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## MESSAGE FROM THE MANAGEMENT

Dear Stakeholders,

'Fortune' group has once again given encouraging performance across all business verticals during the year. The economic outlook, both global as well as domestic, has improved despite dramatic changes taking place globally. Being a finance service enterprise, we have had to face the brunt of recession, which we did with a lot of confidence in our value system. Looking back, we can proudly say that we have come out with flying colors.

The tremendous support and faith shown by you during the tough times enabled us to maintain our progress and we thank you for that.

All businesses face ups and downs and some manage extraordinary performances despite downturns. We managed to do the same in the last year. We wish to briefly highlight the main reasons for our success and also the direction we need to take to ensure that we continue our growth in the long term.

At 'Fortune' we had our eyes focused on our enterprising theme to **INNOVATE & INITIATE**. We devoted a great share of our energies and resources to thoroughly revamp every vertical of our business by innovating numerous concepts, plans, strategies & tactics and simultaneously initiating the same into action. This translated into a better future and our businesses grew faster. 'Fortune' has delivered superior performance by way of increased revenues, enhanced profits, heightened new clients empanelment, spreading geographical presence and maturing product range with improvements across all key parameters as compared to the last fiscal.

Other major element that led to our success is the dedication of our employees. We are happy to say that we have one of the best teams in the industry. It is very hard to become a preferred employer, but once you do, the best people from the industry want to work with you. We feel that as long as people prefer to work with us, we will have a definite advantage over the competition.

We have not only managed to change our organization for better, but have also increased value addition to customers by broadening the range of our products and services. We have built up a high technology trading infrastructure and created a stronger brand. Continuous training and development have ensured more responsive and proactive employees. All this has led to good performance which we are sure will strengthen your belief in our Company.

The path to our goals is not easy but we will work smartly and our management will do its best to ensure that the market volatility has no impact on our progress. As we move ahead, Fortune will try to attain pole positions in all verticals it will be present in and become an industry model.

As a step further to achieve our vision, we are entering a period of transformational growth with the phased build up of a number of tactical business initiatives, from its world class pool of newly acquired human resources. However, while pursuing these growth



opportunities, we need to simultaneously leverage our expertise and strengths in synergistic areas to maximize stakeholders' value.

We, on behalf of the Company and the Board of Directors express our gratitude to various institutions, banks, government authorities and all others for their useful support and co-operation. We also wish to acknowledge the patronage of our valued customers who have come to respect our brands. We thank them for their affirmation of our actions.

We also take this opportunity to recognize the immense contribution made by the employees of our Company through their dedication and commitment. We would like to sincerely thank our colleagues on the Board for their wise advice and continued guidance. We are also thankful to all of you for the confidence you have maintained in the organization.

We look forward to your continued support and encouragement in all the future to come.

**"Just as energy is the basis of life itself & ideas the source of innovation, so is innovation the vital spark of all human change, improvement & progress"**

***-Theodore Levitt***

With best wishes,

Mumbai, May 20, 2010

**J T Poonja**  
Executive Chairman

**Nimish C Shah**  
Managing Director

**BOARD OF DIRECTORS**

<b>Mr. J.T. Poonja</b>	Executive Chairman
<b>Mr. Nimish C. Shah</b>	Managing Director
<b>Mr. C. R. Mehta</b>	Director
<b>Mr. Gaurang A. Patel</b>	Director <i>(resigned w.e.f. 1<sup>st</sup> November, 2009)</i>
<b>Mr. H. R. Prasad</b>	Director
<b>Mr. Manoj G. Patel</b>	Director
<b>Mr. Ramesh Venkat</b>	Director
<b>Mrs. Sangeeta J. Poonja</b>	Director
<b>Mr. Sanjay Kothari</b>	Additional Director <i>(appointed w.e.f. 25<sup>th</sup> September, 2009)</i>
<b>Mr. Shailesh Haribhakti</b>	Alternate Director
<b>Mr. Sohan C. Mehta</b>	Director



## GROUP INFORMATION

### FORTUNE'S LEADERSHIP TEAM

<b>Mr. Devesh Kumar</b>	Group CEO
<b>Mr. Kamlesh Gandhi</b>	Group Advisor
<b>Mr. Vishal Trehan</b>	Country Head – Retail & Broking
<b>Mr. Pankaj Wadhawan</b>	Head – Financial Advisory Group
<b>Mr. Arun Kumar Bhangadia</b>	Sr. Vice President – Hyderabad Region
<b>Mr. B. B. Tantri</b>	Head – Operations
<b>Mr. S. G. Muthu Kummar</b>	Head – Corporate Affairs
<b>Mr. S. Kalyanasundaram</b>	Head – Treasury
<b>Mr. Pranav Kumar</b>	Head – Corporate Sales
<b>Mr. Naveen Sharma</b>	Head – Northern Region
<b>Mr. Govindaraj</b>	Head – Southern Region
<b>Mr. Mahantesh Sabarad</b>	Sr. Vice President – Equity Research
<b>Mr. Niraj Shah</b>	Sr. Vice President – Equity Research
<b>Mr. Abhijit Chakraborty</b>	Sr. Vice President – Institutional Equity Sales

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### COMPANY SECRETARY

Mr. Haroon Mansuri

### AUDITORS

M/s. Nipun Sudhir & Associates  
Chartered Accountants

### BANKERS

Axis Bank Ltd.  
HDFC Bank Ltd.  
Karur Vysya Bank Ltd.  
Union Bank of India  
Vijaya Bank

### REGISTRAR & SHARE TRANSFER AGENT

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

### REGISTERED OFFICE

K. K. Chambers, 2<sup>nd</sup> Floor,  
Sir P. T. Marg,  
Fort, Mumbai - 400 001  
Website : [www.ffsil.com](http://www.ffsil.com)

## DIRECTORS' REPORT

### Dear Shareholders

Your Directors are pleased to present their Nineteenth Annual Report together with the audited accounts on the business and operations of the Company for the year ended March 31 2010. The summarized financial results of the Company are given below:

### Financial Highlights :

	(Rupees in Lacs)	
	2009-10	2008-09
<b>Total Income</b>	<b>1,443.66</b>	766.02
Profit before depreciation and tax	<b>1,011.21</b>	321.77
Depreciation & Amortisation	<b>19.91</b>	21.24
Profit before tax	<b>991.30</b>	300.53
Provision for taxes - Current tax	<b>221.86</b>	63.00
- Deferred tax	<b>(15.71)</b>	1.85
- Fringe benefits tax	<b>-</b>	3.35
Profit after tax	<b>785.15</b>	232.33
Balance brought forward from previous year	<b>1,946.39</b>	1,859.80
Tax in respect of earlier years (Net)	<b>17.19</b>	0.41
Balance available for appropriations	<b>2,714.35</b>	2,091.72
Transfer to General Reserve	<b>78.51</b>	23.23
Dividend	<b>302.91</b>	122.10
Balance carried to Balance Sheet	<b>2,332.93</b>	1,946.39
Weighted average number of equity shares		
- Basic	<b>11,248,799</b>	10,816,712
- Diluted	<b>11,470,992</b>	11,050,110
Nominal value per share (in rupees)	<b>10.00</b>	10.00
Basic and diluted earnings per share (in rupees)		
- Basic	<b>6.98</b>	2.15
- Diluted	<b>6.84</b>	2.10

### Performance Review :

The efforts of the Company to expand its diversified product offerings, geographical presence, new empanelment of customers is driving the growth as projected. The Company continued to see profitable growth during the year under review across its all business operations.

For the year ended March 31 2010, the Company on standalone basis earned a total income of Rs. 1443.66 lacs, an increase of 88% over previous year's Rs.766.02 lacs.

The net profit of the Company for the year increased to Rs. 785.15 lacs (54% of the total income) as compared to Rs.232.33 lacs (30% of total income) in the previous year.

Fortune did well in achieving business growth across all its product offerings while continued to improve its operational profitability by conserving costs and creating efficiencies. Fortune continues to focus on acquiring new customers while increasing its level of operations with existing customers, post high growth in all spheres it operates. The broad range of services enables Fortune to provide 'end-to-end' services to its clients and able to provide comprehensive and high value adding services to its clientele.



## **Consolidated Results :**

As required under Accounting Standard 21 (AS 21) on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India (ICAI), the audited Consolidated Financial Statements for the year ended March 31 2010 together with Auditors' Report thereon are provided in the Annual Report.

As per the Consolidated Accounts, the Company has earned the total income of Rs. 7,226.43 lacs, an increase of 71% over previous year's Rs. 4,208.31 lacs.

The Consolidated net profit for the year stood at Rs.1,606.34 lacs (22% of the total income) as compared to the net loss of Rs.65.06 lacs in the previous year.

## **Dividend :**

The Directors recommend a dividend of Rs. 2.50 per equity share of Rs. 10/- each for the financial year ended March 31 2010 on 12,116,400 equity shares of Rs. 10/- each of the Company. The dividend if declared at the ensuing Annual General Meeting, will involve a payout of Rs. 302.91 lacs and will be payable to those members whose names appear in the Register of Members as on date of the Annual General Meeting.

## **Future Prospects :**

After the 'annus horribilis' of FY09, the financial markets staged a remarkable turnaround in FY10 on account of the ongoing stabilization of the global financial and economic systems and consequent pick-up in risk appetite across the various financial market participants. The Indian securities markets were a significant beneficiary of the global trend of 'bull run' in financial markets.

There was significant activity in capital raising activity in the domestic markets. In 11 months from April 2009 to February 2010, there were 117 issues raising Rs. 83,240 crore from primary market compared to Rs.14,268 crore raised through 44 issues during April 2008 to February 2009. Amount raised through QIP during 11 months were significantly higher at Rs.41,133 crore compared to meager Rs.189 crore done during previous financial year. Thus there was a substantial increase in risk appetite of institutional players.

There were 38 public issues during April-February 2010 raising Rs.37,125 crore compared to 21 public issues raising Rs.2,082 crore during the previous year. There were total 21 Rights issue collecting Rs. 4,982 crore compared to collecting of Rs. 11,997 crore through 21 Rights issues in the previous year. Thus investors were welcoming new business ideas and did prefer to support existing businesses.

Increased activity in the secondary market improved the flow of funds into mutual fund investments also. Equity oriented mutual funds have seen inflow of Rs.182,811 crore in 11 months April-February 2010 compared to Rs.38,210 crore recorded in previous year. Many of the corporate projects that had been deferred due to slowdown in demand last year have witnessed resumption.

Most market participants expect that the current rally will continue in the near-term. The continued growth of the markets will be dependent on the aggregate global macro-environment (especially the acceleration of growth momentum in face of the ongoing normalization of fiscal and monetary policies in the developed world) and government's initiative to divest stake in various PSUs and invest in infrastructure and urbanization projects.

## **Share Capital :**

### **a) Preferential allotment :**

Pursuant to the consent granted by the members through Postal Ballot, the results of which were declared on January 11 2010, the Internal Finance Committee in its meeting held on February 5 2010 allotted 10,00,000 equity shares of Rs. 10/- each at a premium of Rs. 70/- per share aggregating to Rs. 800.00 lacs to the strategic investors and 6,00,000 equity warrants of Rs. 10/- each at a premium of Rs. 70/- per warrant convertible in to one equity share of Rs. 10/- each at a premium of Rs. 70/- per share, aggregating to Rs. 480.00 lacs on preferential basis to the promoters, relatives of promoters and a Company in which the relatives of promoter are interested.

The 10,00,000 fresh equity shares rank pari-passu with the existing equity shares of the Company with respect to the voting rights and dividend entitlement. The preferential allotment of equity shares and equity warrants has not resulted in to any change in the composition of Board of Directors, management or control of the Company.

The holders of equity warrants have an option to apply for and obtain one equity share of Rs. 10/- each at a premium of Rs. 70/- per share for each equity warrant allotted to them. The option is exercisable with in a period of 18 months from the date of allotment of equity warrants.

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



In July 2008, the Company had allotted 4,00,000 equity warrants of Rs. 10/- each at a premium of Rs. 210/- per warrant convertible in to one equity share of Rs. 10/- each at a premium of Rs. 210/- per share, aggregating to Rs. 880.00 lacs on preferential basis to the promoters, relatives of promoters and a Company in which the relatives of promoter are interested. Such equity warrants were due for conversion in January 2010. The holders of these equity warrants did not exercise their options to convert their holding in to the equity shares of the Company, hence the amount of Rs. 88.00 lacs received by the Company on allotment of the equity warrants has been forfeited and credited to Capital Reserve.

**b) Employees Stock Option Scheme (ESOP) :**

The Company had introduced stock options plan for employees. The statement as required under Clause 12 of the SEBI (ESOP and ESPS) Guidelines, 1999 is annexed as Annexure I and forms part of the Annual Report.

The Company has received a certificate from the Auditors that the FFSIL ESOP Scheme 2006 has 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.

During the year under review, the Company has allotted 16,400 equity shares of Rs. 10/- each under the FFSIL ESOP Scheme.

Consequent to the preferential allotment of equity shares on preferential basis and allotment of equity shares under the FFSIL ESOP Scheme 2006, the paid up equity capital of the Company has been increased to Rs. 1,211.64 lacs divided into 1,21,16,400 equity shares of Rs. 10/- each fully paid up.

**Subsidiary Companies :**

Your Company has received an exemption from the Ministry of Corporate Affairs, New Delhi, exempting the Company for compliance of Section 212 (1) of the Companies Act, 1956 for the year ended March 31 2010. Accordingly, the accounts of the subsidiary companies are not attached with the annual report of the Company. However, the annual accounts of the subsidiary companies will be made available to the investors of the holding and subsidiary companies and be kept for inspection by the members at the Registered Office of the Company and will also be uploaded on the website of the Company.

The information in aggregate for each of the subsidiary companies is disclosed in annual report as stipulated in the letter issued by the Ministry of Corporate Affairs, New Delhi.

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.

During the year under review, the Company has invested a sum of Rs. 862.00 lacs in subsidiary companies detailed as under:

- a) 5,15,000 equity shares of Rs.10/- each fully paid at a premium of Rs.70/- per share in Fortune Equity Brokers (India) Limited aggregating to Rs.412.00 lacs;
- b) 15,00,000 equity shares of Rs.10/- each fully paid at a premium of Rs.20/- per share in Fortune Credit Capital Limited aggregating to Rs.450.00 lacs.

**Fixed Deposits :**

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

**Corporate Governance :**

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

All Board members and senior management personnel have affirmed compliance with code of conduct for the year 2009-2010. A declaration to this effect certified by the Executive Chairman of the Company is also attached in the Annual Report.

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

**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 a service industry, it has in place clear processes and well-defined roles and responsibilities for its staff at various levels. The management has a defined reporting system, which facilitates monitoring and adherence to the process and systems in place.

**Auditors :**

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

**Directors :**

The Board of Directors appointed Mr. Sanjay Kothari as an Additional Director on September 25 2009. Mr. Kothari 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. Kothari as a Director of the Company.

Mr. Gaurang A. Patel has resigned as a Director of the Company effective from November 1 2009. The Board wishes to place on record its appreciation for the valuable contribution made by Mr. Patel during his tenure as a Director of the Company.

Mr. Ramesh Venkat and Mrs. Sangeeta J. Poonja, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

**Conservation of Energy, Technology Absorption :**

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

**Foreign Exchange earnings and outgo :**

(Rupees in Lacs)

Particulars	2009-2010	2008-2009
<b>Earnings :</b>		
Subscription for issue of shares	<b>800.08</b>	2,436.75
Investment & Merchant Banking income	<b>230.73</b>	85.82
<b>Outgo :</b>		
Foreign Travelling / Business Promotion	<b>2.32</b>	6.66
Subscription	–	4.45
Dividend	<b>36.67</b>	49.15

**Particulars of employees :**

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

**Investor Education & Protection Fund :**

During the year under review, no amount of unclaimed dividend was due for transfer to the Investor Education & Protection Fund.

**Directors' Responsibility Statement :**

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith 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 profit of the Company for that period;