

# **Kshitij Investment Advisory Company Limited**

Annual Report

2010-11

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

*Mr. Ashokkumar Shinkar  
Mr. Prashant Shetty  
Mr. Chetan Gandhi*

### **STATUTORY AUDITORS**

*S. R. Batliboi & Co.*

### **BANKER**

*HDFC Bank Limited*

### **REGISTERED OFFICE**

*52, Kalpataru Synergy,  
Opp. Grand Hyatt Hotel,  
Santacruz (E), Vakola,  
Mumbai - 400 055.*

*Tel No. : +91 22 6642 3485*

*Fax No.: +91 22 6642 3401*

## DIRECTORS' REPORT

Dear Members,

Your Directors in present the Sixth Annual Report on the affairs of the company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2011.

### FINANCIAL HIGHLIGHTS

Particulars	(Amount in Rs.)	
	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010
Income from Operations	-	172,310,815
Other income	87,79,752	64,921,614
<b>Total Income</b>	<b>87,79,752</b>	<b>237,232,429</b>
Personnel expenses	-	77,092,044
Administration and other expenses	8,90,300	50,891,030
Depreciation/ amortisation	39,02,647	3,083,771
Financial expenses	997	15,583
<b>Total Expenditure</b>	<b>47,93,944</b>	<b>131,082,428</b>
<b>Net Profit/(Loss) before tax and prior period items</b>	<b>39,85,808</b>	<b>106,150,001</b>
Provision for tax :		
Current Tax	9,20,000	36,644,000
Deferred Tax (Net)	17,64,378	(964,339)
Fringe Benefit Tax		-
<b>Net Profit/(Loss) after tax before prior period expenses</b>	<b>13,01,430</b>	<b>70,470,340</b>
Balance brought forward from previous year	12,36,16,124	53,145,784
<b>Balance carried forward to Balance Sheet</b>	<b>12,49,17,554</b>	<b>123,616,124</b>

The total income of the Company during the year stood at Rs. 87,79,752 /- and the profit after tax was Rs. 13,01,430 /-

### 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.

### DIRECTORS

In terms of the Articles of Association of the Company, Mr. Prashant Shetty, Director, 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. Ashokkumar Shinkar as an Additional Director with effect from 2<sup>nd</sup> November, 2010. In terms of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ashokkumar Shinkar holds office as an Additional Director up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as the Director. The Company has received requisite notice together with deposit, as provided under Section 257 of the Companies Act, 1956, from a Member proposing the appointment of Mr. Ashokkumar Shinkar. Approval of Members is being sought at the ensuing Annual General Meeting.

During the year under review, Mr. N. Shridhar resigned from the Board of Directors of the Company with effect from 5<sup>th</sup> November, 2010. The Directors place on record their appreciation for the services rendered by Mr. Shridhar who resigned from the Board of Directors of the Company, during his 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, hold 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 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, environment and ensuring safety.

During the financial year under review, the Company has neither earned nor spent any foreign exchange.

#### **PARTICULARS OF EMPLOYEES**

There are no particulars to be disclosed in respect of employees drawing remuneration requiring disclosure under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975

#### **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, 2011, the applicable accounting standards had 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 loss 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 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, 2011 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 2011, is enclosed and forms part of this report. **(Annexure – A)**

#### **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.

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

**On behalf of the Board of Directors**

**Date** : 20<sup>th</sup> June, 2011  
**Place** : Mumbai

**Sd/-**  
**Ashokkumar Shinkar**  
**Director**

**Sd/-**  
**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, 2011 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) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), 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 Act;
  - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;



# **S.R. BATLIBOI & Co.**

Chartered Accountants

Kshitij Investment Advisory Company Limited  
Audit Report for the year ended March 31, 2011  
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- 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 Act, 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, 2011;
  - 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*  
For S.R. Batliboi & Co.  
Firm Registration No.: 301003E  
Chartered Accountants

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



Place: Mumbai  
Date: 20 JUN 2011



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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 Order is not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, 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 Act. Accordingly, the provisions of clauses 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to the information and explanations given to us, 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 Act. Accordingly the provisions of clauses 4(iii)(e) to (g) are not applicable to the Company and hence not commented upon.
- (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 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. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (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 Act for the services rendered by the Company.



# S.R. BATLIBOI & CO.

Chartered Accountants

Kshitij Investment Advisory Company Limited  
Audit Report for the year ended March 31, 2011  
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(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to provident fund, employees' state insurance, wealth tax, sales tax, customs duty and excise duty are not applicable to the Company. There are no dues payable to the investor education and protection fund.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (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 explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, custom duty, excise duty 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 Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (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 used for long-term investment.
- (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 Act.
- (ix) The Company did not have any outstanding debentures during the year.



# S.R. BATLIBOI & Co.

Chartered Accountants

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Audit Report for the year ended March 31, 2011  
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- (xx) As informed to us, the Company has not raised any money by way of public issue during the year. Hence the provision of clause 4(xx) of the Order 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.

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

*Hemal Shah*

per Hemal Shah  
Partner  
Membership No.: 42650



Place: Mumbai

Date: 20 JUN 2011

**Kshitij Investment Advisory Company Limited**  
**Balance Sheet as at March 31, 2011**

		Amount in Rs.	
		As at	As at
Schedules		March 31, 2011	March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
	1	30,000,000	30,000,000
Share capital			
	2	124,917,554	123,616,124
Reserves and surplus			
		154,917,554	153,616,124
		556,455	
Deferred tax liabilities (net)			
[Refer note C3 of Schedule 14]			
<b>Total</b>		155,474,009	153,616,124
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	3		
Gross Block		25,083,015	21,359,817
Less: Accumulated depreciation/ amortisation		12,879,844	8,977,197
Net Block		12,203,171	12,382,620
<b>Investments</b>	4	81,480,164	65,018,945
<b>Deferred tax assets (net)</b>			1,207,924
[Refer note C3 of Schedule 14]			
<b>Current assets, loans and advances</b>			
	5	26,321,761	69,771,521
Sundry debtors			
	6	4,527,399	3,175,506
Cash and bank balances			
	7	35,152,158	32,186,901
Loans and advances			
	(A)	66,001,318	105,133,928
<b>Less: Current liabilities and provisions</b>	8		
Current liabilities		4,210,644	16,892,518
Provisions		-	13,234,775
	(B)	4,210,644	30,127,293
<b>Net current assets</b>	(A-B)	61,790,674	75,006,635
<b>Total</b>		155,474,009	153,616,124

Notes to Accounts

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.

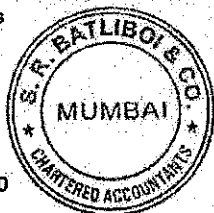
For S.R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

per Hemal Shah  
 Partner

Membership No. 42650



Place: Mumbai

Date: 20 JUN 2011

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

Director

Director

Place: Mumbai

Date: 20 JUN 2011



**Kshitij Investment Advisory Company Limited**  
**Profit and Loss Account for the year ended March 31, 2011**

	Schedules	For the year ended March 31, 2011	Amount in Rs. For the year ended March 31, 2010
<b>INCOME</b>			
Income from operations	9	-	172,310,815
Other income	10	8,779,752	64,921,614
<b>Total</b>		<b>8,779,752</b>	<b>237,232,429</b>
<b>EXPENDITURE</b>			
Personnel expenses	11	-	77,092,044
Administration and other expenses	12	890,300	50,891,030
Depreciation/ amortisation	3	3,902,647	3,083,771
Financial expenses	13	997	15,583
<b>Total</b>		<b>4,793,944</b>	<b>131,082,428</b>
<b>Profit before tax</b>		<b>3,985,808</b>	<b>106,150,001</b>
<b>Provision for tax:</b>			
Current tax		920,000	36,644,000
Deferred tax		1,764,378	(964,339)
		<b>2,684,378</b>	<b>35,679,661</b>
<b>Profit after tax</b>		<b>1,301,430</b>	<b>70,470,340</b>
Balance brought forward from previous year		123,616,124	53,145,784
<b>Balance carried to Balance Sheet</b>		<b>124,917,554</b>	<b>123,616,124</b>
<b>Earning per share</b>			
Basic & Diluted [refer Note C8 of Schedule 14]		0.43	23.49

**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

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



Place : Mumbai  
 Date : 20 JUN 2011

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

*Prasanna*  
 Director

*Prasanna*  
 Director

Place : Mumbai  
 Date : 20 JUN 2011



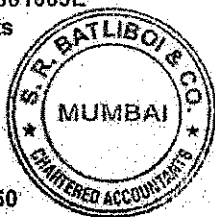
**Kshitij Investment Advisory Company Limited**  
**Cash Flow Statement for the year ended March 31, 2011**

	For the year ended March 31, 2011	Amount in Rs. For the year ended March 31, 2010
<b>Cash flow from operating activities</b>		
Net Profit/(Loss) before tax	3,985,808	106,150,001
<b>Adjustments for:</b>		
Depreciation	3,902,647	3,083,771
Interest expenses	997	15,583
Loss on sale of fixed assets	-	126,754
Sundry balances written off/ (written back)	(4,192,503)	1,544,811
Dividend income	(2,654,661)	(2,044,681)
Provision for doubtful debts	-	7,176,250
Interest on fixed deposits	-	(16,243)
<b>Operating profit before working capital changes</b>	<b>1,042,288</b>	<b>116,036,246</b>
<b>Movements in working capital :</b>		
(Increase)/ Decrease in Sundry debtors	43,449,760	(67,959,614)
(Increase)/ Decrease in Loans and advances	7,165,004	10,771,878
Increase/ (Decrease) in Current liabilities and provisions	(8,489,371)	(20,114,185)
<b>Net cash generated from operations</b>	<b>43,167,682</b>	<b>38,734,325</b>
Taxes paid	(24,285,036)	(16,689,236)
<b>Net cash generated from operating activities (A)</b>	<b>18,882,646</b>	<b>22,045,089</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(3,723,198)	-
Sale proceeds from fixed assets	-	246,519
Interest income	-	16,243
Dividend income	2,654,661	2,044,681
Purchase of investment	(81,480,164)	(140,844,681)
Sales proceeds of investment	65,018,945	117,005,919
<b>Net cash generated from investing activities (B)</b>	<b>(17,529,756)</b>	<b>(21,531,320)</b>
<b>Cash flow from financing activities</b>		
Interest expenses	(997)	(15,583)
<b>Net cash generated from financing activities (C)</b>	<b>(997)</b>	<b>(15,583)</b>
<b>Net Increase in cash and cash equivalents during the year (A+B+C)</b>	<b>1,351,893</b>	<b>498,186</b>
Cash and cash equivalents as at the beginning of the year	3,175,506	2,677,320
<b>Cash and cash equivalents as at the end of the year</b>	<b>4,527,399</b>	<b>3,175,506</b>
<b>Cash and cash equivalents comprises:</b>	As at March 31, 2011	As at March 31, 2010
Balances with banks in current accounts	4,527,399	3,175,506
<b>Total</b>	<b>4,527,399</b>	<b>3,175,506</b>

As per our report of even date

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

per Hemal Shah  
 Partner  
 Membership No. 42650



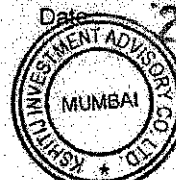
Place : Mumbai  
 Date : 20 JUN 2011

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

*[Signature]*  
 Director

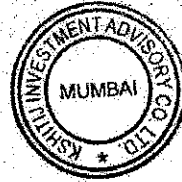
*[Signature]*  
 Director

Place : Mumbai  
 Date : 20 JUN 2011



Kshitij Investment Advisory Company Limited  
Schedules forming part of the Balance Sheet

	Amount in Rs.	
	As at March 31, 2011	As at March 31, 2010
<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>	<u>50,000,000</u>	<u>50,000,000</u>
<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>	<u>30,000,000</u>	<u>30,000,000</u>
<b>Schedule 2 : Reserves and surplus</b>		
<b>Profit and Loss Account</b>		
Balance carried from profit and loss account	124,917,554	123,616,124
<b>Total</b>	<u>124,917,554</u>	<u>123,616,124</u>



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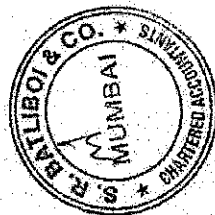
**KSHITIJ INVESTMENT ADVISORY COMPANY LIMITED**

Schedules forming part of the Balance Sheet

**Schedule 3 : Fixed Assets**

Amount in Rs.

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	Additions during the year	Deletions during the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Computers	10,559,454	445,963	-	11,005,417	5,242,270	2,050,465	-	7,292,735	3,712,682	5,317,184
Furniture & Fixtures	5,764,162	2,779,951	-	8,544,113	1,319,798	1,166,692	-	2,486,490	6,057,623	4,444,364
Office Equipments	1,411,709	487,284	-	1,908,993	355,246	138,489	-	493,735	1,415,258	1,056,463
Equipments ( HF)	1,584,648	-	-	1,584,648	1,106,885	353,748	-	1,460,633	124,015	477,763
Motor Car	2,039,844	-	-	2,039,844	982,998	193,253	-	1,146,251	893,593	1,086,846
<b>Total</b>	<b>21,359,817</b>	<b>3,723,198</b>	<b>-</b>	<b>25,083,015</b>	<b>8,977,197</b>	<b>3,902,647</b>	<b>-</b>	<b>12,879,844</b>	<b>12,203,171</b>	<b>12,382,620</b>
Previous Year	23,281,145	238,815	2,160,143	21,359,817	7,441,481	3,083,771	1,548,055	8,977,197	12,382,620	-

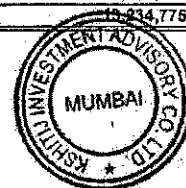


02



Kshitij Investment Advisory Company Limited  
Schedules forming part of the Balance Sheet

	Amount in Rs.	
	As at March 31, 2011	As at March 31, 2010
<b>Schedule 4: Investments</b>		
<b>Long term Investments (At cost)</b>		
<b>Other than trade (Unquoted)</b>		
<b>Equity Shares of Rs. 10 each, fully paid-up</b>		
Rohan Realty Private Limited	5,377 (-)	1,651,330
Rohan Brothers Builders Private Limited	97 (-)	1,849,222
Rohan Buildwell Private Limited	156 (-)	2,286,982
Rohan Erectors Private Limited	97 (-)	1,852,452
IndoSpace Logistics Parks Private Limited	12,025 (-)	1,656,444
Future Warehouse Management Services Private Limited	3,957 (-)	779,648
(A)	10,078,078	-
<b>Current Investments (At lower of cost or net asset value)</b>		
<b>Investment in Mutual Funds units of Rs. 10 each, fully paid-up</b>		
<b>(Unquoted)</b>		
HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment	-(8,112,871)	65,018,945
HDFC Cash Management Fund-Savings Plan-Growth	3,520,403 (-)	71,404,086
(B)	71,404,086	65,018,945
Total	(A+B)	65,018,945
Net Asset Value of units in mutual funds	72,140,099	65,018,945
<b>Schedule 5: Sundry Debtors</b>		
<b>(Unsecured, considered good)</b>		
<b>Debts outstanding for a period exceeding six months</b>		
-considered good	5,690,117	5,690,117
-considered doubtful	3,422,994	3,506,163
	9,113,111	9,196,280
Less: Provision for doubtful debts	3,422,994	3,506,163
	5,690,117	5,690,117
Other debts	20,631,844	64,081,404
Total	26,321,761	69,771,521
<b>Schedule 6: Cash and Bank Balances</b>		
<b>Balance with scheduled banks:</b>		
- on current account	4,527,399	3,175,508
Total	4,527,399	3,175,508
<b>Schedule 7: Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Advance taxes (net of provision for tax)	10,130,260	-
Fringe benefit tax (net of provision for fringe benefit tax)	201,990	201,989
Security deposits	21,919,983	22,230,529
<b>Advances recoverable in cash or in kind or for value to be received</b>		
-Considered good	2,899,925	9,754,383
-Considered doubtful	3,283,527	3,670,087
Less: Provision for doubtful advances	(3,283,527)	(3,670,087)
Total	35,152,158	32,186,901
<b>Schedule 8: Current Liabilities and Provisions</b>		
<b>(A) Current Liabilities</b>		
<b>Sundry creditors</b>		
<b>(Refer note C2 of Schedule 14)</b>		
Due to micro and small enterprises	2,672,504	15,324,149
Due other than micro and small enterprises	1,638,140	1,568,369
Other liabilities	4,210,644	16,892,518
<b>(B) Provisions</b>		
Provision for income tax (net of advance income tax)	-	13,234,775
Total	-	13,234,775



Kshiti Investment Advisory Company Limited  
Schedules forming part of the Profit and Loss Account

	For the year ended March 31, 2011	Amount in Rs. For the year ended March 31, 2010
<b>Schedule 9 : Income from operations</b>		
Investment Advisory fees	-	182,071,728
Less: Service Tax	-	9,760,913
Net Investment Advisory fees (TDS Rs. Nil ; Previous year : Rs. 10,444,597)	-	172,310,815
<b>Total</b>	<b>-</b>	<b>172,310,815</b>
<b>Schedule 10 : Other Income</b>		
Dividend income	2,654,661	2,044,681
Interest on fixed deposits	-	16,243
Other income	-	960,690
Management fees	1,932,588	61,900,000
Excess provision written back	4,192,503	-
<b>Total</b>	<b>8,779,752</b>	<b>64,921,614</b>
<b>Schedule 11 : Personnel expenses</b>		
Salaries, wages and allowances	-	71,324,032
Contribution to provident and other funds	-	3,756,902
Staff welfare	-	2,011,110
<b>Total</b>	<b>-</b>	<b>77,092,044</b>
<b>Schedule 12 : Administrative and other expenses</b>		
Rent, paid	-	28,771,272
Rates and taxes	41,840	88,177
Insurance Charges	193,918	137,817
Repairs and maintenance	-	-
- Others	378,996	2,686,263
Business promotion expenses	-	477,945
Traveling expenses	-	1,813,674
Communication expenses	-	1,138,504
Printing and stationery	-	329,279
Legal and professional	96,788	2,377,279
Recruitment and training expenses	-	389,588
Membership and subscription	-	243,805
<b>Auditor's Remuneration</b>	<b>-</b>	<b>-</b>
Audit fees	50,000	300,000
Out of pocket expenses	8,493	-
Electricity charges	83,377	1,123,917
Conference expenses	-	316,774
Directors sitting fees	10,000	40,000
Provision for doubtful debts & Advances	-	7,176,250
Loss on sale of fixed assets	-	128,754
Foreign exchange losses (net)	-	750
Sundry balances written off	-	1,544,812
Miscellaneous expenses	26,888	808,190
<b>Total</b>	<b>890,300</b>	<b>50,891,030</b>
<b>Schedule 13 : Finance Charges</b>		
Interest-Others	-	13,982
Bank charges	997	1,601
<b>Total</b>	<b>997</b>	<b>15,583</b>



PS

**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 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.



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

**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. All other investments are classified as long term investments. Long term investments are carried at cost. However, provision for diminution in the value is made to recognize a decline other than temporary in the value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

C. NOTES TO ACCOUNTS

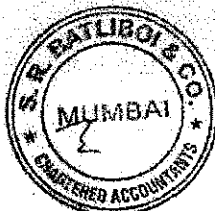
1. Contingent Liabilities not provided for

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil
Income-tax matters in dispute	120,446	347,296

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, 2011	For the year ended March 31, 2010
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



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

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

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
<b>Deferred tax liabilities</b>		
On depreciation	556,455	1,187,843
<b>Sub-Total</b>	<b>556,455</b>	<b>1,187,843</b>
<b>Deferred tax assets</b>		
On preliminary expenditure	-	11,817
On provision for doubtful debts	-	2,383,950
<b>Sub-Total</b>	<b>-</b>	<b>2,395,767</b>
<b>Deferred tax (assets)/liabilities (net)</b>	<b>556,455</b>	<b>(1,207,924)</b>

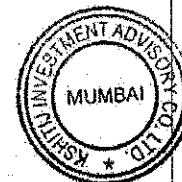
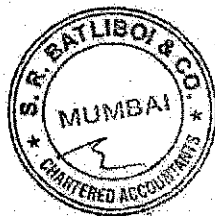
**4. Operating Leases**

	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
Lease payments recognised in the profit and loss account	Nil	29,771,272
	Nil	
<b>Minimum Lease Payments:</b>	Nil	
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

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

**5. Included in debtors are:**

	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
Dues from companies under the same management:		
i. Pantaloon Retail (India) Ltd.	5,690,117	56,90,117
Maximum amount outstanding during the year Rs. 5,690,117; (Previous year : Rs. 5,690,117)		



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

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

<b>Dues from companies under the same management:</b>	<b>As at March 31, 2011 Rs.</b>	<b>As at March 31, 2010 Rs.</b>
i. Future Capital Holdings Limited (Maximum amount outstanding during the year Rs. 20,146,072) (Previous year Rs. 1,939,783)	9,687	72,876
ii. Kshitij Property Solutions Private Limited (Maximum amount outstanding during the year Rs. 1,906,661) (Previous year Rs. 1,906,661)	1,906,661	1,906,661
iii. Pantaloon Retail (India) Ltd. (Maximum amount outstanding during the year Rs. 26,648) (Previous year Rs. 133,588)	21,148	26,648
iv. Myra Mall Management Company Limited (Maximum amount outstanding during the year 12,000,000) (Previous year Rs. 12,000,000)	12,000,000	12,000,000

**7. Related Party Disclosure:**

**Name and relationship with the parties:**

<b>Relationship</b>	<b>Name of the Party</b>
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 Anchor Investment and Trading Private Limited (wef October 14, 2010) FCH Centrum Wealth Managers Limited (wef March 28, 2011) Future Capital Home Finance Private Limited (wef December 23, 2010)
Associates	Idiom Design and Consulting Limited

Refer Annexure 1 for the transactions with related parties.



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

**8. 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, 2011	For the year ended March 31, 2010
	Rs.	Rs.
Net profit / (Loss)	1,301,430	70,470,340
Weighted average number of equity shares for calculating basic EPS	3,000,000	3,000,000
Nominal value per share	10	10
Basic / Diluted EPS	0.43	23.49

**9. Earnings in foreign currency**

Earnings in foreign currency	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
Income in foreign currency for advisory fees	Nil	94,601,358

**10. Segmental Reporting**

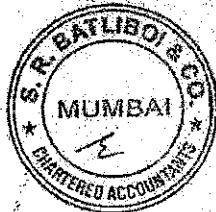
Since the Company operates in single segment (i.e. advisory services), no disclosure is required to be given as per AS-17 -Segmental Reporting issued by ICAI.

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

In the last year, the Company had entered into an agreement with Everstone Investment Advisors Private Limited ('EIAPL') wherein all the employees of the Company had 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.

The Company did not have any employees during the year under review.

12. In the last year the Company had entered into appropriate agreements with Everstone Investment Advisors Private Limited ('EIAPL'), to realign its investment advisory activities. Pursuant to the above agreement the Company received a total consideration of Rs.61,900,000 from HDM and KVCF.





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

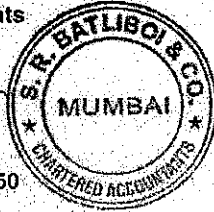
13. Additional information pursuant to the provisions of paragraph 3, 4C and 4D of part II of the Schedule VI to the Act is not provided, as these provisions do not apply to the Company.
14. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our Report of even date.

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

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

Place: Mumbai  
Date: 20 JUN 2011



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

*Prasanna*  
Director

*Prasanna*  
Director

Place: Mumbai  
Date: 20 JUN 2011



**Kshitij Investment Advisory Company Limited**  
**Additional Information pursuant to Part IV of Schedule VI to The Act.**  
**Balance Sheet Abstract and Company's General Business Profile**

**I Registration Details**

Registration No.   
 State Code   
 Balance Sheet     
 Date: Date Month Year

**II Capital Raised During the Year (Amount in Rs. Thousands)**

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities (including shareholder's funds)	<input type="text" value="159685"/>	Total Assets	<input type="text" value="159685"/>
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**Sources of Funds**

Paid-up Capital	<input type="text" value="30000"/>	Reserves and Surplus	<input type="text" value="124918"/>
Secured Loans	<input type="text" value="NIL"/>	Unsecured Loan	<input type="text" value="NIL"/>
Deferred Tax Liabilities (net)	<input type="text" value="556"/>		

**Application of Funds**

Net Fixed Assets	<input type="text" value="12203"/>	Investments	<input type="text" value="81480"/>
(Please tick appropriate box + for Positive, - for Negative)		Miscellaneous Expenditure	<input type="text" value="NIL"/>
Net Current Assets	<input type="text" value="61791"/>		
Accumulated Losses	<input type="text" value="NIL"/>		

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover (including other income)	<input type="text" value="8780"/>	Total Expenditure	<input type="text" value="4794"/>
(Please tick appropriate box + for Profit, - for Loss)		(Please tick appropriate box + for Profit, - for Loss)	
Profit/Loss Before Tax	<input type="text" value="3986"/>	Profit/Loss After Tax	<input type="text" value="1301"/>
(Please tick appropriate box + for Positive, - for Negative)		Dividend Rate %	<input type="text" value="NIL"/>
Earning Per Share (In Rs.)	<input type="text" value="0.43"/>		

**V Generic Names of Principal Products / Services of Company (as per monetary terms)**


Item Code No. (ITC Code)	Product Description
Not Applicable	Investment Advisory

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

*[Signature]*  
 Director

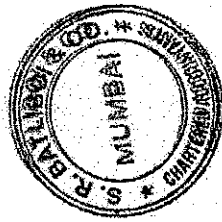
*[Signature]*  
 Director

Place: Mumbai  
 Date:



Kshiti Investment Advisory Company Limited  
 Annexure 1 to Note C7 of the Schedule 14 forming part of Notes to Accounts  
 Transactions with Related parties

Relationship	Ultimate Holding Company		Holding Company		Fellow Subsidiaries		Associate Companies	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Fixed Asset Purchased	-	-	-	-	-	105,741	-	-
Reimbursements charged to these companies	-	33,049	13,433,965	2,173,070	16,684,959	15,442,287	-	413,305
Reimbursements charged by these companies	-	231,700	24,805,009	2,324,341	-	-	-	-
Purchase of good/Services	-	-	-	-	-	56,840	-	-
Operating Lease Payments	-	-	-	-	-	7,886,981	-	-
<b>Closing Balances:</b>								
Advances recoverable in cash on kind/ Sundry creditors (net)	21,148	26,648	9,687	(72,876)	1,906,661	5,594,942	-	1,157,740
Security deposits	-	-	-	-	12,000,000	12,000,000	-	-



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