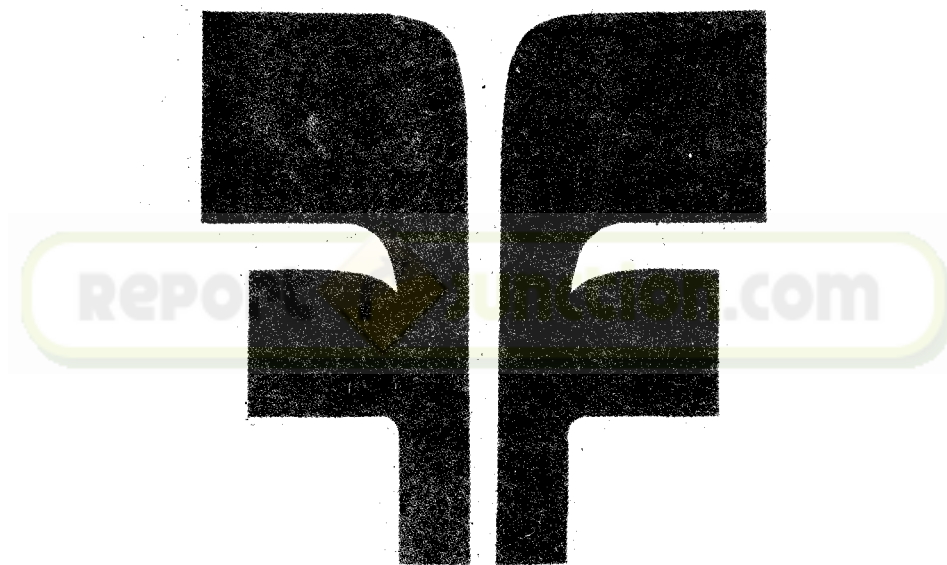


Annual Report 2002 - 2003



Fortune

Financial Services (India) Limited

Contents	Page No.
Board of Directors	01
Notice and Explanatory Statement	02
Directors' Report	03
A Report on Corporate Governance	05
Auditors' Report of Fortune Financial Services (India) Limited	10
Financial Statements of Fortune Financial Services (India) Limited	
- Balance Sheet	12
- Profit and Loss Account	13
- Schedules	14
- Notes to Accounts	21
- Balance Sheet Abstract & General Business Profile	27
- Cash Flow Statement	28
- Statement Pursuant to Section 212 of Companies Act, 1956	29
Financial Statements of Fortune Equity Brokers (India) Limited	
- Directors' Report	30
- Auditors' Report	32
- Balance Sheet	34
- Profit and Loss Account	35
- Schedules	36
- Notes to Accounts	42
- Balance Sheet Abstract & General Business Profile	46
- Cash Flow Statement	47
Consolidated Financial Statements of Fortune Financial Services (India) Limited and its subsidiary	
- Auditors' Report	49
- Consolidated Balance Sheet	50
- Consolidated Profit and Loss Account	51
- Schedules	52
- Notes to Consolidated Accounts	57
- Consolidated Cash Flow Statement	64



BOARD OF DIRECTORS

Mr. J. T. Poonja	Chairman & Managing Director
Mr. Nimish C. Shah	Vice Chairman & Jt. Managing Director
Mr. Sohan C. Mehta	Director
Mrs. Sangeeta J. Poonja	Director
Mr. Sanjay Kothari	Director (w.e.f. 28 th March, 2003)
Mr. Ramesh Venkat	Director (w.e.f. 28 th March, 2003)

COMPANY SECRETARY

Mr. Muthiah Ganapathy

AUDITORS

M/s. Shah & Nair Associates
Chartered Accountants

LEGAL CONSULTANTS

M/s. Purohit & Co.,
Advocates

BANKERS

UTI Bank Limited
HDFC Bank Limited
ICICI Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

Purva Shareregistry (India) Pvt. Ltd.
33, Printing House
28-D, Police Court Lane
Behind Old Handloom House
Fort, Mumbai - 400 001.
E-mail : busicomp@vsnl.com

REGISTERED OFFICE

2nd Floor, K.K. Chambers
Sir. P. T. Marg
Fort, Mumbai - 400 001.

Fortune Financial Services (India) Ltd.

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of Fortune Financial Services (India) Limited will be held on Friday, the 19th day of September, 2003, at the Registered Office of the Company at 2nd Floor, K. K. Chambers, Sir. P.T. Marg, Fort, Mumbai - 400 001 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended as on that date along with Schedules and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sohan C. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

AS SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Sanjay Kothari, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 read with Article 96 of the Articles of Association of the Company and who holds office upto the date of the Annual General Meeting and in whose favour the Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the director of the Company, be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT Mr. Ramesh Venkat, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 read with Article 96 of the Articles of Association of the Company and who holds office upto the date of the Annual General Meeting and in whose favour the Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the director of the Company, be and is hereby appointed as a Director liable to retire by rotation."

Registered Office :
K. K. Chambers, 2nd Floor
Sir. P. T. Marg, Fort
Mumbai - 400 001.

By Order of the Board of Directors

Date : 27th June, 2003

Muthiah Ganapathy
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the time of the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, with respect to Item No.4 and 5 of the Notice is annexed herewith and forms part of the Notice.
4. Members are requested to :
 - (a) immediately intimate change of address, if any, to the Company or the Registrar and Share Transfer Agent M/s. Purva Sharegistry (India) Pvt Ltd., at their Registered Office 33, Printing House, 28-D, Police Court Lane, Behind Old Handloom House, Fort, Mumbai - 400 001, quoting reference of their Registered Folio Number;
 - (b) produce the Attendance Slip duly filled in for attending the Meeting;

(c) bring the copy of the Annual Report to the venue of the Meeting; and

(d) write to the Company at least 10 days in advance of the Annual General Meeting for any information about accounts.

5. The Register of Members and the Register of Share Transfer will remain closed from 16th September, 2003 to 19th September, 2003 (both days inclusive).
6. All the dividends, declared for the financial year 1995-96, remaining unclaimed on 31st July, 2003 will be transferred to the Investor Education and Protection Fund in accordance with the Provisions of the Section 205(C) of the Companies Act, 1956 and no claims shall lie thereafter, against the fund or the Company.
7. Members, in whose name Dividend warrant for the Financial year 1996-97 and 1997-98 issued by the Company and who have not yet encashed the same, are requested to encash the Dividend warrant immediately. Where any amount of dividend remains unclaimed or unpaid for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company then the amount so unpaid or unclaimed will be transferred to the Investor Education and Protection Fund as set up in accordance with Section 205 (C) of the Companies Act, 1956 and no claims shall lie, thereafter, against the fund or the Company.
8. All the documents referred in the Notice and Explanatory Statement are available for inspection at the Registered Office of the Company during office hours on all working days, between 11.00 a.m. and 1.00 p.m., upto the date of Annual General Meeting.
9. Details of other Directorships are disclosed in Corporate Governance under item II - C.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Item No. 4.

Mr. Sanjay Kothari was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 96 of the Articles of Association by the Board of Directors at their meeting held on 28th March, 2003. He is a C.A., C.S., I.C.W.A. and I.C.F.A.I. (DBF) and has more than 15 years of rich experience in the fields of Corporate and Financial Advisory Services.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention proposing his candidature for the office of the Directorship.

None of the Directors, except Mr. Sanjay Kothari, may be deemed to be concerned or interested in the said resolution.

Your Directors recommend the resolution for approval by the members of the Company as an Ordinary Resolution.

Item No. 5.

Mr. Ramesh Venkat was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 96 of the Articles of Association by the Board of Directors at their meeting held on 28th March, 2003. He is a C.A., C.S. and I.C.W.A. and has more than 15 years of rich experience in the fields of Corporate Finance and Treasury.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention proposing his candidature for the office of the Directorship.

None of the Directors, except Mr. Ramesh Venkat, may be deemed to be concerned or interested in the said resolution.

Your Directors recommend the resolution for approval by the members of the Company as an Ordinary Resolution.

Registered Office :
K. K. Chambers, 2nd Floor
Sir. P. T. Marg, Fort
Mumbai - 400 001.
Date : 27th June, 2003

By Order of the Board of Directors

Muthiah Ganapathy
Company Secretary



DIRECTORS' REPORT

To

The Members

Fortune Financial Services (India) Limited

Your Directors present the Twelfth Annual Report along with the Audited Accounts for the year ended 31st March, 2003 of your Company.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	2002-03	2001-02
TOTAL INCOME	224.42	267.53
Profit before Depreciation and Tax	87.94	5.97
Less :		
Depreciation	13.97	101.86
PROFIT/(LOSS) BEFORE TAX	73.97	(95.89)
Provision for Tax - Current	(5.83)	(10.17)
- Deferred	(14.98)	64.94
PROFIT/(LOSS) AFTER TAX	53.16	(41.12)
Add : Balance brought forward from previous year	(237.27)	(527.40)
Less : Transferred from General Reserve	—	332.63
Add : Tax in respect of earlier years (Net)	4.53	(1.38)
Balance carried to Balance Sheet	(179.58)	(237.27)

DIVIDEND

Your Company has made profit during the year under review, however, due to previous years' accumulated losses your Directors do not recommend any dividend for the year.

OPERATIONS AND FUTURE PROSPECTS

The market unlike its natural tendency to be volatile had a downward trend being sluggish and stagnant during the year, which had events like war on Iraq, erratic monsoon season and the pending proposals of disinvestments in major PSU's.

Your Company was directly affected as it is evident from the fact that the total income generated from the operations was reduced by 16% as compared to previous years' overall performance. Despite this your Company was able to improve its net profit to Rs. 53.16 Lacs during the year, cause of various cost control measures implemented by it.

The GDP is expected to grow by 5.5% to 6% in 2003-04 provided the monsoon is normal. With core sectors like steel, automobile, cement showing good signs of improvement after a rough-time and continued momentum in banking and PSU stocks, we expect a much better year for equities this year. Another major positive has been the performance of recent IPOs particularly PSU banks resulting in a revival of the primary market. The success of the IPO offer of India's largest car company – Maruti Udyog which attracted large participation from retail investors. This could again increase the participation of retail investors in the Capital Market. The success of Maruti Udyog IPO will lead to IPOs from other PSUs like Bharat Petroleum, NALCO and TCS India's largest software company later

during the year. Apart from the revival in the primary market, FII's net-inflows in the current year have propelled the secondary market to a new high. We expect FII's inflows to continue as India is increasingly being accepted as an attractive investment destination.

Capital Market Operation

The year under review was the second full year of broking operations of your Company. The Directors are pleased to inform you that your Company has received 3 institutional empanelments for secondary market operations during the year thereby enhancing business prospects. Despite depressed market conditions, your Company's performance was reasonably good having registered total brokerage income of Rs. 72.17 Lacs in the current fiscal year as against Rs. 34.44 Lacs in the previous year, a rise of 109.55% which is commendable. With stock markets looking up, your Company is increasing its efforts to further increase its active clientele for generating higher revenues.

Merchant Banking

Your Company continued to focus its attention on the Investment Banking activities ranging from Private Placement of Equity Shares with Venture Capital Funds, Mutual Funds and Institutions, Issue Management, Corporate Restructuring, Placement of Debts etc. The major landmark during the course of the year was managing the Buy back offer of Gujarat JHM Hotels. As a part of regular Issue Management activity, the Company managed some Takeover offers and Rights Issue. Apart from Gujarat JHM Hotels another prestigious take over offer managed by your Company has been the takeover offer of Alpha Drugs by Punjab Chemicals and Pharmaceuticals, which is coming to a close as of date. It is notable that despite continuing depressed market conditions in the Primary Market segment, your Company managed to maintain its revenue stream from this activity. Your company hopes to do well in the current year with a revival in the primary market.

Apart from the regular issue management activity, your Company has focussed its attention on the growing need for strategic alliances especially in Pharmaceutical Sector. Your Company has been building domain expertise in pharmaceuticals with regard to providing strategic financial advisory services to Indian pharma players. Your Company is hopeful of some success in this activity in this year. In addition, your Company understands the need for private equity capital in newly emerging sectors of IT enabled services and retailing.

Your Company's continued efforts to be in touch with most of the Venture Capital Funds active in the Country for the placement of equity shares of various companies has created one to one relations with most of them, which will help to exploit for future dealings with them.

Equity Research

The Broking activities of your Company continue to get support from the Equity Research Division. Research reports are submitted to various Financial Institutions, Banks, Foreign Institutional Investors with whom our broking outfits are empanelled along with high net-worth individuals and Corporate.

Other Non-Fund based activities

Your company is also actively involved in other non-fund based activities such as syndication in Bills Discounting, Lease Finance, Hire Purchase Finance and other financial services. The net income from non-fund based operation during the year under review is Rs. 10.05 Lacs as against Rs. 13.63 Lacs of the previous year.

Fortune Financial Services (India) Ltd.

DIRECTORS' REPORTcontinued

SUBSIDIARY COMPANY

The Audited Statement of Accounts of Fortune Equity Brokers (India) Limited, a subsidiary of the Company for the year ended 31st March, 2003 along with the Reports of the Board of Directors and Auditors thereon are attached in accordance with the provisions of Section 212 of the Companies Act, 1956.

CORPORATE GOVERNANCE

A report on Corporate Governance along with Auditor's Certificate is attached to and forms a part of this report.

VOLUNTARY DE-LISTING OF SHARES FROM NON-REGIONAL STOCK EXCHANGES

During the year under review, your Company received approval letters from Madras Stock Exchange Ltd., and Ahmedabad Stock Exchange intimating that the admission granted to the dealings on their Exchanges for the securities of your Company has been removed from the "Daily Official List" of the exchanges and the securities of your company would no more be traded in the said Exchanges with effect from 2nd July, 2002 and 3rd December, 2002 respectively. The Company is yet to receive an approval from The Delhi Stock Exchange Association Ltd. for the delisting of securities.

The shares of the Company will continue to be listed with the Regional Stock Exchange, i.e. The Stock Exchange, Mumbai.

FIXED DEPOSITS

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

AUDITORS

M/s Shah & Nair Associates, Chartered Accountants, the Statutory Auditors of the Company hold office upto 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.

DIRECTORS

Mr. Sohan C. Mehta of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend his appointment.

In compliance with the requirements of Corporate Governance, your Board of Directors have so far appointed two independent persons Mr. Sanjay Kothari and Mr. Ramesh Venkat as additional directors on the Board on 28th March, 2003. The said persons are holding office up to the date of the ensuing annual general meeting. Your Directors recommend their appointment as Directors liable to retire by rotation.

Your Company is still in the process of appointing independent persons as Directors on the Board to comply with the requirement of duly constituted Board in accordance with the Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNING AND OUTGO

No foreign exchange was earned during the year under review. However an amount of Rs. 1.01 lacs has been spent on travelling abroad.

PERSONNEL

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

RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Your Directors have selected such accounting policies and applied them consistently and made judgements 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 profit of the Company for the year ended;
- Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- Your Directors have prepared the attached Statement of Accounts for the year ended 31st March, 2003 on a going concern basis.

SHARES LISTED WITH

The Shares of the Company are listed in the following Stock Exchanges :

- The Stock Exchange, Mumbai, Dalal Street, Fort, Mumbai - 400 001 (the annual listing fees for the financial year 2003-04 will be paid); and
- The Delhi Stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi - 110 002 (approval awaited for delisting of application made on 7th May, 2002).

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation and sincere gratitude for the valuable assistance and continued support received from The Stock Exchange, Banks, Financial Institutions, Securities and Exchange Board of India, Constituents, and Shareholders. Your Directors also record their deep sense of appreciation of the devoted services of the Executives and Staff at the various levels of the Company.

For and on behalf of the Board

J. T. Poonja

Chairman & Managing Director

Mumbai, June 27, 2003

www.reportjunction.com



REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy of Code of Governance

Fortune's philosophy of corporate governance envisages attainment of the highest level of transparency, accountability and equity in all its dealings with Shareholders, Employees, Stock Exchange, Securities and Exchange Board of India, Government agencies and Lenders. Fortune endeavors to achieve the highest standards of corporate governance and believes that all its actions and operations should serve the underlying goal of enhancing the shareholder value.

II. Board of Directors

a. Composition and category :

Name	Category	Designation	Date of Appointment
Mr. J. T. Poonja	Promoter / Executive Director	Chairman and Managing Director	1 st August, 1992
Mr. Nimish C. Shah	Promoter / Executive Director	Vice Chairman and Jt. Managing Director	6 th March, 1992
Mrs. Sangeeta J. Poonja	Promoter / Non-Executive Director	Director	14 th June, 1991
Mr. Sohan C. Mehta	Promoter / Non-Executive Director	Director	1 st September, 1992
Mr. Sanjay Kothari	Non-Promoter / Non-Executive and Independent Director	Director	28 th March, 2003
Mr. Ramesh Venkat	Non-Promoter / Non-Executive and Independent Director	Director	28 th March, 2003

b. The Board of Directors of a Company shall meet at least four times a year, with a time gap of not more than four months between any two meetings.

During the year 5 Meetings of the Board of Directors were held on 28.06.2002, 29.07.2002, 30.10.2002, 31.01.2003 and 28.03.2003.

Agenda papers along with necessary statements were circulated to the Directors in advance for each of those meetings and all relevant information was placed before the Board from time to time.

c. The Attendance of each Director at the Board meetings, Last Annual General Meeting and the Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies is as under:

Name	Attendance		Directorships (excluding Directorship in Pvt. Co's.)	Committee	
	Board Meeting	Last AGM		Memberships	Chairmanships
Mr. J. T. Poonja	5	Yes	2	-	-
Mr. Nimish C. Shah	5	Yes	2	1	-
Mrs. Sangeeta J. Poonja	5	Yes	-	1	-
Mr. Sohan C. Mehta	1	Yes	2	-	-
Mr. Sanjay Kothari *	-	-	-	2	2
Mr. Ramesh Venkat *	-	-	1	2	-

* Appointed as Additional Directors by the Board of Directors of the Company at their meeting held on 28th March, 2003.

Directorship held on other companies :

Mr. Sohan C. Mehta

- Sovika Chemicals Pvt. Ltd.
- Sovika Infotek Ltd.
- Aircrew Technical Services Pvt. Ltd.
- Sahil Real Estate Pvt. Ltd.

Mr. Ramesh Venkat

- Sterite Opportunities and Ventures Ltd.

Fortune Financial Services (India) Ltd.

Report on Corporate Governance continued

- d. All pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company should be disclosed in the Annual Report :

Details of sitting fees paid to Non-Executive Directors :

Name	Sitting Fees (Rs.)
Mrs. Sangeeta J. Poonja	5000
Mr. Sohan C. Mehta	1000
Mr. Sanjay Kothari	NL
Mr. Ramesh Venkat	NL

III. Audit Committee

The Audit Committee consists of three Non-Executive Directors with the majority being independent and professionally qualified. The Audit Committee will be supported by internal audit section, which provides re-assurance to the Board on the effectiveness of internal controls and compliance which ensures :

- efficient and effectiveness of operations;
- reliability of financial and management information and adequacy of disclosures;
- safe guarding of assets and adequacy of provisions of all liabilities; and
- compliance with all relevant statutes.

a. Terms of Reference

The role of Audit Committee includes the following:

- To investigate any activity within its terms of reference.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with external auditors before the audit commence about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- The Audit committee shall have such additional functions/ features as are contained in the Listing Agreement.

b. Composition

The Committee consists of Mr. Sanjay Kothari – Chairman, Mr. Ramesh Venkat – Member, Mrs. Sangeeta J. Poonja – Member, majority of them are independent Directors.

Mr. Muthiah Ganapathy, Company Secretary acts as the secretary to the committee.

c. Meetings and Attendance

The Committee was formed on 28th March, 2003 and no meetings were held during the year.

IV. Remuneration Committee

The formation of Remuneration Committee is a non-mandatory requirement.

V. Shareholders Committee

The Committee consists of Mr. Sanjay Kothari - Chairman, Mr. Nimish C. Shah - Member, Mr. Ramesh Venkat - Member, Mr. B. B. Tantri - Member and Mr. Muthiah Ganapathy - Member.

The Board has designated Mr. Muthiah Ganapathy, Company Secretary as the Compliance Officer.

During the year under review the Company had received one complaint from a shareholder, which was resolved and the number of shares pending transfer is NIL.

VI. General Body Meetings

The details of the Annual General Meetings held in last 3 years are as under :

Financial Year	Date & Time	Venue
1999 - 2000	31 st August, 2000 at 10.30 a.m.	Registered Office
2000 - 2001	22 nd September, 2001 at 11.00 a.m.	Registered Office
2001 - 2002	16 th September, 2002 at 11.00 a.m.	Registered Office

No special resolution was required to be put through postal ballot paper last year.



Report on Corporate Governance continued

VII. Disclosures

There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Company's interest.

No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

VIII. Means of Disclosures

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are widely published in leading Non-Financial newspapers viz. Free Press Journal and Navshakti (Marathi edition). The Company is not having a Website of its own and hence these results are not posted.

Management Discussion & Analysis is separately given and forms part of the report.

IX. Code of insider Trading

The Company has adopted a code of conduct for prevention of insider trading called Fortune Employees (Prevention of Insider Trading) Order, 2002 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 insiders while in possessions of unpublished price sensitive information in relation to the Company.

X. General Shareholder Information

a. Annual General Meeting

Date	: 19 th September, 2003
Time	: 11.00 A. M.
Venue	: K. K. Chambers, 2 nd Floor, Sir. P. T. Marg, Fort, Mumbai – 400 001

b. Financial Calendar 2003 – 2004

First quarter results	: By end of July, 2003
Second quarter results	: By end of October, 2003
Third quarter results	: By end of January, 2004
Annual results for the year ending on 31 st March, 2004	: By end of June, 2004

c. Book Closure

The Register of Members and Transfer Registers of the Company will remain closed from 16th September, 2003 to 19th September, 2003 (both days inclusive).

d. Dividend Payment Date

Due to accumulated losses incurred by the Company the Directors have not recommended any dividend for the year.

e. Listing on Stock Exchanges

The Shares of the Company are listed at the Stock Exchange, Mumbai and Delhi. The Company will pay listing fees to The Stock Exchange, Mumbai. However, it is waiting approval of Delhi Stock Exchange Association Ltd. for delisting of its securities.

f. Stock Code

The Stock Exchange, Mumbai	: 530023
The Delhi Stock Exchange Association Ltd.	: 7779

g. Market Price Data :

Details of High/Low during each month in the financial year 2002–2003 :

		Bombay Stock Exchange (BSE)		
Month	Year	Rate (Rupees)		Volumes
		Highest	Lowest	
April	2002	6.00	6.00	250
May	2002	6.00	4.85	100
June	2002	5.00	2.40	933
July	2002	4.25	4.05	1,000
August	2002	3.45	3.45	150
September	2002	—	—	—
October	2002	—	—	—
November	2002	2.90	2.40	200
December	2002	2.85	1.45	605
January	2003	2.40	2.00	640
February	2003	3.80	2.25	1,341
March	2003	3.50	2.85	4,400

During the year no trading had taken place in Delhi Stock Exchange. The Company has applied for delisting of its Securities from Delhi Stock Exchange and is awaiting their approval.

Fortune Financial Services (India) Ltd.

Report on Corporate Governance continued

h. Registrar and Transfer Agent

M/s Purva Sharegistry (India) Private Limited, 33 Printing House, 28-D Police Court Lane, Behind Old Handloom House, Fort, Mumbai – 400 001.

i. Share Transfer System

The Company's shares are traded in Stock Exchanges compulsorily in demat mode. 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 securities audit through competent professionals.

j. Distribution of Shareholding

	Folios		Equity Shares	
	Number	Percentage (%)	Number	Percentage (%)
Promoters	61	2.76	30,24,904	77.90
NRI / OCB	21	0.95	93,000	2.40
Bodies Corporate	17	0.77	80,860	2.08
Public	2,110	95.52	6,84,240	17.62
Total	2,209	100.00	38,83,004	100.00

k. Dematerialisation of shares

As on 31st March, 2003, 72,190 equity shares of Rs.10/- each were in dematerialised form with NSDL and 16,005 equity shares of Rs. 10/- each were in dematerialised form with CDSL constituting 1.86% and 0.41% respectively of the paid-up capital.

l. Address for correspondence

Registered Office: 2nd Floor, K. K. Chambers, Sir. P. T. Marg, Fort, Mumbai – 400 001. E-mail : admin@fortunefinanceindia.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry structure and developments

Globally the year had witnessed a challenging time for International markets particularly in secondary market. The Indian Economy was far from reaching high scales, it too was adversely affected due to declined international trade and economic growth prospects. The first half of the financial year hardly saw any growth as the BSE Sensex plunged to 2,991 points. The market was at its lowest ebb with low volumes of trading and price stagnancy of most preferred stocks. Low Agricultural output cause of inadequate monsoon, post September 11 attack, the war in the middle east – Iraq and political developments have led to the decline of the Capital markets almost throughout the year despite the Initial Public Offers (IPO's) made by some major players viz. Canara Bank, PNB, I-Flex etc and the proposals about the Divestments to be made by Government in major companies like VSNL, IBP, CIVIC, HTL, PPL, BALCO and certain ITDC hotels.

The year 2002-03 turned out to be a good year for the industrial sector registering a growth of 6% during the year almost what was estimated by the Central Statistical Organisation (CSO). The exports during the year had increased mainly due to the resurgence of software sector and the innovative measures and trends undertaken. The emergence of wholesale debt market was one of them it has shown much better results in terms of volumes as compared to the equity trading in the exchanges.

2. Opportunities and Threats

The decline of the market and the rough business weather has directly affected your Company too. The war has led to huge devastation, destruction and it will definitely take its own course of time to revive. The Political uncertainties and frequent changes in the regulations are the factors which governs the markets.

However, with the success of IPO of Maruti Udyog Ltd, the market has opened up and can touch 15 month high by the end of the first quarter of the financial year 2003-04. With simplification of the Regulations to protect the investors' confidence and the thrust being more on the Corporate Governance the market is more likely to grow as compared to the previous year. The emergence of Derivatives, Futures and Options has made the management to explore another avenue of business. The growing disillusionment with China and other Asian countries (other than India) due to outbreak of SAARS has opened Indian market with tremendous growth opportunity.

3. Segment-wise or product-wise performance

Despite the market being low your Company could reasonably generate better income from its operations especially from the Capital Market activities as compared to previous year's figures. Due the regulatory requirement, the Company cannot have a dual certification both for NBFC and Merchant Banking activities, hence it surrendered the certificate relating to NBFC activities to RBI. The Company has stopped NBFC activities and no income is now being generated from them, except from the on-going contracts entered into before surrendering the certificate.

4. Outlook

Various innovative measures have been taken viz. reducing the interest rates, controlling the inflation rate, emergence of Derivatives, futures and options to push up the markets. SEBI has initiated a proposal to introduce full fungibility between Depository Receipts and the