

**29th
ANNUAL
REPORT**

2010-2011



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mrs. Rekha Shrivastava, Non- Executive Chairman
Mr. Nivedan Bharadwaj, Whole Time Director
Mr. Madan Lal Jain, Independent Director
Mr. Prashant Verma, Independent Director

STATUTORY AUDITORS

M/s. L.N. Malik & Co,
Chartered Accountants,
New Delhi

BANKERS

State Bank of Bikaner & Jaipur, Naraina Industrial Estate, New Delhi
ICICI Bank Ltd., Naraina Vihar, New Delhi

REGISTERED OFFICE

G - 4, C- Block Community Centre,
Naraina Vihar,
New Delhi - 110028

REGISTRAR & TRANSFER AGENT

Purva Sharegistry (India) Private Limited
No 9, Shiv Shakti Industrial Estate,
J.R. Boricha Marg, Lower Parel,
Mumbai – 400 011.

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NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the members of Fortune International Limited will be held at 10.00 a.m. on Wednesday, 20th Day of July 2011 at G- 22 Shahi Road, Bijwasan, New Delhi- 110061, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Madan Lal Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint M/s. L.N. Malik & Co, Chartered Accountants, as Statutory Auditors of the Company and authorise the Board to fix their remuneration.

Date: 18th June, 2011

Place: New Delhi

By order of the Board of Directors

Sd/-

Nivedan Bharadwaj
(Whole Time Director)

Registered Office:

G - 4, C- Block Community Centre,
Naraina Vihar,
New Delhi – 110028

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A proxy form duly completed and stamped, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified true copy of the resolution passed at the Board Meeting authorizing their representative to attend and vote on behalf of the Company.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th July, 2011 to 20th July, 2011 (both days inclusive) for the purpose of convening of Annual General Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Company proposes to implement the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Accordingly,

your Company proposes to send the Notices, Annual Reports etc. for the financial year ended 31st March, 2012 onwards in electronic form to the members of the Company. Members are requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company at the address mentioned elsewhere in the Annual Report quoting their folio number(s). We will also notify you the date of Annual General Meeting and the availability of the said documents by publishing the same in newspapers. However, if you wish to receive the said documents in physical form, kindly inform us accordingly.

8. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, following information is furnished about the Directors proposed to be re-appointed at the ensuing Annual General Meeting:

Name of the Director	Mr. Madan Lal Jain
Date of Birth	2 nd October 1943
Date of appointment	29 th March, 2008
Qualification	Matriculation
Expertise in specific functional area	He worked in Accounts Departments with D.C.M. for four years and thereafter he worked in its subsidiary companies for 16 years. Presently, he is running his own business of high design readymade garments in India as well as in the export markets.
List of other Directorships held	<ol style="list-style-type: none"> 1. Molind Engineering Limited 2. Abhinav Engineers Private Limited 3. Fortune Exports Private Limited 4. Fortune Oceanic Products Limited 5. Winter Wear India Private Limited 6. Premier Needle Crafts Private Limited 7. Eastern Export Services India Private Limited
Chairman or members of the Committee of the Board of Directors of other Companies	Nil
No of Shares held in the Company as on 31.03.2011	2,700

DIRECTORS' REPORT

To
The Members,

Your directors have pleasure in presenting the Twenty Ninth Annual Report along with the Audited Accounts for the year ended on 31st March, 2011.

FINANCIAL PERFORMANCE:*(Rs.in Lacs)*

Particulars	Current Year 2010-11	Previous Year 2009-10
Total Revenue	686.81	36.48
Profit/(Loss) before Depreciation, Interest, Tax and Amortisation	387.86	(3.65)
Interest	11.43	235.34
Depreciation	2.54	3.14
Profit/(Loss) before Tax	(401.64)	(242.13)
Provision for Income Tax	-	-
Profit/(Loss) after Tax	(401.64)	(242.13)
Balance brought forward from previous year	(356.40)	(114.27)
Balance Carried over to the Balance Sheet	(758.04)	(356.40)

DIVIDEND

Due to loss incurred during the year, the Board of Directors of the Company regret their inability to recommend any dividend for the financial year ended 31st March, 2011.

OPERATIONS

The Company has been engaged in exporting a wide range of products to over 20 countries i.e. Hong Kong, Germany, Singapore, Russia, USA, UK, Japan, Europe in the past. During the year under review, the management was unable to revive its export trading business due to lack of adequate resources, thereby there was no operating revenue. The income from non-operating sources increased substantially from Rs. 36.47 lacs in previous year to Rs. 686.81 lacs during the current financial year. However, substantial amount of receivables have been written off as bad debts during the year resulting in net loss to the Company.

CHANGE IN MANAGEMENT OF THE COMPANY

The scale of operation of the Company has been stagnant for last several years and the Company has not been able to generate significant shareholder's value. Your Board has been exploring various business avenues to scale up the business operations and profitability of the Company. However, substantial resources are required to be infused in the Company to achieve a decent growth, and the earlier Promoters felt that they are not in a position to infuse funds in the Company.

The management of the Company has been changed by way of passing a resolution in the Extra Ordinary General meeting through Postal Ballot on 25th January, 2011. The Company has complied with all the rules and regulations for Change in Management of the Company in terms of the provisions of Regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and the Companies Act, 1956.

DIRECTORS

Mr. Madan Lal Jain, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Pursuant to Clause 49 of the Listing Agreement, a detailed profile of the Director retiring by rotation is provided along with the Notice convening Annual General Meeting.

Mr. Nivedan Bharadwaj, who was appointed as an Additional Director of the Company with effect from 16th December, 2010, has been appointed as Whole Time Director of the Company at the Extra Ordinary General Meeting of the Company held on 25th January 2011, through Postal ballot. The designation of Mrs. Rekha Shrivastava changed from Chairman & Whole-time Director of the Company to Non-Executive Chairman of the Company with effect from the 25th January, 2011.

REGISTRAR & SHARE TRANSFER AGENT

The Company has appointed Purva Sharegistry (India) Private Limited as Registrar & Share Transfer Agent with effect from the 1st January, 2011 in terms of Clause 47(b) of the Listing Agreement. Members are requested to contact the above said agency regarding transfer of shares of the Company.

REVOCATION OF SUSPENSION IN TRADING OF EQUITY SHARES WITH BOMBAY STOCK EXCHANGE LIMITED

Members are aware that trading in equity shares of the company with Bombay Stock Exchange Limited (BSE) had been suspended since September, 2001. The management of the Company has approached BSE for revocation of the suspension and resume trading in equity shares of the Company. In this regard, the Company has submitted all the documents as per the requirements of BSE. The Board of Directors is confident that the Company will be able to revoke the suspension and start trading with BSE in the current financial year.

PUBLIC DEPOSITS

The Company has not accepted any Public Deposits under section 58A of the Companies Act, 1956 during the year under review.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Director's Responsibilities Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the company for the year under review.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors had prepared the accounts for the year under review on a 'going concern' basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms 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, Directors furnish herein below the additional information:

Conservation of Energy

Although the operations of the Company are not energy intensive, it continues to adopt energy conservation measures at all operational levels. The disclosure of particulars in the prescribed format A under 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, is not applicable to the Company.

Technology Absorption

Your Company has not imported any technology during the year under review.

Foreign Exchange Earnings and Outgo

During the year under review, there were no transactions in Foreign Currency.

PARTICULARS OF EMPLOYEES

There are no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of the Employees) Rules, 1975 as amended.

STATUTORY AUDITORS

The present statutory auditors of the Company, M/s. L.N. Malik & Co, Chartered Accountants, hold office up to the conclusion of the forthcoming Annual General Meeting. The present auditors have confirmed their willingness and eligibility under section 224(1B) of the Companies Act, 1956 for their reappointment as Statutory Auditors for the financial year 2011-12. The members are requested to consider their re-appointment for the current financial year 2011-12 and authorize the Board of Directors to fix their remuneration.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement is presented in a separate section forming part of this Annual Report.

CORPORATE GOVERNANCE

The Report on Corporate Governance as per the requirements of Clause 49 of the Listing Agreement forms part of this Annual Report.

The requisite certificate from Mr. Deepak Rane, Company Secretary in practice, confirming compliance with the conditions of Corporate Governance as per Clause 49 of the Listing Agreement is annexed to this Report.

ACKNOWLEDGEMENTS:

The Board of Directors put on record their sincere thanks to the clients, vendors, bankers and advisors for their continued support and co-operation during the year. Your Directors also wish to place on record their appreciation for the business associates and shareholders.

By order of the Board of Directors

Sd/-

Nivedan Bharadwaj
(Whole Time Director)

Place: New Delhi

Date: 18th June, 2011

Registered Office:

G - 4, C- Block Community Centre,
Naraina Vihar, New Delhi - 110 028

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

Corporate Governance comprises laws, procedures, practices and implicit rules that enable the management of a company to take sound decisions with regards to all its stakeholders including the shareholders, creditors, State and employees. It implies adoption of certain processes, customs, policies, laws with the ultimate objective of maximizing shareholders value. It involves evolving a system of accountability within the organization so as to make every individual who is charged with the duty of safeguarding the interests of the stakeholders, accountable and responsible for his own actions with greater emphasis on developing a reliable system of checks and balances which aids the management in keeping a strict vigil over the company's operations.

Fortune International Limited believes in continuous Corporate Governance and always strives to improve performance at all levels by adhering to corporate governance practice, such as managing its affairs with diligence, transparency and responsibility. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run.

BOARD OF DIRECTORS

- i) The Board of Directors consists of four Directors. One of the Directors is Executive Director whereas others are Non-Executive Directors. One of the Non-Executive Director is also the Chairman of the Board of Directors. Remaining two Non-Executive Director are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he/she is a Director.
- iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies as on 31st March, 2011 are given below:

Name of Director

	Category (Executive/ Non-Executive/ Independent)	No. of Board Meetings Attended	Attendance at previous AGM on 17th Sept. 2010	No. of outside Director- ships Held	No. of Committee positions held in other Public Companies
Mrs. Rekha Shrivastava	Non-Executive Chairman	7/7	Present	8	Nil
Mr. Nivedan Bharadwaj	Executive Director	3/3	N.A	2	Nil
Mr. Madan Lal Jain	Independent Director	7/7	Present	7	Nil
Mr. Prashant Verma	Independent Director	6/7	Present	Nil	Nil

- iv) The Board Meetings were held atleast once in every quarter and in the time gap between two meetings were not more than four months, Seven (7) Board Meetings were held during the financial year ended 31st March, 2011 on 28th May, 2010, 28th July, 2010, 30th October, 2010, 16th December, 2010, 24th December, 2010, 24th January, 2011 and 14th February, 2011.

BOARD COMMITTEES

The Board has constituted following three Committees of Directors:

- I. Audit Committee
- II. Remuneration Committee
- III. Shareholders / Investors Grievance and Share Transfer Committee

I. Audit Committee**a) Composition of Audit Committee & Attendance at Meeting:**

The Audit Committee of the Company comprises of three members. Four Audit Committee Meetings were held during the year on 28th May, 2010, 28th July, 2010, 30th October, 2010, 14th February, 2011. The necessary quorum was present for all the Meetings. The Audit Committee meetings are usually held at the Registered office of the Company and are normally attended by the Chairman, Directors and representative of the Statutory Auditor.

The composition of Audit Committee was reconstituted on 30th October, 2010 with Mr. Madan Lal Jain being designated as the Chairman of the Committee. The composition and attendance of the members at the Audit Committee Meetings are as follows:

Name of the Member	Designation	Category
Mr. Madan Lal Jain	Chairman	Independent Director
Mr. Prashant Verma	Member	Independent Director
Mrs. Rekha Shrivastava	Member	Non Executive Director

Meeting and Attendance

Name of the Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings Attended
Mr. Madan Lal Jain	5	5
Mr. Prashant Verma	5	4
Mrs. Rekha Shrivastava	5	5

Mrs. Rekha Shrivastava, erstwhile Chairman of the Audit Committee was present at the last Annual General Meeting held on 17th September, 2010 to answer the shareholders' queries. The minutes of the Audit Committee meetings form part of the documents placed before the meetings of the Board of Directors.

b) Terms of Reference:

The Constitution of the audit committee also meets the requirements under section 292A of the Companies Act, 1956. The terms of reference and power of the audit committee are in line with those contained under clause 49 of the Listing Agreement.

The Audit Committee, *inter alia*, reviews

1. Annual Budget and Variance Reports;
2. Significant related party transactions;
3. Internal Audit Report;
4. Appointments, removal and terms of remunerations of the Internal auditor; and
5. Management discussion and analysis of financial conditions and results of operations.

II. Remuneration Committee

a) Composition of Remuneration Committee & Attendance at Meeting:

The Remuneration Committee was constituted on 16th December, 2010. The Remuneration Committee comprises three directors. One is Non Executive Director and other two are Independent Directors. One meeting of the Remuneration Committee were held during the financial year. Meeting of the Remuneration Committee was held on 16th December, 2010 during the financial year 2010-11.

The composition and attendance of the members at the Remuneration Committee Meetings are as follows:

Name of the Member	Designation	Category
Mr. Madan Lal Jain	Chairman	Independent Director
Mr. Prashant Verma	Member	Independent Director
Mrs. Rekha Shrivastava	Member	Non Executive Director

All the members were present at the meeting of Remuneration Committee held on 16th December, 2010.

b) Terms of reference:

1. Review the overall compensation policy, service agreement and employment condition of the Whole Time Director and other employees of appropriate cadres with a view to motivating the best managerial talents, their remuneration packages.
2. Evaluate the remuneration paid by comparable organization.
3. Review the performance of the Whole Time Directors and recommendations to the Board in this regard.
4. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

c) Remuneration Policy:

Remuneration to the Whole Time Directors is paid in accordance with the provisions of the Companies Act, 1956 and the appointment letter which contained the terms and conditions for appointment were approved by the Board and members. The remuneration structure comprises of salary, perquisites and allowances. The Committee recommends the remuneration payable to Whole Time Director based on their contribution to the growth and development of the Company, keeping in mind the remuneration package in the industry, subject to provisions of the Companies Act, 1956.

d) Directors Remuneration:

I. Remuneration to Executive Directors/ Whole Time Directors

On recommendation of the Remuneration Committee, the Shareholders at the Extra Ordinary Meeting held on 25th January 2011 have approved, by passing the Ordinary Resolution through Postal ballot, the remuneration payable to Mr. Nivedan Bharadwaj for the period of three years with effect from 25th January, 2011. The Company has entered into an agreement with Mr. Nivedan Bharadwaj laying down his tenure, remuneration and other terms and conditions as per the Companies Act, 1956. As per the terms and conditions of the appointment approved by the Board and shareholders, an amount of Rs. 21,935/- was paid to Mr. Nivedan Bharadwaj, the Whole-Time Director of the Company towards the remuneration, during the Financial Year 2010-11.

II. Remuneration to Non Executive Directors

None of the Non Executive Independent Directors are drawing any salary nor sitting fees for attending Board meeting or any commission from the Company. There is no pecuniary relationship or transaction between any of the Non Executive Director and the Company.

No. of Equity Shares held by Non- Executive Directors

Name	Number of Equity Shares held
Mr. Madan Lal Jain	2,700
Mr. Prashant Verma	15,300
Mrs. Rekha Shrivastava	6,50,000

III. Shareholders' / Investors' Grievance and Share Transfer Committee:

The Share Transfer & Shareholders / Investor's Grievance Committee of the Company looks into the matter like transfer / transmission, issue of duplicate shares, non-receipt of declared dividend etc. and investigate the investor's complaints and take necessary steps for redress thereof.

The Shareholders' / Investors' Grievance and Share Transfer Committee comprised of three Directors. Three meetings of the Committee were held during the financial year 2010-11. The composition of the members at the Shareholders' / Investors' Grievance and Share Transfer Committee is as follows: -

Name of the Member	Designation	Category
Mrs. Rekha Shrivastava	Chairman	Non-Executive Chairman
Mr. Madan Lal Jain	Member	Independent Director
Mr. Prashant Verma	Member	Independent Director

Meeting and Attendance

Name of the Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings Attended
Mrs. Rekha Shrivastava	3	3
Mr. Madan Lal Jain	3	3
Mr. Prashant Verma	3	3

Purva Sharegistry (India) Private Limited has been appointed as the Registrar and Transfer Agent of the Company during the year under review and the Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor's services. The Committee also advises on the matter enabling better investor services and relations.

Status of complaints received for the year 2010-11

Particulars	Status
No. of Complaints received -	Nil
No. of Complaints resolved -	Nil
No. of Complaints pending -	Nil

No Complaints were pending /outstanding as on 31st March 2011.

COMPLIANCE OFFICER

Mr. Brajmohan Prasad, Company Secretary of the Company has resigned from his office on March 14, 2011. The Company is in the process of appointing a Company Secretary and Compliance Officer. In the interim, Mr. Nivedan Bharadwaj, the Whole Time Director of the Company is acting as Compliance officer of the Company.

NOTE ON RE-APPOINTMENT OF DIRECTORS

Particulars of Directors to be re-appointed at the ensuing Annual General Meeting is given under the note no. 8 of the Notice convening the meeting.

SUBSIDIARY COMPANY

The company does not have any subsidiary company at present. Therefore, provisions of Clause 49(III) of the Listing Agreement do not apply to the Company.

GENERAL BODY MEETINGS**1. Annual General Meetings**

Details of Special Resolution passed in the previous three Annual General Meetings are given below:

Year	Venue	Date & Time	Special Resolution Passed
2007-08	G- 4, Community Centre, Naraina Vihar, New Delhi- 110028.	30 th September 2008 11.00 a.m.	No Special Resolution Passed
2008-2009	G-22, Shahi Road, Bijwasan, New Delhi- 110061.	26 th September 2009 11.00 a.m.	No Special Resolution passed
2009-2010	G-22, Shahi Road, Bijwasan, New Delhi- 110061.	17 th September 2010 10.00 a.m.	Mrs. Rekha Shrivastava, Chairman & Whole Time Director has been re appointed as Non- otational Director for the period of 5 years with effect from 30 th September 2010.

All the Resolutions were passed with requisite majority.

2. Postal Ballot

The management of the Company has been changed by way of passing a resolution in the Extra Ordinary General meeting through postal Ballot on 25th January, 2011. Mr. Nivedan Bharadwaj has been appointed as Whole Time Director and Designation of the Mrs. Rekha Shrivastava changed from Chairman and Whole Time Director to Chairman and Non Executive Director of the Company with effect from 25th January 2011. There were no other meetings held through Postal Ballot during the year.

The Postal Ballot process was undertaken in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Mr. Deepak Rane, Practicing Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process. The results of Postal Ballot were announced on 25th January 2011, details of which are given below,

1. Special Resolution under Regulation 12 of the SEBI (SAST) Regulation, 1997 for the Change in Control and Management of the Company

9 (nine) votes were cast in favour of the resolution (100%) and Nil votes were cast against the resolution, whereas none of the Postal Ballot forms were invalid.

2. Special Resolution for Change in Designation of Mrs. Rekha Shrivastava from the Chairman and Whole-Time Director of the Company to Non-Executive Chairman of the Company

9 (nine) votes were cast in favour of the resolution (100%) and Nil votes were cast against the resolution, whereas none of the Postal Ballot forms were invalid.

3. Special Resolution for Approval of appointment of Mr. Nivedan Bharadwaj as Director under Section 257 of the Companies Act, 1956

9 (nine) votes were cast in favour of the resolution (100%) and Nil votes were cast against the resolution, whereas none of the Postal Ballot forms were invalid.

4. Ordinary Resolution for appointment of Mr. Nivedan Bharadwaj as Whole-time Director of the Company under Section 198, 269, 309 & Schedule XIII of the Companies Act, 1956

9 (nine) votes were cast in favour of the resolution (100%) and Nil votes were cast against the resolution, whereas none of the Postal Ballot forms were invalid.

OTHER DISCLOSURES

a. Related Party Transaction

There are no materially significant related party transactions i.e. transaction material in nature with its promoters, directors, their relatives or the management, subsidiaries of the Company etc. having potential conflict with the interest of the Company at large.

b. Statutory Compliance, Penalties and structures

The company has complied with the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the year. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the years.

c. Whistle Blower Policy

Though the Company does not have a Whistle Blower Policy in place, the Company encourages employees to freely express their views on various issues faced by them. Employees of the Company are free to raise issues, if any, on breach of any law, statute or regulation by the Company and on the accounting policies and procedures adopted for any area or item and report them to the Audit Committee.

d. Accounting Standards

In preparation of the financial statements, the Company follows Accounting Standards issued by the Institute of Chartered Accountants of India.

e. Risk management

The Company has formulated and laid down the procedure for assessment and minimization of risks. These procedures have been considered by the Board and a properly defined framework is being laid down to ensure that executive management controls the identified risks.

f. Proceeds from Public Issue

There was no public issue of equity shares of the Company during the year 2010-11,

g. Compliance with the Mandatory /Non Mandatory requirements.

1. The company has complied with all the applicable mandatory requirements of clause 49 of the Listing Agreements.
2. All the mandatory items of Clause 49 have been complied with and covered in this report. In respect of Non Mandatory requirement of Clause 49, the Company has complied with appointment of all three Non Executive Directors as members of Remuneration Committee. The composition of this Committee has been detailed earlier in this report.

CERTIFICATE FROM COMPANY SECRETARY ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

Certificate from the Company Secretary in Practice in respect of compliance of Clause 49 of Listing Agreement with the Bombay Stock Exchange Limited (BSE) regarding Corporate Governance is enclosed in this Annual Report.

CEO/ CFO CERTIFICATION

In terms of Clause 49(V) of the Listing agreement, Mr. Nivedan Bharadwaj, Whole Time Director and Mr. Anil Kukreja, General Manager – Finance, have issued certificate to the Board of Directors which forms a part of the Annual Report of the Company.

MEANS OF COMMUNICATIONS

1. The quarterly, half yearly results and annual financial results are sent to the Stock Exchanges immediately after they have been taken on record by the board. The same are published in newspapers in Regional Language (Janasatta) and English (Financial Express).
2. The Company is in the process of setting up its own website. The quarterly and annual Financial Result as well as Shareholding Pattern and Code of Conduct for the Board of Directors and Senior Management as well as Code of Conduct for prohibition of Insider Trading will be uploaded on the Company's website for the benefit of the shareholders.
3. Whenever the Company issues any press release, it is sent to the Stock Exchanges.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report are appended to and forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

1) Date, Time and Venue of AGM	20 th July 2011 at 10.00 am G- 22 Shahi Road, Bijwasan, New Delhi – 110061
2) Financial Year	April 1, 2010- March 31, 2011
3) Dates of Book Closure	14 th July, 2011 to 20 th July, 2011 (both days inclusive)
4) Dividend Payment Date	There is no dividend recommended by the Board
5) Listing on Stock Exchange	1. Bombay Stock Exchange Limited 2. Delhi Stock Exchange Association Limited 3. Madras Stock Exchange Limited 4. Calcutta Stock Exchange Association Limited
6) BSE Scrip Code	530213

MARKET PRICE DATA: HIGH LOW DURING EACH MONTH IN LAST FINANCIAL YEAR

Trading in equity shares of the Company has been suspended by the Bombay Stock Exchange since September, 2001. Therefore, market price of the shares is not available with the Company. The company is in the process of revocation of suspension in trading with BSE.

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES SUCH AS BSE SENSEX, etc

Due to suspension of the trading in equity shares of the Company, performance in comparison to the BSE Sensex could not be done.

SHARE TRANSFER SYSTEM

Share transfer request received in physical forms are registered within 30 days subject to condition that the documents are clear in all. Purva Sharegistry (India) Private Limited has been appointed as Registrar & Share Transfer Agent from December 2010. Address for communication for Shareholding related queries is as follows:

M/s. Purva Sharegistry (India) Private Limited
9, Shiv Shakti Industrial Estate
J.R. Boricha Marg,
Lower Parel (E)
Mumbai - 400011

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011

SHARE HOLDING OF NOMINAL VALUE OF (1)	NUMBER (2)	% TO TOTAL (3)	IN RS. (4)	% TO TOTAL (5)
UPTO- 5,000	2141	93.57	27,83,360	3.95
5001-10,000	61	2.66	5,22,000	0.74
10,001- 20,000	37	1.62	5,69,000	0.81
20,001- 30,000	7	0.31	1,84,000	0.26
30,001- 40,000	3	0.13	1,12,000	0.16
40,001- 50,000	7	0.31	3,33,000	0.47
50,001- 1,00,000	9	0.39	8,59,000	1.22
1,00,000- and above	23	1.01	6,50,37,640	92.38
Total	2288	100.00	7,04,00,000	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company has 70,40,000 equity shares of Rs. 10 each as on 31st March 2011. All the equity shares of the Company are in physical form only. The company has submitted application for electronic connectivity with NSDL. None of the shares are in the dematerialized form as on the date of the 31st March 2011.

SHAREHOLDING PATTERN AS ON 31ST MARCH, 2011

Category	No. of shares held	Percentage to shareholding (%)
Foreign Companies	Nil	Nil
Non Resident (Individual & Companies)	Nil	Nil
Foreign Financial Institution	Nil	Nil
Financial Institutions	7,700	0.11
Mutual Fund	1,60,304	2.28
Promoters	57,48,864	81.66
Resident Individual	9,85,232	13.99
Nationalized Bank	Nil	Nil
Other Bodies corporate	1,37,900	1.96
In Transit	Nil	Nil
Others (shares underlying under GDR)	Nil	Nil
Total	70,40,000	100.00

OUTSTANDING GDRS:

The company has not issued any GDR/ADRs/ Warrants or any convertible instruments. No amounts were outstanding on accounts of the same as on the date of the Balance Sheet.

ADDRESS FOR CORRESPONDENCE:

Mr. Anil Kukreja
 General Manager (Finance & Accounts)
 G - 4, C- Block Community Centre,
 Naraina Vihar, New Delhi - 110028
E-mail: fil12033@gmail.com

On behalf of the Board of Directors

sd/-

Nivedan Bharadwaj
 (Whole Time Director)

Date: 18th June 2011
 Place: New Delhi

**CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE
CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**To,
The members,
Fortune International Limited,**

We have examined the compliance of conditions of Corporate Governance by Fortune International Limited for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanations given to us, in our opinion, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Deepak Rane
(Company Secretary)
Membership No.:24110
CP No.:8717

Date: 18th June 2011
Place: Mumbai

CERTIFICATE FROM WHOLE TIME DIRECTOR AND GENERAL MANAGER - FINANCE**The Board of Directors**

Fortune International Limited
G-4, C- Block, Community Centre,
Naraina Vihar,
New Delhi- 110028

We, Nivedan Bharadwaj, Whole Time Director and Anil Kukreja, GM-Finance of Fortune International Limited do certify to the Board that:-

- (a) We have reviewed the Balance Sheet and the Profit and Loss Account and all the schedules and notes on accounts as well as the cash flow statement for the year ended 31st March 2011 and certify that to the
 - (i) the said statements do not contain any false, misleading or materially untrue statement or figures or omit any material fact, which may make the statement or figures contain therein misleading; and
 - (ii) the said statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violate the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee that
 - (i) There have been no significant changes in internal control over financial reporting during the year;
 - (ii) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There has been no commitment of any fraud, whether or not significant, that involves management or other employee who have a significant role in the company's internal controls.
- (e) We further declare that, all the board members and the senior management personnel of the Company have affirmed compliance with the Code of Conduct for the year.

Sd/-

(Nivedan Bharadwaj)
Whole Time Director

Sd/-

(Anil Kumar Kukreja)
General Manager – Finance

Place: New Delhi
Date: 18th June 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**INDUSTRY OVERVIEW**

The Indian export business has been growing steadily for the past several decades. As per the reports, the Indian export business witnessed a rise of 35 percent in May 2010 and stood up at an impressive figure of \$16.1 billion. It was just a year ago that the Indian export figures dropped by 18 percent. The Indian trade deficit improved to \$88.9 billion in the year 2009 from \$121.4 billion in 2008.

Here is a list of major items exported by the Indian exporters to the world:

1. Cotton apparels and textile goods are the most exported items from India. In 2009, almost 17 percent of the exported goods consisted of cotton apparels.
2. Pharmaceutical preparations contributed 10.4 percent to the total export from India.
3. Industrial organic chemicals, industrial machinery, tobacco, waxes and agricultural products are other top items exported by the exporters in India.
4. The export of computers increased by 174 percent between 2008 and 2009 and is expected to keep on growing at a consistent rate

Major Export Markets for India

The United Arab Emirates and the United States of America are the two major export markets for India, as various export items from India are in great demand in these two nations. In 2009, 12.3 percent of the total items exported by the Indian exporters went to UAE, while 11.7 percent went to the USA. China and Singapore are other major export markets that cater to the exporters in India.

OPPORTUNITIES & STRENGTHS

Indian exporters have a healthy competition with neighbouring countries which has further led to the growth of export sector in the Country. The government has created new opportunities by introducing several policies to augment the export sector. The introduction of various trade policies have led to a substantial flow of foreign currency.

There are certain opportunities and strengths in the export business which has been specified below.

1. Availability of low cost and skilled manpower provides competitive advantage to industry;
2. Industry has large and diversified segments that provide wide variety of products;
3. Large International Market;
4. Elimination of quota restriction leads to greater market development;
5. Greater investment and FDI opportunities are available.

Threats:

1. Competition from other developing countries, especially China;
2. Continuous quality improvement is need of the hour as there are different demand patterns all over the world;
3. Threat for traditional market facing the product diversification;
4. International labour and environmental laws;
5. To make balance between price and quality.

RISKS AND CONCERNS

Export business can be a great opportunity, but it is risky and challenging at the same time which is totally different from those encountered domestically. Increasing competition remains the major problem of the industry especially with China. The anti-outsourcing legislation in the Countries like USA & UK can have direct effect on the sales. Risk can be identified in the following factors:

- a) **POLITICAL RISK:** The Country where our client is located may experience major political instability. Such instability could result in defaults on payments, confiscation of property, exchange transfer blockages etc.
- b) **LEGAL RISK:** At domestic level, businesses are subject to a myriad of laws, regulations, and restrictions. But there are much more complexities in international business. International transactions are governed by unilateral measures, bilateral relationships, multilateral and regional agreements. The differences in law may have impact in such areas as taxation, currency dealings, property rights and employments practices.
- c) **CREDIT RISK:** While doing business internationally, trading can seem complicated and risky. Besides political, legal and other risks, the most common problem businesses face is the risk in the transaction.
- d) **EXCHANGE RATE RISK:** Our major business involves export to the other Countries and the transactions are primarily done in the currency of US dollars (US\$). The exchange rate between the Rupee and the U.S. Dollar has changed substantially in the last two decades and could fluctuate substantially in the future. Fluctuations in Indian Rupee against the U.S. Dollar and other foreign currencies may adversely affect our results of operations.

OUTLOOK

The Company has been engaged in exporting a wide range of products to over 20 Countries including Hong Kong, Germany, Singapore, Russia, USA, UK, Japan, Europe in the past. The Company identifies customers abroad through its branch offices agents and the marketing efforts by its directors.

The Company has good customer and Market in all the Countries. A multi-pronged strategy has been adopted with focus on quality, cost/ prices, enhanced the customer satisfaction and international levels of service.

However, the export business is not like domestic business which has lot of problems in internal factor as well as external factor. During the year, the Company has faced difficulties to bring the sales due to high level competition and lack of finance.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has proper and adequate systems of internal control, which is commensurate with its size and nature of operations. This provides a reasonable assurance with regards to assets protection from unauthorized use or losses, maintaining proper accounting control, monitoring operational efficiency, proper compliance with applicable laws and ensuring the reliability of financial and operational information. The company has an Audit Committee which reviews audit reports, audit plans, significant audit finding, and adequacy of internal control compliance with accounting standards and suggest improvements for strengthening them. The Company is committed to operational efficiency.

OPERATING PERFORMANCE

During the year under review, the Company was unable to revive its export trading business, thereby there was no operating revenue. The income from non-operating sources increased substantially during the year from Rs. 36.47 lacs to Rs. 686.81 lacs. The overall results were affected by the writing off of receivables to the extent of Rs. 1,043.48 lacs as bad debts. This resulted in Net loss Rs. 401.64 lacs.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company presently employed 4 employees across various locations. The growth of employee is intrinsically linked with the growth of any organisation and vice versa. No organisation can develop without taking its employees on the growth path and therefore, employee career development is a part of human resources mission. In the company, human resources function is a special one involving all long term and short term decision of the organisation. The Company also offers attractive remuneration, conducive working atmosphere. The Company had peaceful industrial relation with employees and the company continues to focus on Human Resource Development to enhance the employee performance and promote knowledge integration.

AUDITOR'S REPORT

**To,
The Members,
Fortune International Ltd.**

We have audited the attached Balance Sheet of M/s Fortune International Ltd. as at 31st March, 2011 and also the Profit & Loss Account for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statement, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

We Further report that : -

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examinations of those books.
- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report are with the accounting standards referred to in Section 211 (3C) of Companies Act, 1956.
- e) In our opinion, according to the declaration given by the Directors and taken on record by the Board of Director, none of the Directors are disqualified as per clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet & Profit & Loss account read together with notes thereon and gives a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011
 - ii) In the case of the Profit & Loss Account of the loss of the company for the year ended on that date.

Place : New Delhi
Dated : 18th June 2011

For L.N. MALIK & CO.
CHARTERED ACCOUNTANTS
Sd/-
(L.N. MALIK)
PARTNER
Membership No. 10423.

Annexure to the Auditor's Report - March 31, 2011

(Refereed to in paragraph 3 of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company physically verifies the fixed assets on a rotational basis and accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the company has disposed of its land and building. Based on the information and explanation given by the management, we are of the opinion that the sale of the said land and building has not affected the going concern.
- (ii) As the company has not purchased/sold goods during the year nor are there any opening stocks, requirement of reporting of physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
- (iii) The Company has taken interest free loan from 9 parties and has granted interest bearing loan or advances to 1 party covered in the register maintained under section 301 of the Companies Act, 1956. The closing balance in respect of total loan taken & given as on 31.3.2011 is Rs.4,50,64,720 /- and Rs 16,50,000 /- respectively.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakh rupees in respect of any parties during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58 A of the Act and the rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix)(a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service Tax, customs duty, excise duty, cess and other statutory dues have been regularly deposited by the company with the appropriate authorities in all cases during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid were outstanding, at the year end for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of sales tax, Income-tax, Custom duty, Wealth-tax, Service Tax, Cess which have not been deposited on account of any dispute.

The following disputed statutory dues in respect of Income-tax demand have not been deposited and the case is pending before the following forum:-

S.No.	A.Y.	Demand	Forum where Demand is pending
1.	1998-99	2,37,635*	Appeal pending with ITAT

*The above amount has been deposited in full during the F.Y 2008-09 in pursuance of notice issued by TRO.

- (x) The accumulated losses of the company have exceeded fifty per cent of its net worth as at 31st March 2011. The company has not incurred cash loss during the financial year covered by our audit, but have incurred cash loss in the immediately preceding financial year.
- (xi) According to records of the company, the company has not borrowed from financial institutions or banks or issued debentures during the year. Hence in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or debenture does not arise.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual fund/benefit fund/societies.
- (xiv) On the basis of our examination of the companies records we are of the opinion that the company is maintaining adequate records regarding transactions and contracts regarding its trading activities in shares, securities, debentures and other investment and timely entries have been made in these records. The shares, securities, debentures and other investments have been held by the company in its own name except to the extent of exemption granted under section 49 of the act
- (xv) According to the information and explanations given to us , the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not obtained any term loan or applied any term loan during the year.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company as at March 31, 2011, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- (xix) The company did not have any debentures outstanding during the year.
- (xx) The Company has not raised any money through a public issue during the period covered by our audit report.
- (xxi) According to the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

Place: New Delhi
 Dated: 18th June 2011

For L.N. MALIK & CO.
 CHARTERED ACCOUNTANTS
 Sd/-
 (L.N. MALIK)
 PARTNER
 Membership No. 10423.

BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	SCHEDULE	AS AT 31/03/2011 RS.	AS AT 31/03/2010 RS.
A) SOURCES OF FUNDS			
1. SHARE HOLDERS FUNDS			
Capital	1	70,400,000	70,400,000
2. LOAN FUNDS			
Unsecurd Loans	2	45,064,720	125,037,670
TOTAL (A)		115,464,720	195,437,670
B) APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block		7,894,435	23,626,548
Less-Depreciation	3	7,518,443	18,355,628
Net Block		375,992	5,270,920
2. INVESTMENTS	4	-	692,750
3. CURRENT ASSETS LOANS & ADVANCES			
i) Inventories		-	-
ii) Sundry Debtors		45,918,210	149,599,075
iii) Cash and Bank Balance		230,360	1,229,243
iv) Loans & Advances		3,292,390	14,560,572
		49,440,960	165,388,890
LESS: CURRENT LIABILITIES & PROVISIONS	6	10,156,124	11,554,393
NET CURRENT ASSETS		39,284,836	153,834,498
4. PROFIT & LOSS A/C		75,803,892	35,639,502
TOTAL (B)		115,464,720	195,437,670
Significant Accounting Policies and notes on accounts	12		

As per our Report of even date

For L.N. MALIK & CO.

CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

(L.N. Malik)
Partner
M.No. 10423

(Anil Kumar Kukreja)
G.M. Finance

(Rekha Shrivastava)
Chairman

(Nivedan Bharadwaj)
Whole Time Director

Place : New Delhi
Date: 18th June 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2011

PARTICULARS	SCHEDULE	For the Year ending	
		31/03/2011	31/03/2010
INCOME			
Sales	7	-	-
Other Income	8	68,681,281	3,647,586
		<u>68,681,281</u>	<u>3,647,586</u>
EXPENDITURE			
Salaries & Amenities	9	960,963	803,593
Office & Administration	10	2,140,153	1,050,957
Financial Expenses	11	1,143,099	23,534,139
Depreciation	3	253,590	313,812
Bad Debts written off		104,347,865	-
		<u>108,845,671</u>	<u>27,860,573</u>
NET LOSS BEFORE TAX		(40,164,390)	(22,054,915)
Less: Provision for Taxation		-	-
Less Income Tax for previous Years		-	2,158,072
Loss After Tax		<u>(40,164,390)</u>	<u>(24,212,987)</u>
Add : Balance brought from previous Years		<u>(35,639,502)</u>	<u>(11,426,515)</u>
Balance carried to Balance Sheet		<u>(75,803,892)</u>	<u>(35,639,502)</u>

As per our Report of even date
For L.N.Malik & Co
(Chartered Accountants)

(L.N.Malik)
Partner
M.No. 10423

Place : New Delhi
Date: 18th June 2011

For and on behalf of the Board of Directors

(Anil Kumar Kukreja)
G.M. Finance

(Rekha Shrivastava)
Chairman

(Nivedan Bharadwaj)
Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	2010-2011 (Rs.)	2009-2010 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/ Loss before tax as per profit & Loss Account	(40,164,390)	(24,212,987)
Net Prior Year Adjustments	-	2,158,072
Fixed Assets written off (net)	46,273	4,558
Loss on Sale of vehicle	25,134	-
Depreciation	253,590	313,812
Short & Excess	(2,184,264)	3,688
Bad Debts written off	104,347,865	-
Interest Income	(150,000)	-
Profit on Sale of Assets	(6,364,877)	-
Lease Rent	(2,199,500)	(1,085,000)
Misc Income	(350)	(2,562,586)
Interest and Finance Charges	1,143,099	23,534,139
Operating Profit before Working Capital Change	54,752,580	(1,846,304)
Adjusted for:		
Trade and Other Receivables	-	(30,986)
Inventories	-	-
Sundry Debtors	(667,000)	-
Loan & Advances	11,268,182	7,807,629
Trade Payables	1,663,257	(396,151)
Provisions	-	(1,350,538)
Expenses Payable	(177,262)	136,016
Cash Generated from Operations	66,839,757	4,319,666
Taxes Paid/Written off	-	2,158,072
Net Cash Outflow from Operating Activities	66,839,757	2,161,594
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchases of Fixed Assets	(294,081)	(27,250)
Sale of Fixed Assets	11,228,890	-
Sale of Investments	692,750	-
Interest Income	150,000	-
Lease Rent	2,199,500	1,085,000
Misc Income	350	2,562,586
Net Cash Inflow in Investing Activities	13,977,409	3,620,336
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital / Warrants	-	80,542,670
Proceeds from Long Term Borrowings	-	(61,769,703)
Repayments of Long Term Borrowings	(80,672,950)	-
Dividends Paid (including dividend distribution tax)	-	-
Interest and Finance Charges	(1,143,099)	(23,534,139)
Net Cash Outflow from Financing Activities	(81,816,049)	(4,761,172.00)
Net (Decrease) / Increase in Cash and Cash Equivalents	(998,883)	1,020,758
Opening Balance of Cash and Cash Equivalents	1,229,243	208,485
Closing Balance of Cash and Cash Equivalents	230,360	1,229,243

As per our Report of even date

For L.N. MALIK & CO.

CHARTERED ACCOUNTANTS

(L.N. Malik)
Partner
M.No. 10423(Anil Kumar Kukreja)
G.M. Finance(Rekha Shrivastava)
Chairman(Nivedan Bharadwaj)
Whole Time Director

Place : New Delhi

Date: 18th June 2011

**SCHEDULE ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
71,60,000 Equity Shares Of Rs.10/- each	71,600,000	71,600,000
40,000 10% Cumulative Preference shares of Rs. 10/- each.	<u>400,000</u>	<u>400,000</u>
Total	<u>72,000,000</u>	<u>72,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
70,40,000 Equity shares of RS.10/- each fully paid up.	<u>70,400,000</u>	<u>70,400,000</u>
Total	<u>70,400,000</u>	<u>70,400,000</u>
SCHEDULE 2 - UNSECURED LOANS		
1. From Director & Relatives	45,064,720	120,037,670
2. From Others	-	<u>5,000,000</u>
Total	<u>45,064,720</u>	<u>125,037,670</u>
SCHEDULE 4 : INVESTMENTS		
A) QUOTED		
Investment in Shares at cost in M/s. RATHI ALLOYS & STEELS LTD. 45000 equity shares of Rs.10/- each fully paid up & 80000 partially paidup (Ref. note no. 8 in Schedule No. 12)	-	<u>692,750</u>
Total	<u>-</u>	<u>692,750</u>
SCHEDULE 5- CURRENT ASSETS, LOANS & ADVANCES		
A) CURRENT ASSETS		
(i) Closing Stock	-	-
(ii) Sundry Debtors (Unsecured considered doubtful) (Refer Note No.11 to 14 of Schedule 12)	45,918,210	149,599,075
(iii) Cash and Bank Balances		
Cash in Hand	19,586	7,805
Bank Balances	210,774	1,221,438
(B) Loans & Advances (Unsecured considered good) Advances Recoverable in Cash or in kind or for the value to be received	<u>3,292,390</u>	<u>14,560,572</u>
Total	<u>49,440,960</u>	<u>165,388,890</u>
SCHEDULE 6- CURRENT LIABILITIES & PROVISIONS		
Advance From Customer	10,000,000	11,221,007
Provisions	-	-
Expenses Payable	<u>156,124</u>	<u>333,386</u>
Total	<u>10,156,124</u>	<u>11,554,393</u>

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2011

SCHEDULE - 3 : FIXED ASSETS

(Amount in Rs.)

S. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01.04.2010	ADDITION DURING THE YEAR	DELETION DURING THE YEAR	AS ON 31.03.2011	AS ON 31.03.2010	PROVIDED DURING THE YEAR	DEDUCTION DURING THE YEAR	AS ON 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
1	Leasehold Land	1,921,437	294,081	2,215,518	-	-	-	-	-	-	1,921,437
2	Office Building	4,440,534	-	4,440,534	-	1,809,563	1,920,929	-	-	-	2,630,971
3	Electric Fittings	30,588	-	-	30,588	29,877	99	-	29,976	612	711
4	Furniture & Fixtures	2,687,794	-	-	2,687,794	2,606,167	14,774	-	2,620,941	66,853	81,627
5	Office Equipments	3567,789	-	-	3,567,789	3,337,025	41,768	-	3,378,793	188,996	230,764
6	Air Conditioners	1,509,905	-	-	1,509,905	1,385,093	17,361	-	1,402,454	107,451	124,812
7	Air Coolers	77,109	-	-	77,109	74,544	357	-	74,901	2,208	2,565
8	Plant & Machinery	1,159,702	-	1,159,702	-	1,105,952	7,477	1,113,429	-	-	53,750
9	New Computers	21,250	-	-	21,250	4,797	6,581	-	11,378	9,872	16,453
10	Motor Vehicle	8,210,440	-	8,210,440	-	8,002,610	53,807	8,056,417	-	-	207,830
	Current Year Figure	23,626,548	294,081	16,026,194	7,894,435	18,355,628	253,590	1,090,775	7,518,443	375,992	5,270,920
	Previous Year Figure	25,018,891	27,250	1,419,593	23,626,548	19,456,851	313,812	1,415,035	18,355,628	5,270,920	5,562,040

PARTICULARS	For the Year ended	
	31/03/2011 Rs.	31/03/2010 Rs.
SCHEDULE 7 : SALES		
Local Sales	-	-
TOTAL	<u>-</u>	<u>-</u>
SCHEDULE 8 : OTHER INCOME		
Miscellaneous Income	350	2,562,586
Interest Received	150,000	-
Income on Sale & Purchase of Investments	57,782,290	-
Profit on Sale of Building	6,364,877	-
Balance Written Back	2,184,264	-
Lease Rent	<u>2,199,500</u>	<u>1,085,000</u>
TOTAL	<u>68,681,281</u>	<u>3,647,586</u>
SCHEDULE 9 : SALARIES & AMENITIES		
Establishment	483,191	402,240
House Rent Allowance	241,598	178,926
Others Allowance	35,738	29,600
Contribution to P.F,E.P.F,E.S.I, Inspection & Admn.Charges	66,126	55,931
Special Allowance	-	42,477
Staff Welfare	1,127	1,380
Conveyance Allowance	84,449	17,215
Leave Encashment	8,373	1,350
Gratuity	40,361	-
Washing Allowance Expenses	-	1,774
Retrenchment Compensation / Gratuity	<u>-</u>	<u>72,700</u>
TOTAL	<u>960,963</u>	<u>803,593</u>
SCHEDULE 10 : OFFICE AND ADMINISTRATION EXPENSES		
Printing & Stationery	67,676	30,860
Telephone & Telex	44,412	47,169
Postage & Telegram & Courier	3,105	16,990
Conveyance Expenses	22,399	18,087
Auditor's Remuneration	19,303	19,303
Electricity & Water Charges	159,290	109,902
Miscellaneous Expenses	6,050	932
Director Remuneration	21,935	-
A.G.M. Expenses	27,620	19,100
Repair & Maintenance	8,785	9,280
Filing Fees	4,062	1,500
Rates & Taxes (House Tax) G -4	65,450	54,542
Retainership Fees	270,000	228,000
Placement /Professional fee	38,800	49,800
Stamp Duty on Investment	158,185	-
STT Charges on Investment	830,989	-
Listing Fees	172,166	358,886
Advertisement Expenses	123,519	77,520
Short & Excess	-	3,688
Assets Written Off	46,273	4,558

PARTICULARS	For the Year ended	
	31/03/2011 Rs.	31/03/2010 Rs.
Loss on Sale of Vehicle	25,134	-
Claims Paid	25,000	-
Books & Periodicals	-	840
TOTAL	2,140,153	1,050,957
SCHEDULE 11 : FINANCIAL EXPENSES		
Bank Charges & Commission	14,065	8,168
Interest on OTS A/c	-	23,455,929
Other Interest	1,129,034	70,042
TOTAL	1,143,099	23,534,139

SCHEDULE - 12 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES & PRACTICES

- a) Fixed Assets are stated at cost less depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and other incidental expenses. Depreciation is charged on a pro-rata basis at the WDV rates prescribed in the schedule XIV of the Companies Act, 1956. WDV has been arrived at after charging of depreciation on yearly basis.
- b) Stock in trade is valued at cost or market value whichever is lower.
- c) Investments are stated at cost.

2. CONTINGENT LIABILITIES CURRENT YEAR PREVIOUS YEAR

- a) In respect of Bank Guarantees Nil Nil

3. Quantitative & Value information: Not Applicable since there is no opening & closing stock.

4. Consumption of imported and indigenous materials and percentage thereof to total consumption, Raw Materials, Sub-assemblies and Components Consumed. - NIL

5. EXPENDITURE IN FOREIGN EXCHANGE CURRENT YEAR PREVIOUS YEAR

Nil Nil

6. EARNING IN FOREIGN EXCHANGE Nil Nil

7. PAYMENT TO AUDITORS

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Audit Fee	12,000	12,000
Taxation Matters	5,500	5,500
Service Tax	1,803	1,803

8. Shares of M/s.Rathi Alloys and Steel Ltd. have been received back from Central Bank of India, Parliament Street, New Delhi. These shares have been sold during the current financial year to M/ s.Ramdayal Associates Ltd. However these shares are not quoted/traded on any stock exchanges & hence Directors have disposed off the above investments, at cost value to reduce the burden of loans.
9. ICICI bank had filed a suit against the company before DRT for claim of penal interest etc. amounting to Rs.98,91,308 + Interest and being defended by the company.
10. Balances of sundry Debtors and Loans & Advances are subject to confirmation.
11. 10% amount of invoice value which is payable by Ministry of Food, Government of Bangladesh after inspection of the goods and other formalities has not yet received in-spite of serious efforts made by the company, amounting to Rs.3,60,45,593/- is outstanding since last 10 years and seems doubtful of recovery. Out of above Rs.1, 45,97,673/- is being written off as Bad-debts during the year, as per Boards approval.
12. Amount due from New World Enterprises Rs.8,30,52,720/- had been written off during the year as bad debts after complying with necessary formalities & Board approval, as there is no scope of recovery.
13. Amount due from Mondial Granites US\$ 22,052.85 against exports made in August-2000; goods not accepted by the importer and original documents received back. The goods had since been auctioned by the Custom-Authorities & in-spite of best efforts no details could be found. Board has decided to write-off the above as bad debts during the current financial year, as there is no scope of any recovery.
14. Amount due from M/s. Fortune Foods(Pty)Ltd, South Africa amounting to Rs.56,69,142/-, outstanding more than 11 years & the buyer being declared bankrupt as informed to our banker's had been written off as bad debts after complying with necessary formalities, as there is no scope of any recovery.
15. Commercial Building owned by the company at Naraina Vihar, New Delhi had been sold on 4th February, 2011 at the approved circle rate to reduce the heavy liabilities on the Company after completing the necessary formalities and as per Board resolution dated 24.01.2011.
16. Following non-operative bank balances are subject to confirmation/reconciliation:

(Amount in Rs.)

S.No.	Name of the Bank	Balance as on 31.03.2011
1.	Punjab & Sind Bank, Scindia House	5,000.00
2.	State Bank of Indore, Shahpura Branch Bhopal	4,676.00
3.	Indian Bank, Chennai	6,373.00
4.	Syndicate Bank, Mumbai	23,456.00
5.	Punjab National Bank. ICD Tuglakbad	1,922.85
6.	Central Bank of India Chennai	9,807.81
7.	Central Bank of India Kakinada	5,345.00

17. Demand Draft in hand amounting to Rs.54,749/- issued by State Bank of India, Nhava Sheva Branch, Mumbai favouring ICICI Bank Ltd A/c Fortune International Ltd had been revalidated and deposited in bank on 05/05/2011.

18. No Provision has been made for accounting liability up-to 31.3.2011 for gratuity to employees. Gratuity payable will be accounted as and when payments are made and as such the liability as at 31.03.2011 has not been ascertained.

19. In Compliance of Accounting Standard -18 on related party disclosures issued by the Institute of Chartered Accountants of India, the required information is given as under.

1. List of Related Parties

a) Directors and Key Managerial Person

1. Mrs. Rekha Shrivastava
2. Mr. Nivedan Bharadwaj
3. Mr. Madan Lal Jain

b) Relatives of Directors

1. Mrs. Ruchika Bharadwaj
2. Mrs. Anu Malhotra
3. Mrs. Pritika Shrivastava
4. Mrs. Meenu Shrivastava
5. Mrs. Radhika Shrivastava
6. Mr. Manish Kheterpal

c) The entities and the associations in which Directors are interested

1. M/s. Wisdom Properties Private Limited
2. M/s. ISS International Limited
3. M/s. Dr. R.D. Shrivastava Family Trust
4. M/s. Ganga Agencies
5. M/s. Krishna Family Trust
6. M/s. Gajendra Properties Pvt. Ltd.
7. M/s. Eastern Leather Products Pvt. Ltd
8. M/s. Abhinav Engineers Pvt. Ltd.
9. M/s. Fortune Polymers Industries Pvt. Ltd.
10. M/s. Ramdayal associates Ltd.

2. Transactions with Related Parties

No	Nature of Transaction	Parties Mentioned under 19(1(a)) above (In Rs)	Parties Mentioned under 19(1(b)) above (In Rs)	Parties Mentioned under 19(1(c)) above (In Rs)
1.	Remuneration	21,935	NIL	NIL
2.	Unsecured Loan Received	13,22,000	1,55,50,000	10,00,000
3.	Unsecured Loan Repaid	1,38,61,495	4,64,17,000	3,25,66,455
4.	Payment of Sundry Payables	NIL	NIL	18,00,000
5.	Interest Accrued on Advances	NIL	NIL	1,50,000
6.	Receipt of Loans & Advances	NIL	NIL	80,320
7.	Sale of Investments	NIL	NIL	6,92,750

3. Closing Balance of the Transaction with the related Parties

No	Nature of Transaction	Parties Mentioned under 19(1(a)) above (In Rs)	Parties Mentioned under 19(1(b)) above (In Rs)	Parties Mentioned under 19(1(c)) above (In Rs)
1.	Remuneration Payable	21,935	NIL	NIL
2	Unsecured Loan	41,81,720	1,26,33,000	2,82,50,000
3	Receivables	NIL	NIL	6,92,750
4	Loans & Advances	NIL	NIL	16,50,000

20. Deferred tax assets have not been recognized and carried forward as there is no certainty of any further taxable income.

21. Previous Year figures have been regrouped and re-arranged wherever necessary.

As per our Report of even date
For L.N.Malik & Co
(Chartered Accountants)

(L.N.Malik)
Partner
M.No. 10423

For and on behalf of the Board of Directors

(Anil Kumar Kukreja)
G.M. Finance

(Rekha Shrivastava)
Chairman

(Nivedan Bharadwaj)
Whole Time Director

Place : New Delhi
Date: 18th June 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE IN
TERMS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

I.	Registration Details	:	State Code	:	55
	Registration No.	:	12033	Balance Sheet Date	31.03.2011
					(Date) (Month)(Year)
II.	Capital raised during the year (Amount in Rs. Thousands)				
	Public Issue	:	NIL	Rights Issue	NIL
	Bonus Issue	:	NIL	Private Placement	NIL
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)				
	Total Liabilities	:	115,465	Total Assets	115,465
	Sources of Funds	:			
	Paid - up - Capital	:	70,400	Reserves & Surplus	NIL
	Share Application Money:	:	NIL	Unsecured Loans	45,065
	Secured Loans	:	NIL		
	Application of Funds	:			
	Net Fixed Assets	:	376	Investments	NIL
	Net Current Assets	:	39,285	Misc. Expenditure	NIL
	Accumulated Losses	:	75,804		
IV	Performance of Company (Amount in Rs. Thousands)				
	Turnover	:	68,681	Total Expenditure	108,845
	Profit Before Tax	:	(40,164)	Profit After Tax	(40,164)
	Earning per Share in Rs.:	:	NIL	Dividend Rate %	NIL
V	Generic Names of Three Principal Products / Services of Company				
	(as per monetary term)				
	Item Code No.(ITC Code)	:	6802310		
	Product Description	:	N.A		

As per our Report of even date
For L.N.Malik & Co
(Chartered Accountants)

For and on behalf of the Board of Directors

(L.N.Malik)
Partner
M.No. 10423

(Anil Kumar Kukreja)
G.M. Finance

(Rekha Shrivastava)
Chairman

(Nivedan Bharadwaj)
Whole Time Director

Place : New Delhi
Date: 18th June 2011

FORTUNE INTERNATIONAL LIMITED

Regd. Off. : G4, C-Block, Community Centre, Naraina Vihar, New Delhi- 110028

ATTENDANCE SLIP

29th Annual General Meeting: 20th July, 2011

Regd.Folio No./DP or Client ID

Mr./Mrs./Miss.
(Shareholder's Name in BLOCK Letters)

I certify that I am a registered shareholder / proxy for the registered shareholders of the Company.
(Member's / proxy's name and address in Block Letters to be furnished below)

I hereby record my presence at the 29th Annual General Meeting of the Company to be held on Wednesday,
20th July, 2011 at 10.00 a.m.

If signed by Proxy, name should be
Written here in Block Letters

Member's/ Proxy's Signature

Please fill in this attendance slip and hand it over at the Entrance of the meeting hall.

FORTUNE INTERNATIONAL LIMITED

Regd. Off. : G4, C-Block, Community Centre, Naraina Vihar, New Delhi- 110028

PROXY FORM

29th Annual General Meeting: 20th July, 2011

Regd.Folio No./ DP or Client ID

No. of Shares Held.....

I / We of being a
member / members of Fortune International Limited hereby appoint

Mr/Mrs.....of.....failing
him /her Mr/Mrs.....of

..... failing him /her as my / our proxy to attend and vote for me / us and
on my / our behalf at the 29th Annual General Meeting of the Company to be held on Wednesday, 20th July,
2011 at 10.00 a.m. and at any adjournment thereof.

As witness my / our hand (s) this day of....., 2011

Signature

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid Annual General Meeting.

BOOK-POST

IF UNDERLIVERD, PLEASE RETURN TO :

FORTUNE INTERNATIONAL LIMITED

REGISTERED OFFICE :

G - 4, C- Block Community Centre, Naraina Vihar, New Delhi - 110028