

## DIRECTORS' REPORT

Dear Members,

Your Directors in present the Fifth Annual Report on the affairs of the company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL HIGHLIGHTS

Particulars	(Amount in Rs.)	
	Year Ended 31 <sup>st</sup> March, 2010	Year Ended 31 <sup>st</sup> March, 2009
Income from Operations	172,310,815	264,796,102
Other income	64,921,614	2,796,789
<b>Total Income</b>	<b>237,232,429</b>	<b>267,592,891</b>
Personnel expenses	77,092,044	127,316,470
Administration and other expenses	50,891,030	76,518,065
Depreciation/ amortisation	3,083,771	3,432,294
Financial expenses	15,583	20,851
<b>Total Expenditure</b>	<b>131,082,428</b>	<b>207,287,681</b>
<b>Net Profit/(Loss) before tax and prior period items</b>	<b>106,150,001</b>	<b>60,305,210</b>
Provision for tax :		
Current Tax	36,644,000	19,038,336
Deferred Tax (Net)	(964,339)	865,078
Fringe Benefit Tax	-	697,678
<b>Net Profit/(Loss) after tax before prior period expenses</b>	<b>70,470,340</b>	<b>39,704,117</b>
Balance brought forward from previous year	53,145,784	13,441,670
<b>Balance carried forward to Balance Sheet</b>	<b>123,616,124</b>	<b>53,145,787</b>

The total income of the Company during the year stood at Rs. 237,232,429/- and the profit after tax was Rs. 70,470,340.

### BUSINESS REVIEW

During the year under review, the Company realigned its Investment Advisory Business to Everstone Investment Advisors Private Limited. Post realignment as aforesaid, the Company has been evaluating options to commence the business operations of the Company in similar line of business and / or other lines of business within the ambit of the objects of the Company.



## **DIVIDEND**

Your Directors consider it prudent to conserve the resources and therefore do not recommend any dividend on equity shares for the financial under review.

## **RE-ALIGNMENT OF INVESTMENT ADVISORY BUSINESS OF THE COMPANY**

During the year under review, the Company and its holding company viz. Future Capital Holdings Limited (FCH) entered into appropriate agreements with Everstone Investment Advisors Private Limited, to realign its investment advisory activities with a view of having a focused and dedicated approach to the Investment Advisory Business. The realignment of the investment advisory activities of the Company has been effective from January 1, 2010.

The Company has not entered into any non-compete or similar agreements with Everstone Investment Advisors Private Limited or Horizon development Management, LLC or Kshitij Venture Capital Fund and therefore would be free to pursue further/other clients or activities in relation to provide investment advisory services.

## **DIRECTORS**

In terms of Article 154 of the Articles of Association of the Company, Mr. N. Shridhar retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Approval of Members is being sought at the ensuing Annual General Meeting.

The Board of Directors appointed Mr. Prashant Shetty and Mr. Chetan Gandhi as the Additional Directors with effect from 3<sup>rd</sup> May, 2010. In terms of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company, Mr. Prashant Shetty and Mr. Chetan Gandhi hold office as the Additional Directors up to the date of ensuing Annual General Meeting of the Company and are eligible for appointment as the Directors. The Company has received requisite notice(s) together with deposit(s), as provided under Section 257 of the Companies Act, 1956, from a Member proposing the appointment of Mr. Prashant Shetty and Mr. Chetan Gandhi. Approval of Members is being sought at the ensuing Annual General Meeting.

The Board of Directors had also appointed Mr. Dhanpal Jhaveri and Mr. Ashutosh Lavakare as the Additional Directors with effect from 20<sup>th</sup> June, 2009 and 24<sup>th</sup> December, 2009, respectively. Due to their resignation Mr. Jhaveri and Mr. Lavakare ceased to be the Directors of the Company with effect from 3<sup>rd</sup> May, 2010.

During the year under review, Mr. Sameer Sain and Mr. G.N. Bajpai, resigned from the Board of Directors of the Company with effect from 15<sup>th</sup> February, 2010 and 25<sup>th</sup> May, 2010.

Your Directors place on record their appreciation for the services rendered by the aforesaid Directors who resigned from the Board of Directors of the Company, during their association with the Company.



Based on confirmations received, none of the Director is disqualified for appointment under Section 274(1) (g) of the Companies Act, 1956.

## **AUDITORS**

M/s. S. R. Batliboi & Co., Chartered Accountants, holds office until the conclusion of the ensuing Annual General Meeting and have expressed their willingness to continue, if so appointed. As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

A proposal seeking their re-appointment is provided as part of the Notice of the ensuing Annual General Meeting.

## **PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public during the year under review and neither does it intend to raise any public deposit during the current financial year.

## **PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE INFLOW/OUTFLOW, ETC.**

The requirements of disclosure with regard to Conservation of Energy in terms of Section 217 (1)(e) of the Companies Act read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

The Company's activities do not require any technology to be absorbed on the lines of what is mentioned in the aforesaid Rules. However the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.

The details of the earnings and outgo of Foreign Exchange during the period under review are provided as Note No. 10 of Part C of the Schedule 14 (Notes to Accounts) of the Balance Sheet as on 31<sup>st</sup> March, 2010. The Members are requested to refer to the said Note for the details in this regard.



## **PARTICULARS OF EMPLOYEES**

The Particulars of employees required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are annexed to and form part of this report. (Annexure-A)

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed;
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- c) that the Directors have 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;
- d) that the Directors have prepared the annual accounts for the financial year ending 31<sup>st</sup> March, 2010, on a going concern basis.

## **COMPLIANCE CERTIFICATE**

The Compliance Certificate under Section 383A of the Companies act, 1956 issued by Ms. Chitra Iyer, Company Secretary in Practice, for the year ended 31<sup>st</sup> March 2010, is enclosed and forms part of this report. (Annexure – B)

## **ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from its parent company, Future Capital Holdings Limited, bankers, regulatory authorities including Ministry of Corporate Affairs and the Company's business associates for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. We look forward to their continued support in future.



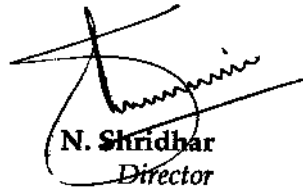
We wish to thank our banker, customers and all other business associates for their support and trust reposed in us.

Your Directors also wish to place on record their appreciation of the dedication and commitment of the employees.

*Date* : 25<sup>th</sup> May, 2010  
*Place* : Mumbai



On behalf of the Board of Directors

  
N. Shridhar  
Director

  
Chetan Gandhi  
Director

**Auditors' Report**

**To**  
**The Members of Kshitij Investment Advisory Company Limited**

1. We have audited the attached Balance Sheet of Kshitij Investment Advisory Company Limited as at March 31, 2010 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance 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 statements. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.



# **S.R. BATLIBOI & CO.**

Chartered Accountants

**Kshitij Investment Advisory Company Limited**  
**Audit for the year ended March 31, 2010**  
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- v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
- b) in the case of the profit and loss account, of the profit for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

*S.R. Batliboi No.*  
For S.R. Batliboi & Co.  
Chartered Accountants  
Firm registration No.: 301003E

*Hemal*

per Hemal Shah  
Partner  
Membership No.: 42650



24<sup>th</sup> May, 2010  
Mumbai

# **S.R. BATLIBOI & CO.**

Chartered Accountants

**Kshitij Investment Advisory Company Limited**  
**Audit for the year ended March 31, 2010**  
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**Annexure referred to in paragraph 3 of our report of even date**  
**Re: Kshitij Investment Advisory Company Limited ("the Company")**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company did not have any inventory therefore provisions of Clause 4(ii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of Clause 4(iii) (a) to clause 4(iii) (d) are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of Clause 4(iii) (e) to clause 4(iii) (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lakh in respect of any one such party in the financial year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services rendered by the Company.





# **S.R. BATLIBOI & CO.**

Chartered Accountants

**Kshitij Investment Advisory Company Limited**

**Audit for the year ended March 31, 2010**

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- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, sales-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to customs duty and excise duty are not applicable to the Company. There are no dues payable to the investor education and protection fund.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been prima facie used for long-term investment.




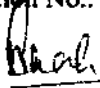
# **S.R. BATLIBOI & CO.**

Chartered Accountants

**Kshitij Investment Advisory Company Limited**  
**Audit for the year ended March 31, 2010**  
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- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) As informed to us, the Company has not raised any money by way of public issues during the year. Hence the provision of clause (xx) of the Companies (Auditors' Report) Order, 2003 (as amended) is not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per 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 course of our audit.

  
For **S.R. BATLIBOI & CO.**  
Chartered Accountants  
Firm registration No.: 301003E





per **Hemal Shah**  
Partner  
Membership No.: 42650

Mumbai  
24<sup>th</sup> May, 2010

	Schedules	As at March 31, 2010	Amount in Rs. As at March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	30,000,000	30,000,000
Reserves and surplus	2	123,616,124	53,145,787
		<u>153,616,124</u>	<u>83,145,787</u>
<b>Total</b>		<u><b>153,616,124</b></u>	<u><b>83,145,787</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	21,359,817	23,281,145
Less: Accumulated depreciation/ amortisation		8,977,167	7,441,481
Net Block		<u>12,382,620</u>	<u>15,839,664</u>
Capital work-in-progress (including capital advances)		-	-
		<u>12,382,620</u>	<u>15,839,664</u>
<b>Investments</b>	4	65,018,945	41,180,183
<b>Deferred tax assets (net)</b> [Refer note C3 of Schedule 14]		1,207,924	243,585
<b>Current assets, loans and advances</b>			
Sundry debtors	5	69,771,521	8,988,158
Cash and bank balances	6	3,175,506	2,677,320
Loans and advances	7	32,186,901	52,844,652
	(A)	<u>105,133,928</u>	<u>64,510,130</u>
<b>Less: Current liabilities and provisions</b>	8		
Current liabilities		16,892,518	33,255,203
Provisions		13,234,775	5,372,572
	(B)	<u>30,127,293</u>	<u>38,627,775</u>
<b>Net current assets (A-B)</b>		75,006,635	25,882,355
<b>Total</b>		<u><b>153,616,124</b></u>	<u><b>83,145,787</b></u>
<b>Notes to Accounts</b>	14		

The schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet.

As per our report of even date

*S.R. Batliboi*  
For S.R. Batliboi & Co.  
Firm Registration No.301003E  
Chartered Accountants

*Hemal Shah*  
per Hemal Shah  
Partner  
Membership No. 42650



Place : Mumbai  
Date :

24 MAY 2010

For and on behalf of the Board of Directors of  
Kshiti Investment Advisory Company Limited

*[Signature]*  
Director

*[Signature]*  
Director

Place : Mumbai  
Date :

24 MAY 2010

**Kshitij Investment Advisory Company Limited**  
**Profit and Loss Account for the year ended March 31, 2010**

	Schedules	For the year ended March 31, 2010	Amount in Rs. For the year ended March 31, 2009
<b>INCOME</b>			
Income from operations	9	172,310,815	264,796,102
Other income	10	64,921,614	2,796,789
<b>Total</b>		<b>237,232,429</b>	<b>267,592,891</b>
<b>EXPENDITURE</b>			
Personnel expenses	11	77,092,044	127,316,470
Administration and other expenses	12	50,891,030	76,518,065
Depreciation/ amortisation	3	3,083,771	3,432,294
Financial expenses	13	15,583	20,851
<b>Total</b>		<b>131,082,428</b>	<b>207,287,681</b>
<b>Profit before tax</b>		<b>106,150,001</b>	<b>60,305,210</b>
<b>Provision for tax:</b>			
Current tax		36,844,000	19,038,336
Deferred tax		(964,339)	865,078
Fringe benefit tax		-	697,678
		<b>35,879,661</b>	<b>20,601,092</b>
<b>Profit after tax</b>		<b>70,470,340</b>	<b>39,704,117</b>
Balance brought forward from previous year		53,145,784	13,441,670
<b>Balance carried to Balance Sheet</b>		<b>123,616,124</b>	<b>53,145,787</b>
<b>Earning per share</b>			
Basic & Diluted [refer Note C9 of Schedule 14]		23.49	13.23

Notes to Accounts 14

The schedules referred to above and Notes to Accounts form an integral part of the Profit & Loss Account.

As per our report of even date

*S.R. Batliboi*  
 For S.R. Batliboi & Co.  
 Firm Registration No.301003E  
 Chartered Accountants

Partner Hemal Shah  
 Partner  
 Membership No. 42650



Place : Mumbai  
 Date :

24 MAY 2010

For and on behalf of the Board of Directors of  
 Kshitij Investment Advisory Company Limited

*[Signature]*  
 Director

*[Signature]*  
 Director

Place : Mumbai

Date : 24 MAY 2010

Kshiti Investment Advisory Company Limited  
Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010	Amount in Rs. For the year ended March 31, 2009
<b>Cash flow from operating activities</b>		
Net Profit/(Loss) before tax	108,150,001	60,305,209
<b>Adjustments for:</b>		
Depreciation	3,083,771	3,432,294
Interest expenses	15,583	12,472
Loss on sale of fixed assets	126,754	100,965
Sundry balances written off	1,544,811	-
Dividend income	(2,044,681)	(1,752,245)
Provision for doubtful debts	7,178,250	-
Interest on fixed deposits	(16,243)	(1,044,544)
<b>Operating profit before working capital changes</b>	<b>116,036,246</b>	<b>61,054,142</b>
<b>Movements in working capital :</b>		
Increase/ Decrease in Sundry debtors	(67,959,614)	3,222,619
Increase/ Decrease in Loans and advances	10,771,878	(8,808,023)
Increase/ (Decrease) in Current liabilities and provisions	(20,114,185)	1,215,240
<b>Net cash generated from operations</b>	<b>38,734,325</b>	<b>56,683,979</b>
Taxes paid	(16,689,236)	(13,351,685)
<b>Net cash generated from operating activities (A)</b>	<b>22,045,089</b>	<b>43,332,294</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	-	(3,530,019)
Sale proceeds from fixed assets	246,519	667,074
Interest income	16,243	1,044,544
Income from investments	2,044,681	1,752,245
Purchase of investment	(140,844,681)	(94,865,145)
Sales proceeds of investment	117,005,919	53,684,963
<b>Net cash generated from investing activities (B)</b>	<b>(21,531,319)</b>	<b>(41,246,339)</b>
<b>Cash flow from financing activities</b>		
Repayment of secured loans	-	(52,747)
Proceeds from unsecured loans	-	6,300,000
Repayment of unsecured loans	-	(10,318,647)
Interest expenses	(15,583)	(12,472)
<b>Net cash generated from financing activities (C)</b>	<b>(15,583)</b>	<b>(4,083,866)</b>
<b>Net increase in cash and cash equivalents during the year (A+B+C)</b>	<b>498,187</b>	<b>(1,997,911)</b>
Cash and cash equivalents as at the beginning of the year	2,677,320	4,675,231
<b>Cash and cash equivalents as at the end of the year</b>	<b>3,175,507</b>	<b>2,677,320</b>

Cash and cash equivalents comprises:

Components of cash and cash equivalents

	As at March 31, 2010	As at March 31, 2009
Cash in hand	-	-
Balances with banks in current accounts	3,175,506	2,677,320
	<b>3,175,506</b>	<b>2,677,320</b>

As per our report of even date  
or S.R. Batliboi & Co.  
Firm Registration No. 301003E  
Chartered Accountants

or Hemal Shah  
Partner  
Membership No. 42850

Place: Mumbai  
Date:

24 MAY 2010



For and on behalf of the Board of Directors of  
Kshiti Investment Advisory Company Limited

Director

Director

Place: Mumbai  
Date:

24 MAY 2010

Kahrij Investment Advisory Company Limited  
Schedules forming part of the Financial Statements

	As at March 31, 2010	As at March 31, 2009
<b>Schedule 1 : Share Capital</b>		
5,000,000 (Previous year: 5,000,000) equity shares of Rs.10 each	50,000,000	50,000,000
<b>Total</b>	<b><u>50,000,000</u></b>	<b><u>50,000,000</u></b>
<b>Issued, Subscribed &amp; Paid-up</b>		
3,000,000 (Previous Year: 3,000,000) equity shares of Rs.10- each fully paid up. Out of the above 3,000,000 (Previous year: 3,000,000) equity shares are held by Future Capital Holding Limited, Holding Company.	30,000,000	30,000,000
<b>Total</b>	<b><u>30,000,000</u></b>	<b><u>30,000,000</u></b>
<b>Schedule 2 : Reserves and surplus</b>		
Profit and Loss Account		
Balance carried from profit and loss account	123,816,124	53,145,787
<b>Total</b>	<b><u>123,816,124</u></b>	<b><u>53,145,787</u></b>



Schedule forming part of the Financial Statements

Schedule 3 : Fixed Assets

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 1/04/2009	Additions during the year	Deletions during the year	As at 31/03/2010	As at 1/04/2009	Additions during the year	Deletions during the year	Upto 31/03/2010	As at 31/03/2010	As at 31/03/2009
Computers	11,082,597	42,287	565,441	10,559,454	3,801,346	1,777,889	336,966	5,242,270	5,317,184	7,281,251
Furniture & Fixtures	5,715,058	48,094	-	5,764,162	958,913	380,385	-	1,319,798	4,444,364	4,757,155
Office Equipments	1,428,778	93,447	110,516	1,411,709	335,192	63,758	43,703	355,246	1,056,463	1,093,587
Equipments ( HF)	3,013,858	54,977	1,484,187	1,584,648	1,586,817	687,454	1,187,386	1,106,885	477,763	1,427,041
Motor Car	2,039,844	-	-	2,039,844	759,213	193,785	-	952,998	1,086,846	1,280,631
<b>Total</b>	<b>23,281,145</b>	<b>238,815</b>	<b>2,160,144</b>	<b>21,359,817</b>	<b>7,441,481</b>	<b>3,063,771</b>	<b>1,548,055</b>	<b>8,977,187</b>	<b>12,382,620</b>	<b>15,839,664</b>
Previous year	25,013,941	3,530,019	1,561,222	23,281,145	4,802,377	3,432,278	793,176	7,441,481	15,839,664	-



Kshiti Investment Advisory Company Limited  
Schedules forming part of the Financial Statements

	As at March 31, 2010	As at March 31, 2009
<b>Schedule 4 : Investments</b>		
Current Investments (At lower of cost or net asset value)		
Investment in Mutual Funds units of Rs. 10 each, fully paid-up (Unquoted)		
	Quantity	
FIDC Cash Management Fund-Savings Plan-Daily Dividend	6,112,871	
Reinvestment	(3,014,241)	65,018,945
Shri Sun Life Cash Plus-Instl.-Daily Dividend-Reinvestment	(844,220)	-
		32,080,670
		9,119,513
<b>Total</b>	<b>66,018,945</b>	<b>41,180,183</b>
<b>Net Asset Value of units in mutual funds</b>	<b>65,018,945</b>	<b>41,180,183</b>
<b>Schedule 5 : Sundry Debtors</b>		
[Refer Note C6 of Schedule 14]		
: Unsecured, considered good		
: Debts outstanding for a period exceeding six months		
: considered good		
: considered doubtful		
Loss: Provision for doubtful debts		
	5,690,117	6,632,607
	3,506,163	-
	9,196,280	6,632,607
	3,506,163	-
	5,690,117	6,632,607
Other debts	64,061,404	2,355,551
<b>Total</b>	<b>69,771,621</b>	<b>8,988,158</b>
<b>Schedule 6 : Cash and Bank Balances</b>		
Cash on hand		
Balance with scheduled banks:		
on current account		
	3,175,506	2,677,320
<b>Total</b>	<b>3,175,506</b>	<b>2,677,320</b>
<b>Schedule 7 : Loans and Advances</b>		
[Refer Note C7 of Schedule 14]		
: Unsecured, considered good		
: inter corporate deposits		
: advance taxes (net of provision for tax)		
: fringe benefit tax (net of provision for fringe benefit tax)		
: security deposits		
: advances recoverable in cash or in kind or for value to be received		
: Considered good		
: Considered doubtful		
Loss: Provision for doubtful advances		
	-	2,170,148
	-	10,067,863
	201,889	-
	22,230,529	23,298,049
	9,754,363	17,288,592
	3,670,067	-
	13,424,470	17,288,592
	3,670,067	17,288,592
<b>Total</b>	<b>32,186,901</b>	<b>52,844,852</b>
<b>Schedule 8 : Current Liabilities and Provisions</b>		
<b>A) Current Liabilities</b>		
: sundry creditors		
[Refer note C2 of Schedule 14]		
: due to micro and small enterprises		
: due other than micro and small enterprises		
: other liabilities		
	15,324,149	17,823,536
	1,568,369	15,331,867
	<b>16,892,518</b>	<b>33,255,203</b>
<b>B) Provisions</b>		
: Provision for Income tax (net of advance Income tax)		
: or Gratuity		
: or Leave Encashment		
<b>Total</b>	<b>13,234,775</b>	<b>2,726,986</b>
	-	2,646,476
	<b>13,234,775</b>	<b>5,372,572</b>





Kshiti Investment Advisory Company Limited  
Schedules forming part of the Financial Statements

	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>Schedule 9 : Income from operations</b>		
Investment Advisory fees	182,071,728	351,242,876
Less: Service Tax	9,769,813	55,448,774
Net Investment Advisory fees	172,310,815	284,796,102
(IDS Rs. 10,444,597 ; Previous year : Rs. 9,256,963)		
Total	<u>172,310,815</u>	<u>284,796,102</u>
<b>Schedule 10 : Other Income</b>		
Dividend income	2,044,881	1,752,245
Interest on fixed deposits	16,243	247,489
Other income	980,880	787,055
Sale of rights under re-assignment agreement (Refer Note C17 of Schedule 14)	61,900,000	-
Total	<u>64,821,814</u>	<u>2,786,789</u>
<b>Schedule 11 : Personnel expenses</b>		
Salaries, wages and allowances	71,324,032	120,631,876
Contribution to provident and other funds	3,756,902	4,853,125
Staff welfare	2,011,110	1,831,368
Total	<u>77,092,044</u>	<u>127,316,369</u>
<b>Schedule 12 : Administrative and other expenses</b>		
Rent paid	28,771,272	46,064,403
Rates and taxes	88,177	314,963
Insurance Charges	137,817	196,624
Repairs and maintenance		
Others	2,888,283	2,730,628
Business promotion expenses	477,945	250,431
Traveling expenses	1,813,874	4,439,359
Communication expenses	1,136,804	2,180,551
Printing and stationery	329,279	653,714
Legal and professional	2,377,279	7,927,820
Recruitment and Training	389,588	803,260
Membership and subscription	243,806	1,040,087
Auditor's Remuneration		
Audit fees	300,000	300,000
Out of pocket expenses	-	4,842
Electricity charges	1,123,917	2,276,258
Conference expenses	316,774	1,076,141
Directors sitting fees	40,000	10,000
Provision for doubtful debts & Advances	7,176,250	-
Loss on sale of fixed assets	126,754	100,955
Foreign exchange losses (net)	750	5,482
Sundry balances written off	1,544,812	-
Miscellaneous expenses	808,180	5,374,867
Total	<u>60,881,838</u>	<u>76,516,098</u>
<b>Schedule 13 : Finance Charges</b>		
Interest-Others	13,982	16,188
Bank charges	1,801	4,665
Total	<u>15,783</u>	<u>20,853</u>



**A. NATURE OF OPERATIONS**

Kshitij Investment Advisory Company Limited ('the Company') was incorporated on December 31, 2004. The Company is mainly engaged into investment advisory activity.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation**

The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

**2. Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any other directly attributable costs of bringing the asset to its working condition for its intended use. Depreciation is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Act, except on hard furnishing assets provided to the employees, which are depreciated on straight-line method at the rate of 31.67% per annum which is higher than Schedule XIV rates.

Leasehold improvements are depreciated on straight-line basis over primary period of lease agreements.

Fixed assets and intangible assets costing Rs 5,000 or less individually are fully depreciated / amortized in the year of purchase.

**Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**3. Foreign currency transactions**

**(i) Initial Recognition**

Transactions in foreign currency entered during the year are recorded at the exchange rates prevailing on the date of the transaction.

**(ii) Conversion**

Monetary assets and liabilities denominated in foreign currency are translated into rupees at the exchange rate prevailing on the date of the Balance Sheet.

**(iii) Exchange Differences**

All exchange differences are dealt with in the profit and loss account.



**4. Provisions**

Provision is recognized when the enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

**5. Retirement Benefits**

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the Fund is accrued. There are no other obligations other than the contribution payable to the Fund.

**6. Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease period.

**7. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from advisory services is recognised in the period when services are rendered.

Advisory services income is recognized on the basis of an agreed mark up on costs incurred or in accordance with arrangements entered into with the customer.

Dividend is recognized as income when the right to receive payment is established.

**8. Taxation**

Income tax comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Profit and Loss Account in the period of enactment of the change. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. . If the company has unabsorbed depreciation or carry forward tax losses, Deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.



9. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

10. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current asset investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

C. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
Income-tax matters in dispute	347,296	Nil

2. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

The Company did not have any transactions with Small, Micro and Medium Enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" and hence there are no amounts due to such undertakings. The identification of units is based on the management's knowledge of their status.

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil



3. **Deferred tax (assets) / liabilities (net)**

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
<b>Deferred tax liabilities</b>		
On depreciation	1,187,843	1,594,643
<b>Sub-Total</b>	<b>1,187,843</b>	<b>1,594,643</b>
<b>Deferred tax assets</b>		
On provision for gratuity & leave travel allowance	-	1,86,137
On preliminary expenditure	11,817	12,091
On provision for doubtful debts	2,383,950	
<b>Sub-Total</b>	<b>2,395,767</b>	<b>1,838,228</b>
<b>Deferred tax (assets)/liabilities (net)</b>	<b>(1,207,924)</b>	<b>(243,585)</b>

4. **Financial Leases**

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Lease payments recognized in the profit and loss account	Nil	401
<b>Minimum Lease Payments:</b>		
Not later than one year	Nil	Nil
Later than one year but not later than five years	Nil	Nil
Later than five years	Nil	Nil

**General description of Company's significant financial leasing arrangement**

The Company had leasing arrangements for finance lease of a motor car. The Lease period has come to an end during the year.

5. **Operating Leases**

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Lease payments recognised in the profit and loss account	29,771,272	46,064,403
<b>Minimum Lease Payments:</b>		
Not later than one year	Nil	67,070,165
Later than one year but not later than five years	Nil	88,235,715
Later than five years	Nil	Nil

- a) The Company had obtained a car for the Chief Executive Officer, Mr. Shishir Bajjal, on operating lease. The lease rent is payable at Rs. 49,015/- per month plus taxes for a period of 60-months, expiring in December 2012. The said lease is terminated w.e.f January 1, 2010 under the reassignment agreement as detailed in Note 17 below.

The Company has not given or taken any sub-leases during the year.



**Kshitij Investment Advisory Company Limited**  
**Schedule 14: Notes To Accounts**

**6. Included in debtors are:**

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Dues from companies under the same management:		
i. Pantaloon Retail (India) Ltd. Maximum amount outstanding during the year Rs.56,90,117 ; (Previous year : Rs. 59,75,766)	56,90,117	5,975,766

**7. Included in Loans and Advances are:**

Dues from companies under the same management:	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
i. Future Capital Holdings Limited (Maximum amount outstanding during the year Rs.1,939,783) (Previous year Rs. 1,414)	72,876	(911,437)
ii. Kshitij Property Solutions Private Limited (Maximum amount outstanding during the year Rs. 2,170,816) (Previous year Rs. 33,234)	19,07,534	32,255
iii. Pantaloon Retail (India) Ltd. (Maximum amount outstanding during the year Rs. 133,588) (Previous year Rs. 1,005,655)	26,648	83,643
iv. Realterm FCH Logistic Advisors Private Limited (Maximum amount outstanding during the year Rs.196,425) (Previous year Rs. 1,245,821)	Nil	142,987

**8. Related Party Disclosure:**

**Name and relationship with the parties:**

Relationship	Name of the Party
Ultimate Holding Company	Pantaloon Retail (India) Limited
Holding Company	Future Capital Holdings Limited
Fellow Subsidiaries	Ambit Investment Advisory Company Limited Future Capital Investment Advisors Limited Myra Mall Management Company Private Limited Future Finance Limited Axon Development Solutions Limited Future Capital Financial Services Limited Future Hospitality Management Limited Kshitij Property Solutions Private Limited
Associates	Future Ventures India Limited Idiom Design and Consulting Limited
Key Management Personnel	N.Shridhar, Director Sameer Sain , Director (upto February 5, 2010 )

Refer Annexure 1 for the transactions with related parties.



**9. Earnings Per Share ('EPS')**

Basic and diluted EPS has been computed by dividing the net profit after tax for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

	For the year ended March 31, 2010	For the year ended March 31, 2009
	Rs.	Rs.
Net profit / (Loss)	70,470,340	39,704,117
Weighted average number of equity shares for calculating basic EPS	30,00,000	3,000,000
Nominal value per share	10	10
Basic / Diluted EPS	23.49	13.23

**10. Foreign Currency**

Expenditure in foreign currency	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Traveling	Nil	169,115
Conferences and seminar	Nil	1,044,790
Membership and subscriptions	Nil	84,920
Postage and courier	Nil	3,259

Earnings in foreign currency	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Income in foreign currency for advisory fees.	94,601,358	178,349,328

**11. Segmental Reporting**

Since the Company operates in single segment (i.e. advisory services), no disclosure is required to be given as per AS-17 -Segmental Reporting issued by ICAI.

12. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of the Schedule VI to the Act is not provided, as these provisions do not apply to the Company.

**13. Gratuity and other post-employment benefit plans:**

During the year, the Company has entered into an agreement with Everstone Investment Advisors Private Limited ('EIAPL') wherein all the employees of the Company have been transferred to EIAPL from January 1, 2010. Accordingly the provision for gratuity accrued till December 31, 2009 and based on actuarial valuation has been shown under Sundry creditors.



**Kshiti Investment Advisory Company Limited**  
**Schedule 14: Notes To Accounts**

Profit and Loss account  
 Net employee benefit expense

	For the year ended March 31, 2010 Rs.	Gratuity
		For the year ended March 31, 2009 Rs.
Current service cost	-	1,330,919
Interest cost on benefit obligation	-	193,966
Expected return on plan assets	-	Nil
Net actuarial( gain) / loss recognised in the year	-	(1,223,366)
Past service cost	-	Nil
Net benefit expense	-	301,519
Actual return on plan assets	-	Not Applicable

Balance Sheet

Changes in the present value of the defined benefit obligation are as follows:

	As at March 31, 2010 Rs.	Gratuity
		As at March 31, 2009 Rs.
Opening defined benefit obligation	-	2,424,577
Interest cost	-	193,966
Current service cost	-	1,330,919
Benefits paid	-	Nil
Actuarial (gains) / losses on obligation	-	(1,223,366)
Closing defined benefit obligation	-	2,726,096

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below:

	March 31, 2010	March 31, 2009
Discount rate	-	7.00% p.a
Expected rate of return on assets	-	N.A.
Increase in Compensation cost	-	5.00% p.a

The estimates of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

16. The Company is required to have a whole time Company Secretary as per section 383A of the Companies Act, 1956. The Company is in the process of identifying a suitable candidate to fill the vacancy in this position, caused due to the resignation of the earlier incumbent.



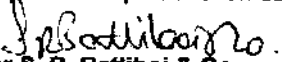


**Kshitij Investment Advisory Company Limited**  
**Schedule 14: Notes To Accounts**

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17. The Board of Directors at their meeting held on December 11, 2009, approved the realignment of the investment advisory activities of the Company. The Company has entered into appropriate agreements with Everstone Investment Advisors Private Limited ('EIAPL'), to realign its investment advisory activities with a view to having a focused and dedicated approach to the investment advisory business. The realignment agreement is effective from January 1, 2010 wherein, EIAPL shall, in place of the Company:
- a. render all the investment advisory services to Kshitij Venture Capital Fund Fund ('KVCF') and Horizon Development LLC ('HDM');
  - b. enjoy all the rights in term of the Investment Advisory Agreement ('IAA') entered into with KVCF and HDM;
  - c. assume, agrees and fulfill all duties and obligations conferred or imposed under the terms of IAA
  - d. Pursuant to the above agreement the Company shall receive a total consideration of Rs. 61,900,000 from HDM and KVCF.
18. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our Report of even date

  
For S. R. Batliboi & Co.  
Firm Registration No.301003E  
Chartered Accountants

Per Hemal Shah  
Partner  
Membership No. 42650

Place: Mumbai  
Date: 24 MAY 2010



For and on behalf of the Board of Directors  
Kshitij Investment Advisory Company Limited

  
Director

  
Director

Place: Mumbai  
Date: 24 MAY 2010

Kshiti Investment Advisory Company Limited  
Annexure 1 to Note C8 of the Schedule 14 forming part of Notes to Accounts  
Transactions with Related parties

Relationship	Name	Fixed Asset Purchased	Reimbursements charged to these companies	Reimbursements charged by these companies	Purchase of goods/Services	Operating Lease Payments	Amount in Rupees	
							Debtors/ (Creditors)	Closing Balances Receivable / (Payable)
Ultimate Holding Company	Pantaloon Retail (India) Limited		33,049	231,700			5,690,117	26,648
Holding Company	Future Capital Holdings Limited		2,173,070	2,324,341				(72,676)
Fellow Subsidiaries	Future Capital Investment Advisors Limited		6,493,221					
	Axon Development Solutions Limited		6,467					
	Future Finance Ltd		30,821					
	FCH CentrumDirect Limited				56,840			
	Myra Mail Management Company Limited					7,886,981		
	Future Capital Financial Services Limited		6,914,187					3,687,408
	Realterm FCH Logistics Advisors P Ltd							
	Kshiti Property Solutions Pvt Ltd	105,741	1,895,591					1,907,534
Associates	Future Ventures India Ltd		413,305					1,157,740

