lakhs)			
	Non current		Current	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Unsecured, considered good				
Unamortised expenditure				
Miscellaneous expenditure	68.22	78.67	15.87	14.36
Interest accrued on loan	–	–	126.10	–
Interest accrued on deposits	–	7.97	489.21	883.20
Other receivables	–	–	–	18.17
Deposits with original maturity for more than 12 months (Refer Note 17)	–	101.92	–	–
TOTAL	68.22	188.56	631.18	915.73



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15 CURRENT INVESTMENTS (At cost, unless otherwise stated)

	As at 31-Mar-13	As at 31-Mar-12
a) Investment in equity shares (quoted)	1,576.68	903.38
b) Investment in Debts/warrants (quoted)	9.13	2.25
c) Investment in mutual fund units (unquoted)	–	25.00
	1,585.81	930.63
Less : Provision for diminution in the value of current investments	267.20	48.44
TOTAL	1,318.61	882.19

Aggregate amount of quoted investments Rs. 1,585.81 lakhs (previous year Rs. 905.63 lakhs) (Market value of Rs. 1,542.37 lakhs (previous year Rs. 936.84 lakhs))

Aggregate amount of unquoted investments Nil (previous year Rs. 25.00 lakhs)

Name of the company	Paid up value per security	Number of instruments		Amount (Rupees in lakhs)	
		As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
a) Investments in Equity Instruments (Fully paid up) (Non trade)					
Anant Raj Industries Limited	Rs. 10	–	1,900,000	–	113.14
Aurionpro Solution Limited	Rs. 10	15,550	12,000	36.41	34.58
Camphor & Allied Products Limited	Rs. 10	91,823	–	170.68	–
Claris Lifesciences Limited	Rs. 10	42,000	–	107.75	–
Ess Dee Aluminium Limited	Rs. 10	–	130,000	–	186.23
GOL Offshore Limited	Rs. 10	517,500	385,000	412.45	330.86
Housing Development & Infrastructure Limited	Rs. 10	–	2,635	–	2.41
Jai Corp Limited	Rs. 10	–	20,000	–	16.77
Koutons Retail (India) Limited	Rs. 10	144,000	–	9.35	–
Mandhana Industries Limited	Rs. 10	–	20,000	–	49.93
Natco Pharma Limited	Rs. 10	–	10,000	–	31.23
Nitesh Estate Limited	Rs. 10	–	20,000	–	9.03
Parsvnath Developer Limited	Rs. 10	15,60,000	–	664.21	–
Reliance Capital Limited	Rs. 10	–	82	–	0.32
Reliance Industries Limited	Rs. 10	–	2,500	–	19.69
Sarda Enmin Limited	Rs. 10	–	50,000	–	6.25
Shasun Pharmaceuticals Limited	Rs. 2	88,000	–	120.41	–
Strides Arcolab Limited	Rs. 10	5,000	10,000	55.42	56.16
Tata Motors Limited	Rs. 10	–	208	–	0.57
Technocraft Industries Limited	Rs. 10	–	10,000	–	8.98
Usha Beltron Limited	Rs. 10	–	80,000	–	35.45
Va Tech Wabag Limited	Rs. 2	–	500	–	1.78
TOTAL				1,576.68	903.38
b) Investment in debts / warrants (quoted) (Fully paid up)					
Jyoti Structure Ltd	Rs. 120	–	1875	–	2.25
Emaar Mfg. Land Limited	Rs. 9,10,000	1	–	9.13	–
TOTAL				9.13	2.25
c) Mutual fund units (Unquoted) (Fully paid up) (Non trade)					
Axis Equity Fund		–	250,000	–	25.00
TOTAL				–	25.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

16 TRADE RECEIVABLES

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Outstanding for a period exceeding six months		
Secured, considered good	115.54	128.59
Unsecured, considered good	483.40	208.60
Unsecured, considered doubtful	173.48	150.29
Less: Provision for doubtful debts	173.48	150.29
	598.94	337.19
Others		
Secured	803.97	4,924.91
Unsecured	316.29	1,147.59
TOTAL	1,719.20	6,409.69

17 CASH AND BANK BALANCES

	(Rupees in lakhs)			
	Non current		Current	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Cash and cash equivalents				
Bank balances				
In current accounts	–	–	857.50	652.27
Cash on hand	–	–	2.38	2.72
	–	–	859.88	654.99
Other bank balances				
Unpaid dividend account	–	–	23.74	24.09
Deposits with maturity for more than 12 months	–	101.92	–	–
Deposits with maturity for more than 3 months but less than 12 months	–	–	9,763.07	14,628.02
	–	101.92	9,786.81	14,652.11
Amount disclosed under non-current assets (Note.15)	–	(101.92)	–	–
	–	–	9,786.81	14,652.11
	–	–	10,646.69	15,307.10

18 REVENUE FROM OPERATIONS

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Brokerage and related operational income	2,752.43	4,369.87
Distribution and professional Income	100.68	339.86
Investment and merchant banking income	104.11	341.88
Interest on loans	1,746.93	1,553.73
Interest on fixed deposits	1,044.04	1,311.14
Gain on sale of investments (net)	298.31	–
Provision for diminution in value of current investments/stocks/derivatives written back (net)	–	5.27
TOTAL	6,046.50	7,921.75



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19 OTHER INCOME

(Rupees in lakhs)

	Year ended 31-Mar-13	Year ended 31-Mar-12
Interest income	160.91	97.33
Dividend Income	17.38	9.42
Bad debts recovered	56.97	–
Exchange gain	–	3.02
Provision for doubtful advances written back	0.60	–
Miscellaneous income	6.66	3.25
TOTAL	242.52	113.02

20 EMPLOYEE BENEFIT EXPENSES

(Rupees in lakhs)

	Year ended 31-Mar-13	Year ended 31-Mar-12
Salaries, bonus and allowances (Includes Rs. 55.29 lakhs relating to previous year)	1,534.96	2,123.37
Contributions to gratuity, provident and other funds	72.42	98.09
Staff welfare expenses	32.37	33.69
TOTAL	1,639.75	2,255.15

21 FINANCE COST

(Rupees in lakhs)

	Year ended 31-Mar-13	Year ended 31-Mar-12
Interest expenses	897.71	1,231.63
Bank charges	140.21	177.12
TOTAL	1,037.92	1,408.75

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

22 OPERATING AND OTHER EXPENSES

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Brokerage / sub-Brokerage	283.91	123.83
Interest	849.62	794.18
Service charges	1,322.96	1,003.76
(Includes Rs.176.19 lakhs relating to previous year)		
Other operating expenses	303.05	389.92
Loss on sale of current investments (net)	–	144.39
Provision for diminution in value of current investments	208.50	–
Rent (Refer Note 30)	298.27	373.24
Rates and taxes	2.83	3.80
Printing and stationery	33.43	58.61
Travelling expenses	49.65	52.88
Conveyance expenses	59.67	61.50
Motor vehicle expenses	46.29	48.56
Electricity charges	108.70	67.83
Communication expenses	94.78	135.03
Advertisement expenses	1.84	9.92
Legal and professional fees	205.70	144.87
Auditors' remuneration (Refer Note 27)	15.32	14.33
Repairs and maintenance	188.29	204.22
Newspapers, books and periodicals	13.87	13.81
Membership and subscriptions	12.26	12.99
Business promotion expenses	86.48	92.73
Insurance	15.13	19.25
Donation	0.03	0.54
Directors' sitting fees	6.00	7.40
Bad debts written off	365.53	316.59
Loss on sale of assets	25.97	7.42
Exchange loss	–	2.68
General provision against standard assets	1.20	1.30
Provision for doubtful debts	23.19	109.46
Provision for non performing assets	113.43	–
Provision for doubtful advances	–	3.99
Miscellaneous expenses	27.46	27.25
TOTAL	4,763.36	4,246.28



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

23 SEGMENT REPORTING

Primary segment

Segments have been identified in accordance with Accounting Standard 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 company does not have any separate geographical segment other than India.

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

(Rupees in lakhs)

Particulars	Capital market activities		Investment and merchant banking activities		Financing activities		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Segment revenue								
External revenue	4,678.70	6,310.59	247.68	571.29	2,114.63	1,724.03	7,041.01	8,605.91
Inter segment revenue	693.58	305.08	11.90	99.52	46.51	166.55	751.99	571.15
Total revenue	3,985.12	6,005.51	235.78	471.77	2,068.12	1,557.48	6,289.02	8,034.76
Segment Result								
Profit before tax	(1,443.22)	(485.06)	(385.67)	(35.91)	504.05	402.07	(1,324.84)	(118.90)
Provision for tax								
Current tax		51.20		11.80	25.08	84.15	25.08	147.15
Deferred tax	(22.67)	(62.33)	(21.52)	(3.10)	(41.75)	0.02	(85.94)	(65.41)
Current tax relating to prior years	(7.27)	16.26	5.16	4.10	–	0.15	(2.11)	20.51
Total Result	(1,413.28)	(490.19)	(369.31)	(48.71)	520.72	317.75	(1,261.87)	(221.15)
Segment assets	15,901.11	25,025.70	1,648.97	1,458.62	12,633.22	11,231.85	30,183.30	37,716.17
Segment liabilities	11,750.50	20,478.31	1,381.32	130.94	6,731.56	5,507.13	19,863.38	26,116.38
Net Segment Assets	4,150.61	4,547.39	267.65	1,327.68	5,901.66	5,724.72	10,319.92	11,599.79
Other Information								
a) Capital expenditure	64.89	81.74	0.54	0.89	13.64	–	79.07	82.63
b) Depreciation and amortisation	165.26	231.75	6.91	11.46	0.66	0.28	172.83	243.49

24 Related party transactions

Names of related parties and nature of relationship

a) Enterprises having significant influence

Mehra Capital Services Private Limited

Jamish Investment Private Limited

Umrigar Investment Private Limited

Fortune Capital Services

J. T. Poonja (HUF)

Nimish C. Shah (HUF)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b) Key management personnel and their relatives:

Mr. J.T. Poonja, Chairman

Mr. Nimish C. Shah, Managing Director

Ms. Sangeeta Poonja, Director (up to July 31, 2012) Relative of a Director

Mr. Abhinay Poonja, Relative of a Director

Ms. Aparna Poonja, Relative of a Director

Ms. Indumati C. Shah, Relative of a Director

Ms. Jalpa N Shah, Relative of a Director

Ms. Vidhi N Shah, Relative of a Director

c) Details of transaction with related parties referred to above

(Rupees in lakhs)

Nature of Transactions	Enterprises having significant influence	Key management personnel and their relatives	Total
Brokerage charged	16.85 (9.00)	5.90 (6.78)	22.75 (15.78)
Rent	51.00 (51.00)	– (–)	51.00 (51.00)
Professional fees	– (60.00)	– (–)	– (–)
Interest paid	17.40 (–)	– (–)	17.40 (–)
Interest charged	140.11 (12.13)	1.65 (–)	141.76 (12.13)
Remuneration	– (–)	25.03 (119.81)	25.03 (119.81)
Dividend paid	1.54 (3.42)	16.95 (108.36)	18.49 (111.78)
Loan given	1,309.20 (956.75)	1.00 (–)	1,310.20 (956.75)
Loans taken	585.00 (1,080.98)	– (–)	585.00 (1,080.98)
Reimbursements	4.80 (–)	– (–)	4.80 (–)
Outstanding as on March 31			
a) Deposit receivable	84.70 (84.70)	– (–)	84.70 (84.70)
b) Loans receivable	126.10 (955.84)	10.15 (–)	136.25 (955.84)
c) Loans payable	58.00 (13.00)	– (–)	58.00 (–)
d) Sundry debtors	2.65 (108.52)	– (49.11)	2.65 (157.63)
e) Sundry creditors	9.92 (11.50)	– (0.87)	9.92 (12.37)
f) Dividend payable	– (1.54)	– (14.03)	– (15.57)

Note: Figures in brackets represents previous year amounts



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

25 Disclosure as per accounting standard 15 "Employee Benefits"

a) Defined Benefit Plan for Gratuity as per Actuarial Valuation as at March 31, 2013

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Change in present value of defined benefit obligation		
Liability at the beginning of the year	130.30	111.22
Interest cost	11.08	11.34
Current service cost	21.38	26.96
Benefit paid	(19.25)	(1.13)
Actuarial (gain)/loss on obligations	(14.24)	(18.00)
Liability at the end of the year	129.27	130.39

Change in fair value of plan assets

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Fair value of plan assets at the beginning of the year	94.12	54.54
Expected return on plan assets	8.09	6.93
Contributions	20.02	32.91
Benefit paid	(19.24)	(1.13)
Actuarial gain/(loss) on plan assets	1.31	0.99
Fair value of plan assets at the end of the year	104.31	94.24

Amount recognised in the Balance Sheet

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Liability at the end of the year	93.76	130.38
Fair value of plan assets at the end of the year	104.31	94.24
Difference	(91.91)	(36.14)
Amount recognised in the balance sheet	10.55	(36.14)

Expenses recognised in the Statement of Profit and Loss

	2012-2013	2011-2012
Current service cost	21.38	26.96
Interest cost	11.08	11.34
Expected return on plan assets	(8.09)	(6.94)
Actuarial gain / (loss)	(15.55)	(18.99)
Expense recognised in the Statement of Profit and Loss	8.82	12.37

Actuarial assumptions

	2012-2013	2011-2012
Discount rate (per annum)	8.25%	8.50%
Rate of return on plan assets (per annum)	8.70%	8.60%
Attrition rate (per annum)	2.00%	2.00%
Salary escalation (per annum)	5.00%	5.00%

The estimates of salary escalation considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as demand and supply of employees.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b) Defined Contribution Plans:

The amount recognised as expense and included in "Contribution to gratuity, provident and other funds" in Note 20 is Rs. 49.53 lakhs (previous year Rs. 82.61 lakhs).

c) General Description of significant defined benefit plan

Gratuity Plan : Gratuity is payable to all eligible employees of the Company in terms of the provision of the Payment of Gratuity Act, 1972

26 AUDITOR'S REMUNERATION

	(Rupees in lakhs)	
	2012-2013	2011-2012
Statutory audit	11.71	10.87
Certification and other matters	3.61	3.46
Total	15.32	14.33

27 EARNINGS AND EXPENDITURE IN FOREIGN CURRENCY

a) Earnings in foreign currency

	(Rupees in lakhs)	
	2012-2013	2011-2012
Investment banking income	55.95	62.32
Professional income	–	87.30
Total	55.95	149.62

b) Expenditure incurred in foreign currency

	(Rupees in lakhs)	
	2012-2013	2011-2012
Travelling and business promotion	3.14	4.12
Professional fees	0.78	–
Software charges	1.32	–
Miscellaneous expenses	–	2.04
Total	5.24	6.16

c) Dividend remitted in foreign currency

	2012-2013	2011-2012
Type of Dividend	Dividend for FY 2011-2012	Dividend for FY 2010-2011
Number of non-resident shareholders	3	3
Number of shares held	4,333,992	4,333,992
Gross amount of dividend (Rupees in lakhs)	21.67	86.68



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

28 DERIVATIVE INSTRUMENTS

- a) Initial Margin on Equity Derivative contracts have been paid in cash only.
b) Open equity index /stock future contracts outstanding as on March 31, 2013

Name of the Equity Index / Stock Future	Number of contracts	Number of units	
		Long	Short
Bharat Forge Limited	7	7,000	-
CESC Limited	65	65,000	-
Cipla Limited	19	19,000	-
Jain Irrigation Systems Limited	54	216,000	-
Nifty	40	-	(2,000)
Punj Lloyd Limited	5	40,000	-
Reliance Infrastructure Limited	27	13,500	-

- 29 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.

The rental expense in respect of the operating leases, recognised in the statement of Profit and Loss as "Rent" in note "22" is Rs. 298.27 lakhs (previous year Rs. 373.24 lakhs)

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

	(Rupees in lakhs)	
	2012-2013	2011-2012
Not later than one year	297.74	336.43
Later than one year but not later than five years	452.81	878.34
Later than five years	42.83	73.83

30 EARNINGS PER SHARE

Basic and diluted earnings per share computed in accordance with Accounting Standard 20 "Earning Per Share"

A. Basic and diluted	2012-2013	2011-2012
Number of equity shares at the beginning of the year	12,879,290	12,279,290
Addition during the year	-	600,000
Number of equity shares at the end of the year	12,879,290	12,879,290
Weighted average number of equity shares		12,683,674
Net profit after tax (Rupees in lakhs)	(1,261.87)	(221.15)
Basic earning per share of Rs. 10 each (in rupees)	(9.80)	(1.74)

31 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Contingent liabilities

- a) Guarantees 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 Subsidiary Company is Rs. 5,528.75 lakhs (previous year Rs. 5,548.75 lakhs)
b) Estimated amount of contracts remaining to be executed on capital account Nil (previous year Nil)

- 32 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 supplier as the Company is prompt in making payments to its suppliers.
- 33 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.
- 34 Balances standing in debtors, creditors and loan and advances are subject to confirmation.
- 35 Previous year's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.

STATEMENT RELATED TO SUBSIDIARY COMPANIES AS ON MARCH 31, 2013

(Rupees in lakhs)

Particulars	Fortune Equity Brokers (India) Limited	Fortune Commodities & Derivatives (India) Limited	Fortune Credit Capital Limited	Fortune Financial India Insurance Brokers Limited	Fortune Integrated Home Finance Limited	Fortune Integrated Assets Finance Limited
Capital	1,805.00	300.00	2,760.00	60.00	25.00	225.00
Reserves	1,737.08	120.03	2,724.07	11.97	(0.34)	(17.05)
Total assests	15,573.08	1,146.61	12,759.13	76.05	25.02	239.55
Total liabilities	12,031.00	726.58	7,275.06	4.08	0.36	31.60
Current investments (net of provision for diminution in the value of current investments)	1,190.55	–	128.06	–	–	–
Turnover	3,975.27	695.66	2,106.60	7.77	0.38	7.65
Profit before tax	(873.06)	(29.77)	14.73	0.10	(0.34)	(17.02)
Tax expense	(32.65)	3.12	(16.70)	(0.41)	–	0.03
Profit after tax	(840.41)	(32.89)	31.43	0.51	(0.34)	(17.05)



Fortune Financial Services (India) Limited

Standalone Financial Statements
for the year ended March 31, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of

Fortune Financial Services (India) Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of Fortune Financial Services (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.



- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For NIPUN SUDHIR & ASSOCIATES
Chartered Accountants
ICAI Firm Registration No. 0126168W

Sudhir V. Nair
Partner

(Membership Number 45893)

Mumbai, 29 May 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Annexure referred to in Paragraph 1 under the heading "Report on Other legal and Regulatory Requirements" of our Report of even date.

On the basis of such checks as we considered appropriate and in our opinion and according to the explanations given to us, we report as under:

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
 - b. The Management has not physically verified its fixed assets during the year.
 - c. Based on the information and explanations given by the Management and on the basis of audit procedures performed by us, we are of the opinion that the assets sold by the Company during the year have not affected its going concern.
2. The Company is an investment and merchant banking company and does not hold any inventories. Accordingly, paragraph 4(ii)(a), (b) and (c) of the order is not applicable.
3.
 - a. In our opinion and according to the explanations given to us, the Company has granted unsecured loan to two companies covered in the register maintained under Section 301 of the Act. The maximum amount outstanding in respect of the loan given during the year was Rs. 405.23 lakhs and the year end balance of such loans is Rs. 360.57 lakhs.
 - b. In our opinion, the rate of interest, and other terms and conditions of the loan granted to the company covered in the Register maintained under Section 301 of the Act are not prima facie prejudicial to the interests of the Company.
 - c. The receipt 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 by the Company.
 - e. The Company has taken loan from two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount of the loan taken during the year was Rs. 802.32 lakhs of which one of the year end balance of unpaid loan is Rs. 41.06 lakhs.
 - f. The repayment of principal and interest is regular wherever there are stipulations with respect to the same.
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 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 weakness in the internal control system.
5. 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 there are no contracts or arrangements which are required to be entered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(v) (b) of the Order is not applicable.
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, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

7. The Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
8. According to the information and explanations given to us, the Company, being an investment & merchant banking company, paragraph 4(viii) of the order is not applicable.
9.
 - a. According to the records of the Company and the information and explanations given to us, the Company has been 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 explanation given to us there are no arrears of statutory dues as at the last day of the financial year, outstanding for more than six months from the date they become payable.
 - c. According to the information and explanations given to us, there are no statutory dues, which are disputed by the Company.
10. The Company does not have any accumulated loss as at 31 March 2013. The Company has incurred a cash loss during the financial year covered by our audit. The Company did not incur any cash loss in the immediately preceding financial year.
11. 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.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other.
13. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, paragraph 4(xiii) of the Order is not applicable.
14. 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.
15. Based on our audit procedures and as confirmed by the Management, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has not taken any term loans.
17. 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.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not made any public issue of shares during the year.
21. 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
ICAI Firm Registration No. 0126168W

Sudhir V. Nair

Partner
(Membership Number 45893)

Mumbai, 29 May 2013

**BALANCE SHEET AS AT MARCH 31, 2013**

(Rupees in lakhs)

Particulars	Note number	As at 31-Mar-13	As at 31-Mar-12
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,287.93	1,287.93
Reserves and surplus	4	8,648.93	9,052.05
		9,936.86	10,339.98
Non-current liabilities			
Long-term provisions	5	–	3.11
Current liabilities			
Short-term borrowings	6	1,182.30	–
Other current liabilities	7	155.53	40.61
Short-term provisions	5	84.55	87.25
		1,422.38	127.86
TOTAL		11,359.24	10,470.95
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	8	13.54	20.85
(ii) Intangible assets	8	1.46	3.14
Non-Current investments	9	9,349.75	8,094.75
Deferred tax assets	10	38.24	16.71
Long-term loans and advances	11	101.30	78.54
Other non-current assets	12	1.39	1.75
		9,505.68	8,215.74
Current assets			
Trade receivables	13	49.93	17.20
Cash and bank balances	14	1,275.54	1,172.88
Short-term loans and advances	11	433.32	936.75
Other current assets	12	94.77	128.38
		1,853.56	2,255.21
TOTAL		11,359.24	10,470.95

Significant accounting policies and Notes to Accounts 1 to 32

In terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No. 0126168W

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 29, 2013

Nimish C. Shah

Managing Director

Chintan V. Valia

Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note number	(Rupees in lakhs)	
		Year ended 31-Mar-13	Year ended 31-Mar-12
Income			
Revenue from operations	15	228.27	473.87
Other Income	16	19.49	105.49
TOTAL		247.76	579.36
Expenses			
Employee benefits expenses	17	332.70	210.36
Finance cost	18	49.08	26.38
Depreciation and amortisation expenses		6.91	11.46
Operational and other expenses	19	278.55	270.27
Total expenses		667.24	518.47
Profit / (Loss) before tax		(419.48)	60.89
Tax expense:			
- Current tax		-	11.80
- Current tax relating to prior years		5.16	4.10
- Deferred tax		(21.52)	(3.10)
Profit / (Loss) after tax		(403.12)	48.09
Earnings per equity share:			
Basic and Diluted (Refer Note 26)		(3.13)	0.38
Significant accounting policies and Notes to Accounts	1 to 32		

In terms of our Report of even date

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No. 0126168W

Sudhir V. Nair

Partner

Membership No. 45893

Mumbai, May 29, 2013

For and on behalf of the Board

Nimish C. Shah
Managing Director**Chintan V. Valia**
Director**S. G. Muthu Kummar**
Chief Financial Officer**Haroon Mansuri**
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Rupees in lakhs)

31-Mar-13

31-Mar-12

A CASH FLOW FROM OPERATING ACTIVITIES

		60.89	
Adjustments for:			
Depreciation and amortisation	6.91	11.46	
Miscellaneous expenses written off	0.36	0.36	
Profit on sale on assets (net)	(0.08)	(0.69)	
Profit on sale of current investments (net)	(7.99)	(7.38)	
Provision for employee benefits (net)	66.40	(6.18)	
Provision for doubtful debts	6.68	2.11	
Bad debts / sundry balances written off	1.38	0.02	
Interest income	(120.33)	(208.87)	
Interest expense	46.30	25.24	
Dividend income	(4.24)	(19.08)	
Operating Profit before working capital change	(424.09)	(142.12)	
Adjustments for:			
(Increase) / Decrease in trade and other receivables	(55.13)	288.02	
(Increase) / Decrease in Loans and advances	557.06	(419.34)	
Increase / (Decrease) in trade payables and other payables	114.91	(43.60)	
	192.75	(396.51)	
Direct tax paid (net of refunds)	(33.60)	(27.38)	
NET CASH INFLOW /(OUTFLOW) FROM OPERATING ACTIVITIES		159.15	(423.89)

B CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets	(0.54)	(0.89)	
Sale of fixed assets	2.70	19.93	
(Increase) / Decrease in investments	(1,247.01)	7.38	
Increase / (Decrease) in fixed deposits and other bank balances (Refer Note 14)	(116.92)	103.34	
Interest income	120.33	208.87	
Dividend received	4.24	19.08	
NET CASH INFLOW /(OUTFLOW) FROM INVESTING ACTIVITIES		(1,237.20)	357.71

C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of shares / Conversion of equity warrants	–	360.00	
Net borrowings	1,182.30	(17.65)	
Dividend and distribution tax paid	(72.21)	(242.31)	
Interest expense	(46.30)	(25.24)	
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		1063.79	74.80
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(14.26)	8.62
Cash and cash equivalents at the beginning of the year	23.37	14.75	
Cash and cash equivalents at the end of the year (Refer note 14)	9.11	23.37	

Previous year's figures have been regrouped / reclassified wherever necessary , to confirm the current year's classification.

In terms of our Report of even date

For and on behalf of the Board

For NIPUN SUDHIR & ASSOCIATES

Chartered Accountants

ICAI Firm Registration No.0126168W

Sudhir V. Nair

Partner

Membership No.45893

Mumbai, May 29, 2013

Nimish C. Shah

Managing Director

Chintan V. Valia

Director

S. G. Muthu Kummar

Chief Financial Officer

Haroon Mansuri

Company Secretary

Significant accounting policies and Notes to Accounts

1 COMPANY OVERVIEW

Fortune Financial Services (India) Limited ('Fortune' or the Company) was incorporated on June 14, 1991 as a private limited company. It was subsequently converted into a public limited company on October 20, 1994. The company was made an initial public offer in February, 1995. The Company is presently listed on The Bombay Stock Exchange. The company has six wholly owned Indian subsidiaries for equity and commodity broking, financing and third party distribution activities. The company is SEBI registered Category – I Merchant Banker and a provider of Portfolio Management Services (PMS). Major activities include investment banking as well as corporate finance on the capital market side as well as advisory through well networked and entrenched in the corporate space.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared under the historical cost convention on an accrual basis. The financial statements have been prepared in accordance with the generally accepted accounting principles to comply in all material aspects with the Accounting Standards (AS) prescribed in the Companies (Accounting Standards) Rules 2006 and the provisions of the Companies Act, 1956 ("The Act") issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires Management to make estimates and assumptions 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. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

2.3 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a. Issue Management fee is accounted on the basis of the terms of agreement with the clients.
- b. Placement fees, professional fees and other service charges are accounted when there is reasonable certainty of its ultimate realisation / collection.
- c. Income from distribution is accounted when there is reasonable certainty of its ultimate realisation/collection.
- d. Interest income is recognised on an accrual (time proportion) basis.
- e. Dividend income is recognised when the right to receive dividend is established.
- f. Profit / loss on sale of investment is determined at the time of actual sale/ redemption.

2.4 Employee benefits

a) Short term employee benefits

Employee benefits such as salaries, allowances short term compensated absences, estimated cost of bonus, ex-gratia and employee benefits under defined contribution plans such as provident fund and other funds which fall due within twelve months of rendering the service are classified as short term employee benefits and charged as expense to the Statement of Profit and Loss account in the period in which the service is rendered

b) Long term employee benefits

Employee benefit under defined benefits plans like gratuity which fall due for payment after a period of twelve months from rendering of service or after completion of employment are determined based on actuarial valuation using the projected unit credit method.

The Company's obligations recognised in the Balance Sheet represents the present value of obligations as reduced by the fair value of plan of assets, where applicable.

2.5 Employee stock option scheme.

The stock options granted by the Company are accounted for as per the accounting treatment prescribed by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) and the Guidance Note on Accounting for

Stock Options issued by The Institute of Chartered Accountants of India, whereby the intrinsic value of the options are recognised as deferred employee compensation. The deferred employee compensation, if any, is charged to the Statement of Profit and Loss on a straight line basis over the vesting period of the options. The Employee Stock Option outstanding account, net of unamortised deferred employee compensation, if any is shown separately as part of reserves.

2.6 **Tangible fixed assets**

Tangible fixed assets are stated at cost of acquisition net of tax / duty credits less accumulated depreciation and impairment losses, if any. Cost of acquisition includes all expenses incurred to bring the assets to their location and working conditions up to the date the assets are put to use.

2.7 **Intangible fixed assets**

Intangible Assets are stated at cost of acquisition, net of tax / duty credits availed less amortisation and impairment losses, if any. An asset is recognised when it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured.

2.8 **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 Act.
- b. On intangible assets, 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. On assets costing less than Rs.5,000, at hundred percent of the cost of the asset in the year of purchase.
- e. On leasehold improvements, over the primary period of the lease.

2.9 **Impairment**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in a prior accounting period is reversed if there is a change in the estimate of the recoverable amount.

2.10 **Taxation**

Provision for tax comprises current tax and deferred tax charge or benefit.

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 and are capable of reversal in one or more subsequent periods. 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.

2.11 **Investments**

All Investments are stated at cost. Investments are classified as current or long term in accordance with Accounting Standard 13 on "Accounting for Investments". Provision for diminution in value of current investments is made if the fair value of investments is less than its cost. 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 value of investments made during the year is charged to the Statement of Profit and Loss.

2.12 **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 price 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 scrip wise /index wise) on open futures contracts, credit balances if any, in the account attributable to anticipated income being ignored keeping in view the consideration of prudence.

2.13 Earnings per share

The basic earnings per share is computed and disclosed by dividing the net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

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

2.14 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 operations or from the year of raising of capital.

2.15 Provisions, contingent liabilities and contingent assets

A provision is recognised when there is a present obligation as a result of past events for which a probable outflow of resources is expected to settle the obligation and the amount of the obligation can be reliably estimated.

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.

2.16 Leases

Operating lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments for assets taken under operating leases are charged off to the statement of Profit and Loss over the lease term.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and deposits with bank. The Company considers all highly liquid investments/ bank deposits with a remaining maturity on the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.18 Cash flow statement

The Cash Flow Statement is prepared using the indirect method set out in Accounting Standard 3 on "Cash flow Statement" and presents the cash flow by operating, investing and financing activities of the Company.

2.19 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Realised gains and losses on foreign currency transactions during the year are recognised in the Statement of Profit and Loss. Monetary items denominated in foreign currency are restated using the closing exchange rate of the date of the balance sheet and the resulting net exchange difference is recognised in the Statement of Profit and Loss.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3 SHARE CAPITAL

(Rupees in lakhs)

Share Capital	As at 31-Mar-2013		As at 31-Mar-2012	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs. 10 each	15,000,000	1,500.00	15,000,000	1,500.00
	15,000,000	1,500.00	15,000,000	1,500.00
Issued, subscribed and fully paid-up				
Equity shares of Rs. 10 each	12,879,290	1,287.93	12,879,290	1,287.93
TOTAL	12,879,290	1,287.93	12,879,290	1,287.93

a Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

(Rupees in lakhs)

	As at 31-Mar-2013		As at 31-Mar-2012	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	12,879,290	1,287.93	12,279,290	1,227.93
Issued during the year conversion of equity warrants	–	–	600,000	60.00
At the end of the year	12,879,290	1,287.93	12,879,290	1,287.93

b Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at 31-Mar-2013		As at 31-Mar-12	
	Number of shares	% of Holding	Number of shares	% of Holding
Nimish C. Shah	2,227,504	17.03	2,065,504	16.04
Nogard Investments Limited	1,800,000	13.98	1,800,000	13.98
Lytton Grove Corporation	1,533,992	11.91	1,533,992	11.91
Bomin Finance Limited	1,000,000	7.76	1,000,000	7.76
Alchemy Housing Finance Private Limited	692,251	5.37	–	–
Virtuous Finance Limited	692,251	5.37	–	–
Jagannath T. Poonja	23,900	0.19	1,607,040	12.48

c Terms / Rights attached to Equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share on every resolution placed before the Company and the right to receive dividend.

During the year ended March 31, 2013 the amount of per share dividend recognised as distribution to equity shareholders is Nil (March 31, 2012 Rs. 0.50 per share)

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

d The Company has not reserved any shares for issue of options and contracts / commitments for sale of shares / divestments.

e During the period of five years preceding March 31, 2013:

- a) The Company has not allotted any shares pursuant to contract(s) without payment being received in cash
- b) The Company has not allotted any bonus shares
- c) The Company has not bought back any shares

f Employees stock option plan ("ESOP")

The Employee Stock Option Plan provides that the Company's employees and those of its subsidiaries are granted options to acquire equity shares of the Company. The options may be exercised within a specified period.

The Company follows the intrinsic value method to account for its stock based compensation plans. Compensation cost is measured as the excess, if any of the fair market value of the underlying share over the exercise price.

The Company currently has two ESOP schemes, ESOP scheme 2006 and ESOP Scheme 2007. These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 2006 scheme provides for the issue of 522,500 options and 2007 scheme for 60,690 options to eligible employees. These schemes are administered by the Compensation Committee comprising of four members, the majority of whom are independent directors.

Details of options granted, vested, exercised, lapsed and the closing balance in the above mentioned Schemes are as under:

Particulars	ESOP Scheme 2006		ESOP Scheme 2007	
	2012-2013	2011-2012	2012-2013	2011-2012
Options outstanding at the beginning of the year	–	98,010	38,000	25,000
Options granted during the year	–	–	–	45,000
Lapsed during the year	–	98,010	1,000	32,000
Options exercised during the year	–	–	–	–
Options outstanding at the end of the year	–	–	37,000	38,000
Options vested	–	–	–	–
Options yet to vest	–	–	37,000	38,000

As the exercise is made at the market price prevailing on the date of the grant, the issuance of equity shares pursuant to exercise of options does not affect on the profit and loss of the Company.

4 RESERVES AND SURPLUS

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Capital Reserve		
Opening Balance	268.00	88.00
Add : Amount transferred on account of forfeiture of equity warrants	–	180.00
Closing Balance	268.00	268.00
Securities Premium Account		
Balance as per last financial statements	5,729.52	5,309.52
Add : Securities premium credited on share issue	–	420.00
Closing Balance	5,729.52	5,729.52
General Reserve		
Balance as per last financial statement	439.18	439.18
Add: Transferred from Surplus during the year	–	–
Closing Balance	439.18	439.18



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	2,615.35	2,639.47
Profit / (Loss) for the year	(403.12)	48.09
Amount available for appropriation	2,212.23	2,687.56
Less: Appropriations		
Proposed final equity dividend	-	64.40
Tax on proposed equity dividend	-	7.81
Total appropriations	-	72.21
Closing Balance	2,212.23	2,615.35
TOTAL	8,648.93	9,052.05

5 PROVISIONS

	(Rupees in lakhs)			
	Long term		Short term	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Provision for employee benefits				
Unavailed leave	-	-	43.69	7.84
Gratuity	-	3.11	40.86	7.20
Others				
Provision for proposed equity dividend	-	-	-	64.40
Provision for dividend distribution tax	-	-	-	7.81
TOTAL	-	3.11	84.55	87.25

6 BORROWINGS

	(Rupees in lakhs)			
	Long term		Short term	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Secured				
Bank loan	-	-	1,182.30	-
Vehicle loans	-	1.24	-	-
Less: Amount of current maturity disclosed under the head of "Current Liabilities" (Refer Note. 7)	-	(1.24)	-	-
TOTAL	-	-	1,182.30	-

Note: : Bank loan is secured by pledge of fixed deposits and repayable on demand within one year from the date of the loan and carries an interest @ 10% p.a

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

7 OTHER CURRENT LIABILITIES

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Interest accrued and due	41.06	–
Unclaimed dividends	23.82	24.11
Statutory liabilities	28.35	6.12
Other payables	62.30	9.14
Current maturity of long term borrowings (Vehicle loans)	–	1.24
TOTAL	155.53	40.61

8. FIXED ASSETS

(Rupees in lakhs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the year	On deductions	As at 31.03.2013	As at 31.03.2013	As at 31.3.2012
Tangible assets										
Computers	18.80	-	0.49	18.31	16.31	0.98	0.34	16.95	1.36	2.49
Office equipments	13.56	0.10		13.66	9.53	0.61	-	10.14	3.52	4.03
Furniture and fixtures	29.96	-	9.13	20.83	25.41	0.68	6.66	19.43	1.40	4.55
Leasehold improvements	12.51	-	-	12.51	12.51		-	12.51	-	-
Vehicles	21.74	-	-	21.74	11.96	2.52		14.48	7.26	9.78
Total	96.57	0.10	9.62	87.05	75.72	4.79	7.00	73.51	13.54	20.85
Previous year	122.34	0.16	25.93	96.57	72.99	9.42	6.99	75.42	20.85	49.35
Intangible Assets										
Computer software	17.36	0.44	-	17.80	14.22	2.12	-	16.34	1.46	3.14
Total	17.36	0.44	-	17.80	14.22	2.12	-	16.34	1.46	3.14
Previous year	16.63	0.73	-	17.36	12.18	2.04	-	14.22	3.14	4.45
TOTAL	113.93	0.54	9.62	104.85	89.94	6.91	7.00	89.85	15.00	23.99
Previous year	138.97	0.89	25.93	113.93	85.17	11.46	6.69	89.94	23.99	53.80



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

9 NON-CURRENT INVESTMENTS

Name of the Company	Paid up value per security	Number of instruments		Amount (Rupees in lakhs)	
		As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
a) Investment in equity shares (unquoted) (Fully paid up)					
(i) Investment in subsidiaries (Non trade)					
Fortune Equity Brokers (India) Limited	Rs.10	16,650,000	16,650,000	3,769.70	3,769.70
Fortune Commodities & Derivatives (India) Limited	Rs.10	3,000,000	3,000,000	300.00	300.00
Fortune Credit Capital Limited	Rs.10	27,600,000	24,250,000	4,830.00	3,825.00
Fortune Financial India Insurance Brokers Limited	Rs.10	600,000	600,000	60.00	60.00
Fortune Integrated Home Finance Limited	Rs.10	250,000	–	25.00	–
Fortune Integrated Assets Finance Limited	Rs.10	2,250,000	–	225.00	–
(ii) Others (trade)					
Bombay Stock Exchange Limited	Re.1	70,694	70,694	0.05	0.05
(Lien with a bank for overdraft facility of subsidiary company)					
TOTAL				9,209.75	7,954.75
b) Investment in preference shares (unquoted) (Fully paid up)					
Investment in subsidiary (Non trade)					
Fortune Equity Brokers (India) Limited					
10% Redeemable cumulative preference shares	Rs.10	500,000	500,000	50.00	50.00
12.50% Redeemable cumulative preference shares	Rs.10	900,000	900,000	90.00	90.00
				140.00	140.00
TOTAL				9,349.75	8,094.75

(Aggregate amount of unquoted investments Rs. 9,349.75 lakhs (Previous year Rs. 8094.75 lakhs))

10 DEFERRED TAX ASSETS

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Provision for employee benefits	26.13	5.89
Provision for doubtful debts	3.02	1.00
Accumulated depreciation	9.09	9.82
Deferred tax assets	38.24	16.71

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**11 LOANS AND ADVANCES****(Rupees in lakhs)**

	Non current		Current	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Unsecured, considered good				
Security deposits	15.11	15.11	–	–
Loans and advances to related parties	–	–	360.57	917.63
Loans to employees	3.27	0.95	13.32	5.55
Prepaid expenses	10.77	17.23	16.08	13.57
Advance tax and tax deducted at source (Net of provision of Rs. 201 lakhs (previous year Rs. 422.86 lakhs))	72.15	43.71	–	–
Advance recoverable in cash or kind or for value to be received	–	1.54	43.35	–
	101.30	78.54	433.32	936.75

Security deposits include Rs. 14.70 lakhs (previous year Rs. 14.70 lakhs) due from partnership firm in which directors are partners.
Loan to employee include Rs. 4.18 lakhs (previous year Rs. 1.08 lakhs) due from officer of the company.

12 OTHER ASSETS**(Rupees in lakhs)**

	Non current		Current	
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at 31-Mar-12
Unsecured, considered good				
Unamortised expenditure				
Miscellaneous expenditure	1.39	1.75	0.36	0.36
Interest accrued on fixed deposits	–	–	94.41	107.20
Dividend receivable	–	–	–	15.29
Other receivables	–	–	–	5.53
TOTAL	1.39	1.75	94.77	128.38

13 TRADE RECEIVABLES**(Rupees in lakhs)**

	As at 31-Mar-13	As at 31-Mar-12
Outstanding for a period exceeding six months		
Unsecured, considered doubtful	9.76	3.08
Less: Provision for doubtful debts	9.76	3.08
	–	–
Others debts		
Unsecured, considered good.	49.93	17.20
TOTAL	49.93	17.20

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****14 CASH AND BANK BALANCES**

	(Rupees in lakhs)	
	As at 31-Mar-13	As at 31-Mar-12
Cash and cash equivalents		
Bank balances		
In current accounts	8.57	23.31
Cash on hand	0.54	0.06
	<u>9.11</u>	<u>23.37</u>
Other Bank balances		
Deposits with maturity for more than 3 months but less than 12 months	1,242.69	1,125.42
Unpaid dividend account	23.74	24.09
	<u>1,266.43</u>	<u>1,149.51</u>
TOTAL	<u>1,275.54</u>	<u>1,172.88</u>

Deposit amount of Rs. 1,242.69 lakhs (previous year Nil) pledged with bank for overdraft facility

15 REVENUE FROM OPERATIONS

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Investment and merchant banking income	104.11	341.88
Interest on fixed deposits	116.09	123.92
Profit on sale of assets (net)	0.08	0.69
Net gain on sale of investments (net)	7.99	7.38
TOTAL	<u>228.27</u>	<u>473.87</u>

16 OTHER INCOME

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Interest	14.91	84.95
Dividend income	4.24	19.08
Miscellaneous income	0.34	1.46
TOTAL	<u>19.49</u>	<u>105.49</u>

17 EMPLOYEE BENEFITS EXPENSE

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Salaries, bonus and allowances (Includes Rs. 55.29 lakhs relating to previous year)	286.68	191.93
Contributions to gratuity, provident and other funds	40.27	11.10
Staff welfare expenses	5.75	7.33
TOTAL	<u>332.70</u>	<u>210.36</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**18 FINANCE COST**

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Interest expenses	46.30	25.24
Bank charges	2.78	1.14
TOTAL	49.08	26.38

19 OTHER EXPENSES

	(Rupees in lakhs)	
	Year ended 31-Mar-13	Year ended 31-Mar-12
Service Charge	12.97	21.18
Operational expenses	47.86	49.25
Rent (Refer Note 25)	51.00	51.00
Rates and taxes	0.06	0.28
Printing and stationery	4.89	4.41
Travelling expenses	7.06	9.48
Conveyance expenses	7.92	7.47
Motor vehicle expenses	9.84	5.88
Electricity charges	37.14	14.93
Communication expenses	12.19	16.08
Advertisement expenses	1.37	0.97
Legal and professional fees	16.76	17.23
Auditors' remuneration (Refer Note 23)	4.25	4.76
Repairs and maintenance	16.87	24.66
Newspapers, books and periodicals	3.20	2.69
Membership and subscription	9.99	10.65
Business promotion expenses	15.81	12.52
Insurance	1.85	1.06
Director' sitting fees	6.00	7.40
Bad debts written off	1.38	0.02
Provision for doubtful debts	6.68	2.11
Exchange loss	-	2.68
Miscellaneous expenses	3.46	3.56
TOTAL	278.55	270.27

20 SEGMENT REPORTING

The Company 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. 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.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

21 RELATED PARTY TRANSACTIONS

Details of the related parties with whom transactions were carried out during the year alongwith a description of the relationship and the amounts involved are provided below.

a) Names of related parties and nature of relationship

i) 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
Fortune Integrated Home Finance Limited
Fortune Integrated Assets Finance Limited

ii) Enterprises having significant influence

Mehra Capital Services Private Limited
Jamish Investment Private Limited
Umrigar Investment Private Limited
Fortune Capital Services
J. T. Poonja (HUF)
Nimish C. Shah (HUF)

iii) Key management personnel and their relatives

Mr. J.T. Poonja, Executive Chairman
Mr. Nimish C. Shah, Managing Director
Mrs. Sangeeta Poonja, Director (up to July 31, 2012) Relative of a Director
Mr. Abhinay Poonja, Relative of a Director
Ms. Aparna Poonja, Relative of a Director
Mrs. Jalpa N. Shah, Relative of a Director
Ms. Vidhi Shah, Relative of a Director
Mrs. Indumati Shah, Relative of a Director

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**b) Details of transactions with related parties referred to above****(Rupees in lakhs)**

Nature of Transactions	Subsidiaries	Enterprises having significant influence	Key management personnel and their relatives	Total
Capital market transactions				
Rent	– (–)	51.00 (51.00)	– (–)	51.00 (51.00)
Remuneration	– (–)	– (–)	145.80 (49.76)	145.80 (49.76)
Interest	45.71 (2.71)	– (–)	– (–)	45.71 (2.71)
Interest charged	11.90 (83.27)	– (–)	– (–)	11.90 (83.27)
Dividend paid	– (–)	1.54 (3.42)	16.95 (108.36)	18.49 (111.78)
Dividend Income	– (0.96)	– (–)	– (–)	– (0.96)
Issue of equity shares	– (–)	– (10.00)	– (50.00)	– (60.00)
Investment in equity shares of subsidiaries	1,255.00 (–)	– (–)	– (–)	1,255.00 (–)
Investment in preference shares of subsidiaries	– (20.00)	– (–)	– (–)	– (20.00)
Redemption of preference shares of subsidiaries	– (20.00)	– (–)	– (–)	– (20.00)
Loans given	405.18 (5,513.96)	– (–)	– (–)	405.18 (5,513.96)
Loans taken	1,568.37 (1,005.38)	– (–)	– (–)	1,568.37 (1,005.38)
Reimbursement	48.46 (52.85)	– (–)	– (–)	48.46 (52.85)
Outstanding as on March 31				
Loans and advances receivable	360.57 (917.63)	– (–)	– (–)	360.57 (917.63)
Loans payable	41.06 (–)	– (–)	– (–)	41.06 (–)
Deposit receivable	– (–)	14.70 (14.70)	– (–)	14.70 (14.70)
Dividend receivable	– (15.29)	– (–)	– (–)	– (15.29)
Dividend payable	– (–)	– (1.54)	– (14.03)	– (15.57)
Guarantees given	5,258.75 (5,548.75)	– (–)	– (–)	5,258.75 (5,548.75)

Note: Figures in brackets represent previous year amounts

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****22 DISCLOSURE AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS"****a) Benefit Plan for Gratuity as per Actuarial Valuation as at March 31, 2013**

	(Rupees in lakhs)	
	2012-2013	2011-2012
Change in present value of defined benefit obligation		
Liability at the beginning of the year	38.32	36.02
Interest cost	3.26	3.31
Current service cost	1.72	4.41
Liability transferred in	28.28	-
Benefit Paid	(0.87)	(0.59)
Actuarial (gain)/loss on obligations	3.51	(4.83)
Liability at the end of the year	74.22	38.32

	(Rupees in lakhs)	
	2012-2013	2011-2012
Change in Fair Value of Plan Assets		
Fair value of plan assets at the beginning of the year	28.02	20.97
Expected return on plan assets	2.41	2.08
Contributions	3.35	5.28
Benefit paid	(0.87)	(0.59)
Actuarial gain/(loss) on plan assets	0.46	0.28
Fair value of plan assets at the end of the year	33.37	28.02

	(Rupees in lakhs)	
	2012-2013	2011-2012
Amount Recognised in the Balance Sheet		
Liability at the end of the year	74.23	38.32
Fair value of plan assets at the end of the year	33.37	28.01
Difference	(40.86)	(10.31)
Amount recognised in the balance sheet	(40.86)	(10.31)

	(Rupees in lakhs)	
	2012-2013	2011-2012
Expenses recognised in the Statement Profit and Loss		
Current service cost	1.72	4.41
Interest cost	3.26	3.31
Expected return on plan assets	(2.41)	(2.08)
Actuarial gain / (loss)	3.05	(5.11)
Expense recognised in the Statement of Profit and Loss	5.62	0.53

	(Rupees in lakhs)	
	2012-2013	2011-2012
Actuarial Assumptions		
Discount rate (per annum)	8.25%	8.50%
Rate of return on plan assets (per annum)	8.70%	8.60%
Attrition rate (per annum)	2.00%	2.00%
Salary escalation (per annum)	5.00%	5.00%

The estimates of salary escalation considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factor such as demand and supply of employees.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**b) Defined Contribution Plans:**

The amount recognised as expenses and included in "Contribution to gratuity, provident and other funds" in Note 17 is Rs.6.26 lakhs (previous year Rs.10.41 lakhs).

c) General Description of significant defined benefit plan

Gratuity Plan : Gratuity is payable to all eligible employees of the Company in terms of the provision of the Payment of Gratuity Act,1972.

23 AUDITOR'S REMUNERATION

	(Rupees in lakhs)	
	2012-2013	2011-2012
Statutory audit	2.50	2.50
Certification and other matters	1.75	2.26
TOTAL	4.25	4.76

24 a) Earnings and expenditure in foreign currency

	(Rupees in lakhs)	
	2012-2013	2011-2012
a) Earnings		
Investment banking income	55.95	62.32

b) Expenditure

	(Rupees in lakhs)	
	2012-2013	2011-2012
Travelling and business promotion	2.46	2.01
Miscellaneous expenses	-	2.04
	2.46	4.05

c) Dividend remitted in foreign currency

	2012-2013	2011-2012
Type of Dividend	Dividend for	Dividend for
	FY 2011-2012	FY 2010-2011
Number of non-resident shareholders	3	3
Number of shares held	4,333,992	4,333,992
Gross amount of dividend (Rupees in lakhs)	21.67	86.68

25 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.

The rental expense in respect of the operating leases, recognised in the Statement of Profit and Loss as "Rent" in Note "19" is Rs. 51.00 lakhs (previous year Rs.51.00 lakhs)

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

	(Rupees in lakhs)	
	2012-2013	2011-2012
Not later than one year	51.00	51.00
Later than one year but not later than five years	102.00	12.75
Later than five years	-	-

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****26 EARNINGS PER SHARE**

Basic and diluted earnings per share computed in accordance with Accounting Standard 20 (AS-20) "Earning Per Share"

	2012-2013	2011-2012
Basic and diluted		
Number of equity shares at the beginning of the year	12,879,290	12,279,290
Addition during the year	-	600,000
Number of equity shares at the end of the year	12,879,290	12,879,290
Weighted average number of equity shares	12,879,290	12,683,674
Net profit after tax (Rupees in lakhs)	(403.12)	48.09
Basic earning per equity share of Rs.10 each (Rupees)	(3.13)	0.38

27 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

- a) Fixed deposits of the Company pledged with a bank for overdraft facility of a subsidiary Nil (previous year Rs.1125.42 lakhs)
- b) Guarantee given by the banks on behalf of Fortune Group in respect of capital adequacy, daily margin and other contractual commitments for capital market operations of the Company of its Subsidiaries is Rs.5,258.75 lakhs (previous year Rs.5,548.75 lakhs)
- c) Estimated amount of contracts remaining to be executed on capital account Nil (previous year Nil)

28 DISCLOSURE REQUIRED UNDER CLAUSE 32 OF THE LISTING AGREEMENT

Loan and advances in the nature of loans given to subsidiary companies

	(Rupees in lakhs)	
Name of subsidiary companies	Outstanding as at March 31, 2013	Maximum outstanding during the year
Fortune Equity Brokers (India) Limited	340.51	340.51
Fortune Integrated Assets Finance Limited	20.06	20.06

- 29** 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 supplier as the Company is prompt in making payments to its suppliers.
- 30** 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.
- 31** Balances standing in debtors, creditors and loan and advances are subject to confirmation.
- 32** Previous year's figures are reworked, regrouped, rearranged and reclassified wherever necessary, to conform to the current year's classification.

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of Fortune Financial Services (India) Limited will be held on Saturday, 31st August, 2013 at 11.00 a.m. at 59, Sonawalla Building, 1st Floor, Mumbai Samachar Marg, Fort, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended 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. Ramesh Venkat who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 :

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

"RESOLVED THAT Mr. Chintan V. Valia, who was appointed as an Additional Director of the Company by the Board of Directors through circular resolution dated March 25 2013, 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."

5. To consider and, if thought fit, to pass the following Resolution, with or without modification, as a **Special Resolution**:

"RESOLVED THAT consent of the members be and is hereby accorded, pursuant to the provisions of Sections 198, 269, 309, 310 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. Nimish C. Shah as Managing Director of the Company, for a period of 3 (three) years commencing from 1st July, 2013 on the terms and conditions, set out in the draft agreement between the company and Mr. Nimish C. Shah produced at this meeting and, for the purpose of identification, initialled by the Chairman hereof ;

RESOLVED FURTHER THAT the Board of Directors ("the Board") be and is hereby authorized to execute this agreement in terms of the said draft with such alterations, changes and/or variations in the remuneration payable to Mr. Nimish C. Shah as may be agreed between the Board and Mr. Nimish C. Shah 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."

By Order of the Board

Mumbai, May 29, 2013

Haroon Mansuri
Company Secretary

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, if any, of the Companies Act, 1956, and Article 96 of the Articles of Association of the company, Mr. Chintan V. Valia was appointed as an Additional Director of the company by the Board of Directors of the company by passing circular resolution on 25 March, 2013 & further his appointment confirmed by the Board in their meeting held on 29 May, 2013. 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. Chintan V. Valia as a Director of the company, liable to retire by rotation.

Mr. Chintan V. Valia is a Chartered Accountant and MBA from IIM Bangalore. He has the experience of about five years in capital market, investment banking and FMCG industry. His experience in new initiatives will help the company to focus on de-risking the business model, diversifying into new areas & focus on revenue growth. This will help the company counter the cyclical nature of capital markets.

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

None of the Directors other than Mr. Chintan Valia may deem to be concerned or interested in passing of the resolution at item no. 4 of the Notice.

**Item No. 5 of the Notice**

The Remuneration Committee recommended to your Board that having regard to growth prospects and other relevant factors, the remuneration payable to Mr. Nimish C. Shah, Managing Director, may be suitably revised to conform to the applicable provision of the Companies Act, 1956. Accordingly, and as a matter of administrative convenience, his existing appointment which is valid till 30th June, 2013 and as felt necessary the fresh appointment needs to be made as discussed and approved in the Board meeting held on 29th May, 2013, your Directors have, subject to the approval of the company's members in the ensuing annual general meeting, appointed Mr. Nimish C. Shah as a Managing Director of the company, for a period of 3 (three) years from 1st July, 2013 on terms and conditions including remuneration set out in the draft agreement referred to in the resolutions at item no. 5 of the notice.

The material terms, including remuneration, of the said agreement are as follows:

A. Period: 3 (three) years from 1st July, 2013.

B. Remuneration :

1. Salary : Rs. 2,45,000 per month, with liberty to the Board to grant or withhold increments as deemed fit;
2. House Rent Allowance : Rs. 49,000 per month ;
3. Other Allowance Rs. 5,000 per month;
4. Reimbursement of medical expenses incurred for self and family (i.e. wife, dependent children and dependent parents); Rs. 10,000 per month subject to production of bills;
5. Annual Bonus : Rs. 2,45,000 payable half yearly;
6. 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 up to Rs. 2,45,000 in a year;
7. Commission @ 0.5 percent on the net profits but not exceeding the annual salary;
8. Annual Performance Award/Bonus as may be decided by the Board;
9. Use of a motor car of the company, with driver, for the company's business;
10. 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;
11. Gratuity in accordance with the rules of the company but not exceeding one month's salary for each completed year of service;
12. 22 days' privilege leave with full pay and allowances for each completed year of service, the said leave being accumulatable and encashable in accordance with the rules of the company 6 days casual leave as per policy of the company;
13. Personal accident insurance cover at the cost of the Company provided the actual premium thereof does not exceed Rs. 5,000 per year or such other amount as the Board thinks fit;
14. Use free of cost of a landline and mobile telephone his residence;
15. Annual Subscription to 2 professional bodies &
16. Fees (including entrance and subscription) of 2 Clubs.

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

C. OTHER TERMS :

He shall not be liable to retire by rotation. He shall not, without Board approval, engage himself in any other business, occupation or employment competing with the company's business. He shall not divulge or disclose any confidential information or knowledge as to the business or affairs of the company.

The appointment and the payment of remuneration as above stated will not require approval of the Central Government in terms of provisions of Section 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, as amended up to date.

Your Directors are of the view that in view of, inter alia, their knowledge, business acumen, expertise, and experience the appointment of Mr. Nimish C. Shah will be in the interest of the company and its shareholders and accordingly, commend the resolutions at item no. 5 for your acceptance.

Nimish C. Shah is first generation entrepreneur and has over 20 years of experience in Indian Capital Market. His core acumen lies in Investment Banking, Institutional & HNI Broking. He presently oversees assignments relating to structuring custom financial solutions for clients, assisting companies in raising capital (private equity / venture capital, debt and equity), mergers and acquisitions, strategic partnerships, valuations, other merchant banking activity. He is also actively

involved in pitching ideas and concepts to prospective clients. He looks after the core business development and contributes to evolving new growth strategies.

The draft agreement between the company and Mr. Nimish C. Shah 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).

Mr. Nimish C. Shah is interested in the resolution at item 5 since it concerns his own appointment.

None of the other Directors except Mr. Sohan Mehta is concerned or interested in the resolutions at item no. 5 of the Notice as he is a relative of Mr. Nimish C. Shah

An abstract of the contract between the company and Mr. Nimish C. Shah together with the memorandum of interest pursuant to section 302 of the Companies Act, 1956, has already been circulated to the members.

Additional information as required under Clause (iv) of Table B Part II of Schedule XIII of the Companies Act, 1956.

I. GENERAL INFORMATION

1.	Nature of Industry	Investment & Merchant Banking
2.	Date of commencement of services	1 st April, 1993
3.	In case of new company, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable
4.	Financial performance based on given indicator	The company has incurred a loss of Rs. 403.12 lakhs (after tax)
5.	Export performance and net foreign exchange collaborations	Nil
6.	Foreign investments or collaborations, if any	Nil

II. INFORMATION ABOUT THE APPOINTEE

1.	Background details	Nimish C Shah is first generation entrepreneur and has over 20 years of experience in Indian Capital Market. His core acumen lies in Investment Banking, Institutional & HNI Broking. He presently overseas assignments relating to structuring custom financial solutions for clients, assisting companies in raising capital (private equity / venture capital, debt and equity), mergers and acquisitions, strategic partnerships, valuations, other merchant banking activity. He is also actively involved in pitching ideas and concepts to prospective clients. He looks after the core business development and contributes to evolving new growth strategies.
2.	Past remuneration	Rs. 37.70 lakhs for the period commencing from 1 st August, 2012.
3.	Recognition or awards	N. A.
4.	Job profile and his suitability	Looking after Investment & Merchant Banking activities and entire group functions like retail broking in equities, commodities, NBFC activities and distribution of various financial products and general management.
5.	Remuneration proposed	Rs. 3,50,000 per month.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration is at par with the industry norms and also the level of responsibility undertaken by the appointee.
7.	Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel, if any	The appointee is one of the promoters of the company.

**III. OTHER INFORMATION**

1.	Reasons of loss or inadequate profits	The company has incurred a loss due to the deteriorating market conditions.
2.	Steps taken or proposed to be taken for improvement	The company has initiated steps for reduction on cost.
3.	Expected increase in productivity and profits in measurable terms	In the initial stage, the company may come to break even and a year later it may generate profits.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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. The register of members and the share transfer books of the company will remain closed from **August 26, 2013 to August 31, 2013** (both days inclusive).
4. The annual report containing stand-alone accounts & consolidated accounts for the financial year ended March 31 2013 together with the reports of Auditors and Directors Report and notice of the ensuing AGM and accounts of the subsidiary companies are available on company's website, www.fortune.co.in
5. 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.
6. 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:
 - a. Name of the sole/first joint holder and Folio number
 - b. Particulars of bank account viz.
 - i. name of the bank,
 - ii. name of the branch,
 - iii. Complete address of the branch with pin code,
 - iv. Account type, whether saving account (SB) or current account (CA) and bank account number.
7. Green Initiative in the Corporate Governance
 The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing the Companies the paperless compliance and the said ministry has issued a circular stating that the service of notice / documents including annual reports can be sent by e mail to the members.

 In order to abide by the circular, the members are requested to register their e mail address, to enable the company to send reports by e mail. The members holding shares in demat form may register their e mail address with the respective DPs and the members who holds the shares in physical form are requested to register their e mail with the company or Registrar & Share Transfer Agents. This will enable the company to send the annual reports by e mail.

By Order of the Board

Haroon Mansuri
Company Secretary

Mumbai, May 29, 2013

ANNEXURE TO AGM NOTICE 2013

Details of Directors seeking appointment / re- appointment at the ensuing Annual General Meeting

(In pursuance of Clause 49 of the listing agreement)

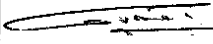
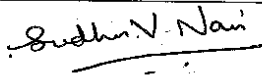
1.	Name	Mr. Ramesh Venkat	Mr. Chintan Valia	Mr. Nimish C. Shah
2.	Date of Birth	14/03/1964	15/03/1983	27/08/1963
3.	Profession	Service	Service	Business
4.	Qualifications	CA, CS & ICWA	CA, MBA	MBA
5.	List of other Directorship held (excluding Private companies.)	1. Fortune Credit Capital Limited 2. Reliance Equity Advisors (India) Limited 3. Reliance Asset Reconstruction Company Limited 4. VVF (India) Limited	1. Fortune Equity Brokers (India) Limited 2. Fortune Commodities & Derivatives (India) Limited 3. Fortune Credit Capital Limited 4. Fortune Financial India Insurance Brokers Limited 5. Fortune Integrated Home Finance Limited 6. Fortune Integrated Assets Finance Limited	1. Fortune Equity Brokers (India) Limited 2. Fortune Commodities & Derivatives (India) Limited 3. Fortune Credit Capital Limited 4. Fortune Financial India Insurance Brokers Limited 5. Fortune Integrated Home Finance Limited 6. Fortune Integrated Assets Finance Limited
6.	Chairman / Member of the Committee of Board of Directors of the company.	Chairman : Remuneration / Compensation Committee Member : Audit Committee	Chairman : Nil Member : 1. Audit Committee 2. Remuneration / Compensation Committee 3. Shareholders' Grievances Committee 4. Internal Finance Committee	Chairman : Shareholders' Grievance Committee Member : Internal Finance Committee
7.	Chairman / Member of the Committee of Board of Directors of other Companies.	Member : Fortune Credit Capital Limited 1. Audit Committee 2. Remuneration / Compensation Committee	Chairman : Fortune Credit Capital Limited Investment Committee Member : Fortune Equity Brokers (India) Limited 1. Audit Committee 2. Remuneration/ Compensation Committee Fortune Credit Capital Limited 1. Audit Committee 2. Grievance Redressal Committee 3. ALCO Committee	Chairman : Nil Member : Fortune Equity Brokers (India) Limited 1. Audit Committee 2. Remuneration/ Compensation Committee. Fortune Credit Capital Limited 1. Audit Committee 2. Remuneration/ Compensation Committee. 3. Grievance Redressal Committee 4. ALCO Committee 5. Investment Committee 6. Nomination Committee
8.	Expertise in functional areas	Mr. Ramesh Venkat has more than 25 years of work experience in the fields of Banking, Corporate Finance and Treasury Management. Mr. Venkat is currently the CEO of Advisory Team in Reliance Anil Dhirubhai Ambani Enterprises (ADAE Group).	He has the experience of about five years in capital market, investment banking and FMCG industry.	Nimish C Shah is first generation entrepreneur and has over 20 years of experience in Indian Capital Market. His core acumen lies in Investment Banking, Institutional & HNI Broking. He presently oversees assignments relating to structuring custom financial solutions for clients, assisting companies in raising capital (private equity / venture capital, debt and equity), mergers and acquisitions, strategic partnerships, valuations, other merchant banking activity. He is also actively involved in pitching ideas and concepts to prospective clients. He looks after the core business development and contributes to evolving new growth strategies.
9.	No. of shares held			
	a) Own	Nil	Nil	22,27,504
	b) In Trust for other persons having beneficial interest.	Nil	Nil	Nil



Notes

[illegible]

FORM - A

1.	Name of the Company	Fortune Financial Services (India) Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	Signed by	
	CEO/Managing Director	
	Chief Financial Officer	
	Auditors of the company	
	Chairman of the Audit Committee	

