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**24th
ANNUAL
REPORT
2014-2015**



**FORTUNE FINANCIAL SERVICES
(INDIA) LIMITED**

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Borad of Directors

- | | | |
|---|--|----------|
| 1 | Mr. Chintan V. Valia | Director |
| 2 | Mr. Pankaj R. Bhuta | Director |
| 3 | Mr. Nishit M. Dhurva | Director |
| 4 | Mr. Khyati C. Valia (w.e.f. 25 / 03 / 2015) | Director |
| 5 | Mr. Manoj G. Patel (upto 31 / 03 / 2015) | Director |



Company Secretary

Mr. Haroon Mansuri

Statutory Auditors

M/s. S. H. Bathiya & Associates LLP.
Chartered Accountants

Bankers

Axis Bank Ltd.
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
Union Bank of India
Vijaya Bank
Yes Bank Ltd.

Registrar & Share Transfer Agent

Purva Shareregistry (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

Naman Midtown, "A" Wing Unit No. 2103
21st Floor, Senapati Bapat Marg
Elphinstone Road, Mumbai - 400 013
CIN : L65910MH1991PLC062067
Email : cosecretary@ffsil.com
Website : www.fortune.co.in



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Twenty Fourth Annual Report and Audited Accounts for the year ended 31st March, 2015.

Financial Results

(Rs. in lakhs)

	2014-2015	2013-2014	2014-2015	2013-2014
	Stand-alone		Consolidated	
Total Income	518.82	828.65	15,918.24	6,101.48
Profit / (Loss) before depreciation and tax	16.76	(1.48)	1,292.24	288.97
Depreciation	6.73	2.99	910.64	305.94
Profit/(Loss) before tax	10.03	(4.47)	381.50	(16.97)
Provision for tax				
- Current tax	--	--	261.50	34.80
- Current tax relating to prior years (Net)	0.75	0.13	(9.10)	1.80
- Deferred tax	7.56	19.46	(71.25)	70.64
Profit/ (Loss) after tax but before minority interest	1.72	(24.06)	200.35	(124.21)
Minority Interest	---	---	52.08	---
Profit / (loss) for the year	1.72	(24.06)	148.27	(124.21)
Add: Balance as per last financial statements	2,188.17	2,212.23	1,977.58	2,122.06
Profit available for appropriations	2,189.89	2,188.17	2,125.85	1,997.85
Transfer to statutory reserve	--	---	39.33	20.27
Balance carried forward to balance sheet	2,189.89	2,188.17	2,086.52	1,977.58
Weighted average number of equity shares				
- Basic	2,83,45,990	1,28,79,290	2,83,45,990	1,28,79,290
- Diluted	2,79,22,245	1,30,32,715	2,79,22,245	1,30,32,715
Nominal value per share (in rupees)	10.00	10.00	10.00	10.00
Basic and diluted earnings per share				
- Basic (in rupees)	0.01	(0.19)	0.53	(0.96)
- Diluted (in rupees)	0.01	(0.18)	0.53	(0.95)

The state of Company's affairs

Standalone

The total income during the year 2014-15 stood at Rs. 518.82 lakhs as against Rs. 828.65 lakhs during the previous year, showing a decrease of 37 % compared to the previous year. The Company has earned a profit before tax Rs. 10.03 lakhs as compared to a loss of Rs. 4.47 lakhs in the previous year. The profit after tax stood at Rs. 1.72 lakhs as against a loss of Rs. 24.06 lakhs in the previous year.

Consolidated

The consolidated income during the year 2014-15 stood at Rs.15,918.24 lakhs as against Rs. 6,101.48 lakhs during the previous year. The consolidated income has been increased substantially as compared to the previous year. During the year under review the Company has on consolidated basis earned a profit of Rs.148.27 lakhs after tax as against a loss of Rs 124.21 lakhs in the previous year.

Consolidated Financial Statements

The Board of Directors of your Company at its meeting held on 12th May, 2015 approved the consolidated financial statements for the financial year 2014-15 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.

Dividend

In view of the marginal profit earned by the Company, the Board of Directors do not recommend any dividend for the financial year 2014-15.

Transfer to General Reserves

The Board of Directors do not propose to transfer any amount to General Reserve for the financial year 2014-2015.

**Fixed Deposits**

The Company has not accepted any deposit from the public during the year under review, within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

Share Capital

During the year under review, the Company has not issued any equity shares with differential rights or sweat equity shares or stock options and has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees

Investment for acquisition of a Company

During the year under review, the Company has acquired 47,68,022 equity shares of Rs. 10/- each fully paid up of Inga Capital Private Limited representing 68.19% of the paid up capital of the investee Company, whereby it became a subsidiary of the Company effective from 26th February, 2015. Inga Capital Private Limited is engaged in the business of Investment Banking and is a Category I Merchant Banker registered with SEBI.

Accounts of subsidiary companies

In terms of proviso to section 136 of the Companies Act, 2013 the Company has not attached the accounts of its subsidiaries with the accounts of the Company. However, the audited annual accounts of the subsidiary companies will be made available for inspection by the members of the holding and subsidiary companies at the registered office of the Company and will also be uploaded on the website of the Company. The audited annual accounts of the subsidiary companies will be made available to members of the companies and its subsidiary Company, seeking such information at any point of time.

Details of Subsidiaries and step down subsidiaries

Statement containing salient features of the financial statements of subsidiary companies in form AOC 1 is attached and marked as **Annexure I**.

The details of subsidiaries and step down subsidiaries are provided on Form MGT 9 attached to this report and marked as Annexure II

Material changes and commitments affecting financial statements between financial year end and date of report - Not applicable

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future - Not applicable

Adequacy of internal financial controls with reference to the Financial Statements.

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.

Number of meetings of the Board

During the year under review five meetings of the Board of Directors were held on 28th May, 2014, 11th August, 2014, 18th August, 2014, 28th October, 2014 and 29th January, 2015.

The details of the meetings held and the attendance thereto are given in the Corporate Governance Report of the Company for the financial year 2014-15, the same forms part of the annual report of the Company.

In addition to the above a separate meeting of the Independent Directors was held on 16th March, 2015

Directors

During the year under review, Mr. Nimish C. Shah has resigned as a Managing Director and from the Board of the Company with effect from 10th April, 2014.

Mr. Manoj Patel resigned as a Director of the Company with effect from 31st March, 2015,

The Board of Directors wishes to take on record the valuable contributions given by the Directors during their tenure as Directors of the Company.

Mr. Chintan Valia, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Mrs. Khyati Valia has been appointed as an Additional Director of the Company effective from 25th March, 2015. Mrs. Khyati Valia holds office up to the date of this annual general meeting. The Company has received requisite deposit from a member of the Company proposing the candidature of Mrs. Khyati Valia as a Director of the Company

In terms of the applicable provisions of the Companies Act, 2013 which have been made effective from 1st April, 2014 shareholders' approval is obtained in the last Annual General meeting held on 22nd September, 2014 for appointment of Mr. Pankaj Bhuta and Mr. Nishit Dhruva as Independent Directors of the Company.

Brief profiles of the Directors to be appointed/re-appointed in the ensuing annual general meeting of the members of the Company have been provided as an annexure to the notice.

A statement on declaration given by independent directors

The Independent Director of the Company has submitted the declaration of independence, as required under section 149 (7) of the Companies Act, 2013 confirming that they all meet the criteria of independence as required in sub section 6 of section 149 of the Companies Act, 2013.



Committees

The Company has five committees of the Board of Directors. These committees are – Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Risk Management 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.

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 is included and forms part of this annual report.

All Board members and senior management personnel of the Company have affirmed compliance with code of conduct for the year 2014-2015. A declaration to this effect certified by the Director of the Company is also attached in the annual report.

The Director 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.

Corporate Social Responsibility

The provisions relating to the Corporate Social Responsibility are not applicable to the Company.

Extract of the Annual Return

Extract of the Annual Return as required under section 92 (3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 in the prescribed Form MGT 9 is annexed and marked as **Annexure “ II ”** and forms part of the annual report.

Statutory Auditors

At the annual general meeting held on 22nd September, 2014, M/s S. H. Bathiya & Associates, Chartered Accountants, were appointed as statutory auditors of the Company for the term of five years to hold the office up to the conclusion of 28th annual general meeting to be held in the calendar year 2019. As required under first proviso of section 139 of the Companies Act, 2013, the appointment of auditors shall be placed for ratification at every annual general meeting of the members of the Company. Accordingly, appointment of M/s S. H. Bathiya & Associates LLP Chartered Accountants as statutory auditors of the Company is placed for ratification by the members of the Company. The Company has received a certificate from the auditors confirming that if they are appointed, their appointment will be in accordance with section 141 of the Companies Act, 2013.

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.

Explanation on observations by auditors & secretary

There are no qualifications and/or adverse remarks in the Auditors Report and the Secretarial Audit Report.

Secretarial Audit Report

As required under section 204 of the Companies Act, 2013, a Secretarial Audit Report dated 2nd May, 2015 issued by Dinesh Kumar Deora, a practicing Company Secretary is attached herewith and marked as **Annexure III**.

Company's policy on directors appointment, remuneration etc. section 178 (3) and disclosure of details as provided in Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Remarks
1	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Not applicable – as the Company has no executive Director on the Board.
2	The percentage increase in remuneration of each director, CFO, CEO, CS or manager if any, in the financial year	Directors – Not applicable CFO - Rs. 11,03,477/- CEO – Not applicable CS - 8%
3	The percentage increase in the median remuneration of the employees of the Company for the financial year	10%
4	The number of permanent employees on the rolls of the Company	8 (eight)
5	The explanation on the relationship between average increase in remuneration and Company performance	During the year the Company has fared well as compared to the previous year
6	Comparison of remuneration of the KMP against the performance of the Company	Remuneration to KMP Rs. 22,59,018/- Performance of the Company for the year 2014-2015 Rs. 1.72 lakhs



7	Variations in the market capitalization of the Company, price earnings ratio as at the date of closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparision to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous year	Market capitalization BSE		
		as on 31/03/2015		(Rs in lakhs) 67,576.84
		as on 31/03/2014		(Rs in lakhs) 9,530.67
		Price earning ratio		
		as on 31/03/2015		449.81
		as on 31/03/2014		7400.00
		Market quotation of the Company's shares		
		as on 31/03/2015		Rs. 238.40
		as on 31/03/2014		Rs. 74.00
8	Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparision with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The Company has not paid any remuneration to any Directors of the Company.		
9	Comparision of the each of the remuneration of the KMP as against the performance of the Company	Name of the KMP, Designation & Amount of Remuneration paid		Performance of the Company (Rs. in lakhs)
		Mr. Yashpal Madan Manager Rs. 3,86,460/- (01/01/2015 - 31/03/2015)		1.72
		Mr. Muthukumar Ganesan CFO Rs. 11,03,477/-		
		Mr. Haroon Mansuri Company Secretary Rs. 7,69,081/-		
10	The key parameters for any variable component of the remuneration availed by the directors	The Company has not paid any variable component to any Director and/or KMPs.		
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year and	Not Applicable		
12	Affirmation that the remuneration is as per the remuneration policy of the Company	The Remuneration paid to the KMPs is as per remuneration policy of the Company.		

Statement of particulars of appointment and remuneration of managerial personnel.

1	Name	Mr. Nimish C. Shah	Mr. Yashpal Madan
2	Designation	Managing Director	Manager under the Companies Act
3	Remuneration received	Rs. 27,67,440/- (01/04/2014 - 10/04/2014) (Include Rs. 26,54,167/- towards leave encashment)	Rs. 3,86,450/- (01/01/2015 - 31/03/2015)
4	Nature of employment, whether contractual or otherwise	Contractual	Contractual
5	Qualifications and experience of the employee	MBA (USA)	B. Com., ACS
6	Date of commencement of employment	01/07/2008	04/02/2014
7	The age of employee	52 years	47 years
8	Last employment held by such employee before joining the Company	Intime Equities Limited	self employed
9	The percentage of equity shares held by the employee in the Company within meaning clause (iii) of sub rule 2 above as on 31st March, 2015	0.53	Nil
10	Whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager	No	No

**Particulars of loans, guarantees and investments****Guarantees given during the year :**

Date of Transactions	Name of the person/entity to whom guarantee is made	Amount of transaction (Rs. in lakhs)	Period for which the guarantee is given	Date of Board resolution
02/05/2014	Axis Bank Limited	500.00	One year	04/02/2014
11/08/2014	HDFC Bank Limited	5,000.00	One year	11/08/2014
20/10/2014	Axis Bank Limited	1,500.00	One year	28/10/2014
15/09/2014	Kotak Mahindra Bank Limited	15,750.00	One year	18/08/2014
29/01/2015	Yes Bank Limited	13,000.00	One year	29/01/2015

Investments made during the year :

Date of Transactions	Name of the Company	Nature of Investments	Quantity (Nos.)	Amount (Rs. in lakhs)
06/06/2014	Fortune Credit Capital Limited	Equity shares	70,00,000	2,100.00
10/07/2014	Fortune Integrated Assets Finance Limited	Premium on equity shares earlier issued	---	2,475.00
19/08/2014	Rajesh Estates & Nirman Private Limited	Secured Non- Convertible Debentures	60	3,000.00
27/08/2014	Antique Stock Broking Limited	Equity shares	83,33,334	2,500.00
29/09/2014	Fortune Integrated Assets Finance Limited	Equity shares	15,00,000	1,387.50
26/02/2015	Inga Capital Private Limited	Equity shares	46,84,512	673.59
05/03/2015	Inga Capital Private Limited	Equity shares	83,510	12.04
05/03/2015	Inga Capital Private Limited	Optionally Convertible Debentures	5,00,000	50.00

Particulars of contracts or arrangements with related parties

The Company has entered in to transactions with related parties during the financial year 2014-2015. All such transactions are on arm's length basis and in the ordinary course of business and that the provisions of section 188 of the Companies Act, 2013 are not attracted. Related Party Transactions with the Directors and Key Managerial Personnel have been entered in the normal course of business and that also to the extent of payment of remuneration to the executive directors and KMPs. The disclosure in form AOC – 2 is not required to be given. All related party transactions are placed before the Audit Committee and Board meetings on quarterly basis for review and approval.

Conservation of Energy, Technology Absorption

The information required under section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 2014 with respect to the matters specified therein are not applicable to your company.

Foreign Exchange earnings and outgo - Nil**Transfer of unclaimed dividend to the Investor Education & Protection Fund (IEPF)**

As required under section 125 of the Companies Act, 1956 the Company has transferred Rs. 1,71,169/- to the Investor Education and Protection Fund (IEPF) during the year under review towards unclaimed dividend.

Directors' Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 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;
- the Directors had selected such accounting policies 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 and loss of the Company for that period;
- the Directors had proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared annual accounts on a going concern basis.
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



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

Chintan V. Valia
Director
(DIN:05333936)

Khyati C. Valia
Director
(DIN:03445571)

Mumbai, 12th May, 2015

Fortune Financial Services (India) Limited

Registered Office:

Naman Midtown "A" Wing
21st Floor, Unit No. 2103, Senapati Bapat Marg
Elphinstone Road, Mumbai 400 013
CIN: L65910MH1991PLC062067
Email: cosecretary@ffsil.com
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