



**FORTUNE FINANCIAL
SERVICES (INDIA) LIMITED**

25th

**Annual Report
2015 - 2016**

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Board of Directors

Mr. Chintan V. Valia	Non executive Director
Mrs. Khyati Valia	Non executive Director
Mr. Pankaj Bhuta	Independent Director
Mr. Nishit Dhruva	Independent Director
Mrs. Deena Mehta	Addl. Independent Director (w e f 30/10/2015)

Committees

Audit Committee

Mr. Pankaj Bhuta	Chairman
Mr. Nishit Dhruva	Member
Mr. Chintan V. Valia	Member

Stakeholders Relationship Committee

Mr. Chintan V. Valia	Chairman
Mr. Nishit Dhruva	Member
Mr. Pankaj Bhuta	Member

Nomination & Remuneration Committee

Mr. Nishit Dhruva	Chairman
Mr. Chintan V. Valia	Member
Mr. Pankaj Bhuta	Member

Internal Finance Committee

Mr. Chintan V. Valia	Chairman
Mr. Pankaj Bhuta	Member
Mr. Nishit Dhruva	Member



Key Managerial Personnel

Mr. Yashpal Madan	Manager (upto 30/07/2015)
Mr. Aalok Dave	Manager (w e f 31/07/2015)
Mr. S. G. Muthu Kumar	Chief Financial Officer

Senior Management Team

Mr. Anil Kumar Agarwal
Mr. Jignesh Sangani
Mr. Pranav Shah
Mr. S. G. Muthu Kumar

Company Secretary

Mr. Haroon Mansuri

Statutory Auditors

M/s. Bathiya & Associates LLP.
Chartered Accountants

Internal Auditors

M/s R. Jaitlia & Co.
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) Private Limited,
(Unit : Fortune Financial Services (India) 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@gmail.com
purvashare@gmail.com
Website : www.purvashare.com

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Website : www.fortune.co.in



DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Twenty Fifth Annual Report and Audited Accounts for the year ended 31st March, 2016.

Financial Results

(Rs. in lakhs)

	2015-2016	2014-2015	2015-2016	2014-2015
	Stand-alone		Consolidated	
Total Income	352.52	518.82	14,153.11	15,918.24
Profit/(Loss) before depreciation, exceptional item and tax	(52.55)	16.76	1528.02	1,292.14
Depreciation and amortization	3.67	6.73	845.06	910.64
Profit/(Loss) before exceptional item and tax	(56.22)	10.03	682.96	381.50
Exceptional item	68.75	---	21.40	---
Profit before tax	12.53	10.03	704.36	381.50
Provision for tax				
- Current tax	1.40	---	237.98	261.50
- Current tax relating to prior years (Net)	---	0.75	2.43	(9.10)
- Deferred tax	0.24	7.56	155.50	(71.25)
Profit after tax but before minority interest	10.89	1.72	308.45	200.35
Less : Minority Interest	---	---	27.25	52.08
Add : Share of profit from Associate Company	---	---	285.18	---
Profit for the year	10.89	1.72	566.38	148.27
Add: Balance as per last financial statements	2,189.89	2,188.17	2,086.52	1,977.58
Less : Adjustments before appropriation	---	---	954.12	---
Profit available for appropriations	2,200.78	2,189.89	1698.78	2,125.85
Less: Transfer to statutory reserve	---	---	0.63	39.33
Less: Preference Dividend	---	---	0.36	---
Less: Tax on dividend	---	---	0.07	---
Net Surplus in Statement of Profit and Loss	2,200.78	2,189.89	1697.72	2,086.52
Weighted average number of equity shares				
- Basic	2,83,45,990	2,83,45,990	2,83,45,990	2,83,45,990
- Diluted	2,83,45,990	2,79,22,245	2,83,45,990	2,79,22,245
Nominal value per share (in rupees)	10.00	10.00	10.00	10.00
Basic and diluted earnings per share				
- Basic (in rupees)	0.04	0.01	2.00	0.53
- Diluted (in rupees)	0.04	0.01	2.00	0.53

The state of Company's affairs

Standalone

The total income during the year 2015-2016 stood at Rs. 352.52 lakhs as against Rs. 518.82 lakhs during the previous year, showing a decrease of income by 32 % compared to the previous year. The Company has earned a profit before tax Rs. 12.53 lakhs as compared to a profit of Rs. 10.03 lakhs in the previous year. The profit after tax stood at Rs. 10.89 lakhs as against the profit of Rs. 1.72 lakhs in the previous year.

Consolidated

The consolidated income during the year 2015-2016 stood at Rs.14,153.11 lakhs as against Rs. 15,918.24 lakhs during the previous year. The consolidated income has been reduced by 11.08% as compared to the previous year. During the year under review the Company has on consolidated basis earned a profit of Rs.566.38 lakhs after tax as against the profit of Rs 148.27 lakhs in the previous year.

Consolidated Financial Statements

The Board of Directors of your Company at its meeting held on 24th May, 2016 approved the consolidated financial statements for the financial year 2015-2016 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 Regulation 34 (2) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 2015-2016.

Transfer to General Reserves

The Board of Directors do not propose to transfer any amount to General Reserve for the financial year 2015-2016.

Fixed Deposits

The Company does not hold and 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.

Rights issue

The Company has filed Letter of Offer (LOF) with SEBI on 19th March, 2016 for the rights issue by the Company. The rights issue was opened on 28th March, 2016 and closed on 12th April, 2016. The equity shares were offered at Rs. 90 per share including premium of Rs. 80 per share. The Company has in consultation with BSE Limited, finalized the basis of allotment. On 25th April, 2016 the Company has allotted / issued 2,26, 77,777 equity shares on rights basis to the subscribers. The issue was oversubscribed by 1.222 times. The post rights issue, the Company's paid up capital increased to Rs. 5,102.38 lakhs divided in to 5,10,23,767 equity shares of Rs. 10 each fully paid.

Investments

During the year under review, the Company has subscribed and/or acquired shares as investment in the following companies :

- 22,23,788 equity shares of Rs. 10/- each fully paid up of Inga Capital Private Limited whereby Inga Capital Private Limited became wholly owned subsidiary of the Company effective from 29th July, 2015. Inga Capital Private Limited is engaged in the business of Investment Banking and is a Category I Merchant Banker registered with SEBI.
- 22,70,000 equity shares of Rs. 10/- each fully paid up of ITI Wealth Management Private Limited whereby ITI Wealth Management Private Limited became subsidiary of the Company effective from 23rd October, 2015.
- 80,000 equity shares of Rs. 10/- each fully paid up of Kohinoor India Reinsurance Co Limited. on acquisition of these shares, the Company's holding in Kohinoor India Reinsurance Co Limited is 80% of the paid up capital of the investee company and effective from 30th March, 2016 it became a subsidiary of the Company.
- 5,00,000 equity shares of Rs. 10/- each fully paid of United Petro Finance Limited whereby United Petro Finance Limited became an associate of the Company effective from 30th March, 2016. United Petro Finance Limited is engaged in NBFC activities and is registered with RBI.
- 1,00,000 equity shares of Rs. 10/- each fully paid up at a premium of Rs. 6.13 per equity share of Distress Asset Specialist Private Limited whereby Distress Asset Specialist Private Limited became the wholly owned subsidiary of the Company effective from 1st September, 2015.
- The Company has further invested a sum of Rs. 1,620.00 lakhs in equity shares of Fortune Credit Capital Limited by subscribing to 54, 00,000 equity shares of Rs. 10/- each fully paid at a premium of Rs. 20 per equity share.

Subscription of equity shares

On 21st April, 2016 the Company has subscribed 51,00,000 equity shares of Rs. 10/- each at par aggregating to Rs. 510.00 lakhs of Crest Debt Capital Markets Limited. on acquiring these shares, Crest Debt Capital Markets Limited has become a subsidiary of the Company.

Merger

The Company has made an application to BSE Limited for in-principle approval for merger with ITI Wealth Management Private Limited and has received in-principle approval from BSE Limited. The Company has filed the merger petition together with the Scheme with the High Court, judicature at Bombay and the said court has ordered for Court convened meeting of the shareholders of the Company. The Court convened meeting is scheduled to be held on Monday, 30th May, 2016. The notice for the Court convened meeting has been dispatched to all the equity shareholders of the Company.

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.

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

Material changes and commitments affecting financial statements between financial year end and date of report

The Company has allotted / issued 2,26, 77,777 equity shares on rights basis to the subscribers. The issue was oversubscribed by 1.222 times. The post rights issue, the Company's paid up capital increased to Rs. 5,102.38 lakhs divided in to 5,10,23,767 equity shares of Rs. 10 each fully paid.

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 nine meetings of the Board of Directors of the Company were held on 12th May, 2015, 16th July, 2015, 30th July, 2015, 13th August, 2015, 26th October, 2015, 30th October, 2015, 22nd December, 2015, 28th January, 2016 and 1st February, 2016.

The details of the meetings held and the attendance thereto are given in the Corporate Governance Report of the Company for the financial year 2015-2016, 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 29th March, 2016

Directors

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

Mrs. Deena A. Mehta has been appointed as an Additional Independent Director of the Company effective from 30th October, 2015. Mrs. Deena A. Mehta 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. Deena A. Mehta as an Independent Director of the Company and not liable to retire by rotation.

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 23rd 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.

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		
		Sr. No.	Name of the Directors	Amount paid (Rs. in lakhs)
1	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	1	Mr. Chintan Valia	3.00
		2	Mrs. Khyati Valia	1.80
		3	Mr. Pankaj Bhuta	3.00
		4	Mr. Nishit Dhruva	2.00
		5	Mrs. Deena Mehta	0.60
2	The percentage increase in remuneration of each director, CFO, CEO, CS or manager if any, in the financial year	Directors – Not applicable CFO 10% CEO – Not applicable CS 5%		
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 roll of the Company as on 31st March, 2016	24		
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. 69,59,224/- Performance of the Company on stand-alone basis after tax for the year 2015-2016 Rs. 10.89 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 comparison 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) Ltd. (Rs in lakhs)	
		as on 31/03/2016	37,473.40
		as on 31/03/2015	67,576.84
		Price earning ratio = Market price / EPS	
		as on 31/03/2016	3,305
		as on 31/03/2015	23,840
		Market quotation of the Company's shares (BSE Ltd.)	
		as on 31/03/2016	Rs. 132.20
		as on 31/03/2015	Rs. 238.40
8	Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison 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 Director except for the Sitting fees.	
9	Comparison of the each of the remuneration of the KMP as against the performance of the Company	Performance of the Company	
		Rs. 10.89 lakhs after tax on stand-alone basis	
		Name of the KMP, Designation	Amount of Remuneration paid
		Mr. Yashpal Madan Manager	Rs. 5,10,000/- (up to 30th July, 2015)
		Mr. Aalok Dave Manager	Rs. 41,93,722/- (from 31st July, 2015)
		Mr. S. G. Muthukumar CFO	Rs. 13,44,860/-
		Mr. Haroon Mansuri Company Secretary	Rs. 9,10,642/-
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. Aalok Dave	Mr. Yashpal Madan
2	Designation	Manager under the Companies Act	Manager under the Companies Act
3	Remuneration received	Rs. 41,93,722/-	Rs. 5,10,000 /-
4	Nature of employment, whether contractual or otherwise	Contractual	Contractual
5	Qualifications and experience of the employee	B. Com., ACA	B. Com., ACS
6	Date of commencement of employment	31 st July, 2015	4 th February, 2014 (up to 30 th July, 2015)
7	The age of employee	37 years	48 years
8	Last employment held by such employee before joining the Company	Asset Reconstruction Company (India) 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, 2016	Nil	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

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 four committees of the Board of Directors. These committees are – Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee and Internal Finance Committee.

The terms of reference, composition and the details of the meetings of the committees 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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 2015-2016. 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 Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 23rd annual general meeting held on 22nd September, 2014, M/s S. H. Bathiya & Associates, (now known as M/s Bathiya & Associates LLP) 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 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.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Mr. Dinesh Kumar Deora, Practicing Company Secretary to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2016.

Secretarial Audit Report

As required under section 204 of the Companies Act, 2013, a Secretarial Audit Report dated 17th May, 2016 issued by Dinesh Kumar Deora, a Practicing Company Secretary is attached herewith and marked as **Annexure III**.

Explanation on observations by auditors & secretary

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

Particulars of investments :

Sr. No.	Date of Transactions	Name of the Company	Nature of Investments	Quantity (Nos.)	Amount (Rs. in lakhs)
1	12/05/2015	Fortune Credit Capital Limited	Equity shares	54,00,000	1,620.00
2	29/07/2015	Inga Capital Private Limited	Equity shares	22,23,788	320.67
3	01/09/2015	Distress Asset Specialist Private Limited	Equity shares	1,00,000	16.13
4	23/10/2015	ITI Wealth Management Private Limited	Equity shares	22,70,000	227.00
5	30/03/2016	Kohinoor India Reinsurance Co Limited	Equity shares	80,000	8.00
6	30/03/2016	United Petro Finance Limited	Equity shares	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 2015-2016. All such transactions are on arm's length basis and in the ordinary course of business and such transactions are with the wholly owned subsidiary companies that the provisions of section 188 of the Companies Act, 2013 relating to the approval 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 forms part of the annual report and marked as **Annexure IV**. 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 124(5) of the Companies Act, 2013 the Company has transferred Rs. 4,15,106/- to the Investor Education and Protection Fund (IEPF) during the year under review towards unclaimed dividend for the financial year 2007 - 2008 declared on 30th August, 2008.

Prevention of Sexual Harassment at Workplace

The Company is committed to provide a safe and conducive work environment to its employees during the year under review.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 and intermediaries 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)

Deena A. Mehta
Addl. Independent Director
(DIN:00168992)

Mumbai, 24th May, 2016

Fortune Financial Services (India) Limited

CIN: L65910MH1991PLC062067

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