

**PHOTON CAPITAL ADVISORS LIMITED**

**26<sup>th</sup> ANNUAL REPORT**  
**2010-2011**

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**PHOTON CAPITAL ADVISORS LIMITED**

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**PHOTON CAPITAL ADVISORS LIMITED**

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Board of Directors	Mr. J.Narasimha Rao Mr. Madhukar Yarra Mr. V R Shankara Mr. Tejaswy Nandury
Auditors	M/s. K.Vijayaraghavan & Associates Chartered Accountants Hyderabad
Bankers	Kotak Mahindra Bank Limited HDFC Bank Ltd., Syndicate Bank ICICI Bank Ltd., Axis Bank Ltd.,
Registered Office	Millennium Plaza, 8-2-293/82/A/41-A, Road No.5, Jubilee Hills, Hyderabad-500033 Phone No.040-23551681 Fax No.040-23550732
Registrars & Transfer Agents	Sathguru Management Consultants Pvt. Ltd. Plot No.15, Hindi Nagar, Panjagutta, Hyderabad – 500 034 Ph.Nos.040-23356975, 23356507

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**PHOTON CAPITAL ADVISORS LIMITED**

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**NOTICE**

Notice is hereby given that the 26th Annual General Meeting of the company will be held on Friday, the 23rd September 2011 at 10 AM at NENI-HITECH CLUB, 169, Old Airport Road, New Bowenpally, Secunderabad - 500 011 to transact the following ordinary business:

1. To receive, consider and adopt the audited balance sheet as at 31st March, 2011 and profit and loss account for the year ended on that date and the reports of the Board of Directors, and Auditors thereon and Compliance Certificate.
2. To appoint a director in place of Mr. J. Narasimha Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. K.Vijayaraghavan & Associates, Chartered Accountants, as Auditors of the company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board  
**PHOTON CAPITAL ADVISORS LIMITED**

Sd/-  
**TEJASWY NANDURY**  
**WHOLE TIME DIRECTOR**

PLACE: HYDERABAD

DATE: July 29, 2011

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the Meeting.
2. Members/Proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting hall.

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3. The Register of members and share transfer books of the company will remain closed from 16th September 2011 to 23rd September 2011 (both days inclusive).
4. The Register of directors' shareholdings shall be open for inspection to any member of the company during the period beginning 14 days before the date of company's annual general meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the annual general meeting to any person having right to attend the meeting.
5. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode. In that case, the company is required to obtain email addresses of its members for sending the notice / documents through email by giving an advance opportunity to every shareholder to register his email address and changes therein, if any, from time to time with the company.

Therefore, in view of the above, the members are requested to up date your email ids with the Depository Participant, if the shares are in Demat mode or to Sathguru Management Consultants Private Limited, Registrars and Transfer Agents of the Company, in case the shares are in physical mode.

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**PHOTON CAPITAL ADVISORS LIMITED**

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**DIRECTORS' REPORT**

To  
The Members of  
**PHOTON CAPITAL ADVISORS LIMITED.**

Your Directors are pleased to present the 26th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2011.

**FINANCIAL RESULTS:**

<b>PARTICULARS</b>	<b>2010-11 (` in lakhs)</b>	<b>2009-10 (` in lakhs)</b>
Income from operations	606.81	284.95
Other Income	52.70	63.44
Expenditure	674.16	747.07
Profit / (Loss) before Tax	(14.65)	(398.68)
Provision for tax	6.69	(0.91)
Profit / (Loss) after tax	(21.34)	(397.77)

**REVIEW OF OPERATIONS:**

While the net result of the financials for the year 2010-11 show a loss, the year has, in fact, been a good one for your company. The investment book was exited for a nice profit. It was the volatility of February and March which resulted in trading losses. However, we are quite confident that the very reasons we lost money in February and March will sow the seeds of big gains in the near future. During the year we have implemented several of the policies discussed in last year's annual report. We have significantly reduced our long term orientation and have become more P&L focused than we ever were in the past. While some would argue that this is an excessively myopic approach, we beg to differ. Experience over the past several years has shown that it is better to consistently generate profits rather than make a very large bet on the long term future of one or a few stocks. While there are several advantages to taking a very long view and building a portfolio on that basis, we are not sure that a total disregard for the immediate term serves the interest for anyone. This year's small loss, we are glad to report, is not because of a portfolio built around very long term

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views. This year's loss was a trading loss that can be recovered as quickly as it was made. The reasons for the loss will be discussed in the management discussion section of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS:****Industry Structure and developments:**

There have been no substantial changes in the NBFC industry as a whole.

**Opportunities and threats:**

The year ahead is going to be a very interesting one. The world is no longer as stable as it was financially or economically before the excesses in the American housing industry resulted in permanent structural damage. In order to counter the continuing impact of the great recession of 2008, central bankers around the world are embarking on various types of initiatives. This has resulted in total divergence of policies between the countries of the developed world and the countries in the emerging world. It is the first time since the 1990s that such a wide divergence has emerged in the policies being followed by various countries. Developed countries are trying to counter the possibility of deflation. Since their economies have been so affected by the deleveraging that followed the excesses of the 2003-2008 period, they have embarked on a process of almost continuous "pump priming" by trying to push more and more liquidity into their financial systems. The USA has joined Japan in becoming one of great sources of liquidity through their various quantitative easing programs.

The problem with quantitative easing, as the Japanese have found out, is that no one knows exactly where the liquidity will find a home. The Federal Reserve has hoped that it would find a home in American industry and in creation of new household credit. Though American industry has been doing well, it has hoarded cash rather than invest it because of its experience of the downturn and the fear psychosis that the recession created. Households, on the other hand, have such damaged balance sheets that their willingness to take on more credit, especially in the face of persistent unemployment and potentially reduced disposable income, has been minimal. As a result, the liquidity created by the Federal Reserve found a place in US Treasury bonds and commodities. This resulted in dramatically lowered yields and very high prices of commodities. The abnormal rise in commodity prices resulted in huge inflation in emerging economies such as India and China. Persistent inflation in these countries has created massive divergence in policy between developed countries and these emerging nations. To counter the impact of inflation, emerging economies have been raising rates significantly,

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putting enormous pressure on borrowers and slowing down all interest rate sensitive activities in the emerging world

To add to this confusion, the European Union is showing increasing signs of breakdown. The European Union was created with a single currency but without a common treasury. The underlying economies have widely different characteristics. Germany, an export led powerhouse, shares a currency with countries like Greece and Italy, which are much weaker. The impact of the great recession has been very limited on Germany but PIIGS countries have never really recovered from it. As a result, the fiscal stimulus undertaken in those countries has completely undermined their public finances. PIIGS countries are not able to smoothly roll over their debt at rates that they consider reasonable. Since they do not have their own currency, they are unable to regain export competitiveness through a fall in their currencies. Since they do not share a treasury with their stronger neighbours, they are unable to use the strength of their neighbours to pay bills that their governments have run up. A quasi treasury is being created through the European Financial Stability Fund but it is not fully funded to handle all the problems that are likely arise from the friction in rollover of debt in the PIIGS countries. Nor is it ever likely to get fully funded because funding it would weaken the strong countries. European politicians are also very reluctant to make decisions that would, in their eyes, lower the prestige of the Eurozone. This complicated set of events makes for a high amount of confusing and destabilizing events to come from Europe for a long time. It appears that the European Union is on course to eventually break up. But the path to breakup will not be smooth and will create enormous instability in global financial markets.

Asia, meanwhile, has its own set of issues. Japan has been stagnant for 20 years and the earthquake that happened earlier this year has not made it stronger in any sense. China, due to persistent inflation has been trying to engineer a slowdown in its economy and this slowdown is likely to have significant impact on the world economy. Any attempt by China to tame inflation will counteract the inflationary attempts being made by developed world central bankers. This will create a very volatile environment in the world economy in the months and years to come.

Finally, we arrive at India. India is on the verge of frittering away its opportunities. Through a stroke of luck, our population bomb got transformed into a demographic dividend. The liberalization that occurred in the nineties paved the way for sustained growth over the next two decades. However, with great prosperity came great greed.



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Our politicians and bureaucrats, never the models of good government, skilful execution or great vision, have become completely focused on enriching themselves at the expense of the entire country. There is an attempt to make the country a welfare state through various subsidy schemes that are going to be impossible to roll back. As a result of the welfare economics model being followed for selfish purposes by our governments, our population is learning that it is possible to live on government largesse without being productive. This is a very dangerous incentive for the future. High inflation, combined with high interest rates is certain to reduce economic growth. Our economy, in any case, lacks the strength that comes from innovative mindsets. While this may seem a grim assessment of the country, it is not an argument that no one in India will prosper. Some individuals and companies will. But unless there is great reform undertaken to dismantle the crony capitalism that is becoming endemic in the country, the growth story that we are so enamoured with will be short lived.

**Outlook:**

All this creates a bleak outlook for investments. But great trading opportunities will emerge. If these opportunities are exploited skilfully, it will be possible for your company to grow substantially. But these opportunities will come with a great amount of volatility, which will restrain the ability to exploit it. So our skills in managing trading positions will be tested greatly in the next few months and years.

**Risks and concerns:**

Your Company has continued to minimize risks from external factors and has constantly preferred and adopted methods and systems in its economic activities with low element of risk. In the current and future years, your company will further strengthen and bolster its efforts to minimize or negate all risk factors. However, external factors of foreign currencies and impact of global slow down, currency corrections of other large growing economies do cause concern to all enterprises and your company does consider this as a concern. Nevertheless, such factors will be dealt with caution and adequate foresight.

**Dividend:**

Your Board of directors do not recommend any dividend.

**PUBLIC DEPOSITS:**

Your company has not invited and accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

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**DIRECTORS:**

Mr. J. Narasimha Rao, Director of your Company retire by rotation and being eligible offer themselves for reappointment.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certify and confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgements 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 that period;
3. 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;
4. The Directors have prepared the Annual accounts on a going concern basis.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:**

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

**Conservation Of Energy and Technology Absorption:**

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated in the Companies (disclosure of particulars) in the Report of the Board of Directors Rules 1988 are not applicable.

*Foreign Exchange Earnings and Out Go:*

Earnings in Foreign Currency	:	Nil
Expenditure in Foreign Currency	:	Nil

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**PARTICULARS OF EMPLOYEES:**

No employee of the Company was in receipt of remuneration in excess of the limits as laid down under Sec.217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975.

**AUDITORS:**

M/s. K.Vijayaraghavan & Associates, Chartered Accountants, Hyderabad, who are statutory auditors of the Company hold office in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the ensuing annual general meeting and are eligible for re-appointment. A certificate under section 224 (1B) of the Companies Act, 1956 has been received from them. The Board of directors recommend their re-appointment

**CORPORATE GOVERNANCE:**

As a listed company, necessary measures have been taken to comply with the listing agreement with the Bombay Stock Exchange Ltd, Mumbai. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report as Annexure.

**COMPANY SECRETARY:**

During the year under review, the Board has appointed M/s. SGP & Associates, Company Secretaries as secretarial auditors for issuing Compliance Certificate in terms of Section 383A of the Companies Act, 1956 for the financial year 2010-2011. A copy of the Compliance Certificate is annexed to this report.

**ACKNOWLEDGEMENTS:**

Your Directors gratefully acknowledge the support and co-operation extended by all the shareholders, customers, bankers, mutual funds, share brokers to your company during the year and look forward to their continued support.

Your Directors also place on record their appreciation of the dedication and commitment displayed by the employees of the company.

For and on behalf of the board  
**Photon Capital Advisors Limited**

Place: Hyderabad  
Date: 29-07-2011

Sd/-  
**V R Shankara**  
Director

Sd/-  
**Tejaswy Nandury**  
Wholetime Director

## **CORPORATE GOVERNANCE REPORT**

### **1. Company's Philosophy on Code of Governance:**

Your Company believes in conducting its affairs with the highest level of integrity, with proper authorizations, professionalism, accountability and transparency. The business operations of your Company are conducted not to benefit any particular interest group but for the benefit of all stakeholders. All matters of strategy and significant developments and other matters which are required for consent of Board are being placed before the Board. The Audit and Share Transfer and Grievance Committees regularly meet to consider aspects relevant to each committee whereas the Remuneration Committee meets based on need.

### **2. Board of Directors:**

The Board of Directors consists of Four (4) Directors and the composition and category of Directors is as follows:

Sl. No.	Name & Category of the Directors	No. of Directorships held in other Public Companies	No. of Memberships / Chairmanships held in Committees of other companies
1.	Mr. Tejaswy Nandury Promoter - Executive director	1	NIL
2.	Mr. V R. Shankara Independent Non-executive	NIL	NIL
3.	Mr. Madhukar Yarra Independent Non-executive	NIL	NIL
4.	Mr. J.Narasimha Rao Independent Non-executive	NIL	NIL

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**Details of Directors being appointed and reappointed at the ensuing Annual General Meeting:**

A brief resume of the Directors being re-appointed is as follows:

**1. Mr. J. Narasimha Rao:**

Mr. J.Narasimha Rao being the retiring director retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. J.Narasimha Rao is a commerce and law graduate, member of the Institute of Internal Auditors Inc., U.S.A. and fellow member of Institute of Chartered Accountants of India. He is in practice since 1970.

**2. Board Meetings:**

During the Financial Year 2010-2011 the Board of Directors met 4 (Four) times on the following dates:

1. 29th April, 2010,
2. 23rd July, 2010,
3. 29th October, 2010 and
4. 27th January 2011.

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was under:

Name of the Directors	No. of Board Meetings held during the period April 2010-March 2011	No. of Meetings attended by the Director	Whether present at the previous AGM
Mr. V R. Shankara	4	4	No
Mr. Madhukar Yarra	4	0	No
Mr. J.Narasimha Rao	4	4	Yes

**3. Audit Committee:**

The Audit Committee was constituted by the Board of Directors. The terms of reference of this committee cover the matters specified in the clause 49 of the Listing Agreement and as may be referred to the committee by the Board of Directors of the company.

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**Composition, Name of Members and Chairman:**

The Audit committee consists of the following independent and non-executive Directors:

1. Mr. J.Narasimha Rao : Chairman
2. Mr. V.R.Shankara : Member
3. Mr. Madhukar Yarra : Member

and Statutory Auditors are invitees to the meeting. During the year under review, the total number of meetings held was 4 (Four) on the following dates:

1. 29th April 2010,
2. 23rd July 2010,
3. 29th October 2010 and
4. 27th January 2011.

Meetings and attendance during the year:

<b>Name of the Member</b>	<b>No. of Meetings held</b>	<b>Attendance</b>
Mr. J.Narasimha Rao	4	4
Mr. V.R.Shankara	4	4
Mr. Madhukar Yarra	4	0

**4. Remuneration Committee**

The Remuneration Committee comprises of three non-executive independent directors, Mr. J. Narasimha Rao, Mr. V.R. Shankara and Mr. Madhkar Yarra.

The committee elected Mr. J.Narasimha Rao, an independent director, as the Chairman of the Committee. No remuneration committee meeting was held during the Financial year 2010-2011.

None of the directors of the company received remuneration during the year 2010-2011.

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**5. Share transfer/Investors Grievance Committee:**

Share transfer / Investors Grievance Committee were formed by the Board of Directors in terms of clause 49 of the Listing Agreement.

The said Committees consist of the following independent and non-executive Directors:

1. Mr. V.R.Shankara : Member
2. Mr. J.Narasimha Rao : Member
3. Mr. Tejaswy Nandury : Member

Mr.J.Narasimha Rao is the Chairman of the share transfer committee and Mr.V.R.Shankara is the Chairman of the Investor Grievances Committee.

The committees look into the matters relating to the shareholder's complaints, grievances, various requests in the nature of transfer, transmission, etc., and also overseeing the performance of the Registrar & Transfer agents to improve the quality of investor services.

**6. Information on General Body Meetings:**

The last 3 Annual General Meetings were held as under:

Date	Time	Venue
30.09.2010	10.00 A.M.	Neni Hi-tech Club, 169, Old Airport Road, New Bowenpally, Secunderabad-500011
29.09.2009	10.00 A.M.	Neni Hi-tech Club, 169, Old Airport Road, New Bowenpally, Secunderabad-500011
15.09.2008	10.00 A.M	Neni Hi-tech Club, 169, Old Airport Road, New Bowenpally, Secunderabad-500011

**7. Disclosures:**

- i) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or their relatives etc. that may have potential conflicts with the interest of the company at large: NIL
- ii) Details of non-compliance by the Company, penalties, structures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years: Nil

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- iii) The Company has not adopted Whistle Blower policy.
- iv) The Company has complied with all mandatory requirements of this clause and it has not opted non-mandatory requirements of this clause except constitution of remuneration committee.

**8. Means of Communication:**

- i) The Quarterly results are published in one English news paper and in one regional news paper i.e Business Standard and Andhra Prabha.
- ii) No Information released to the press at the time of declaration of results except the publication of results in the news papers.
- iii) The Management Discussion and Analysis (MD & A) is a part of the Annual Report.

**9. General Shareholder Information:**

- i) Annual General Meeting:
  - Date : 23.09.2011
  - Time : 10 A.M
  - Venue : NENI-HITECH CLUB, 169, Old Airport Road,  
New Bowenpally, Secunderabad -500 011

- ii) Financial Calendar:

The financial year covers the period from 1st April to 31st March:

Financial Reporting for 2011-'12 (tentative):

The First Quarter Results - 30.06.2011	Held on 29.07.2011
The Second Quarter Results - 30.09.2011	Between 15.10.2011 to 14.11.2011
The Third Quarter Results - 31.12.2011	Between 15.01.2012 to 14.02.2012
The Last Quarter Results - 31.03.2012	Between 15.04.2012 to 14.05.2012

- iii) Book Closure: 16th September 2011 to 23rd September 2011 (both days inclusive).
- iv) Dividend payment Date: Not applicable as the Board has not recommended any dividend for the year.



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## v) Listing on Stock Exchanges:

Shares of the Company are listed on Bombay Stock Exchange Limited. The Company has paid Annual Listing Fees for the year 2011-2012 to the Bombay Stock Exchange.

Stock Code : 509084

## vi) Market Price Data:

Market Price Data: High / Low during each month of 2010 - 2011 on the BSE

Month	High (`)	Low (`)	Close (`)	Volume (Nos.)
April, 2010	--	--	--	--
May, 2010	--	--	--	--
June, 2010	43.05	43.05	43.05	100
July, 2010	43.05	43.05	43.05	50
August, 2010	43.05	43.05	43.05	100
September, 2010	45.00	45.00	45.00	50
October, 2010	45.00	45.00	45.00	50
November, 2010	--	--	--	--
December, 2010	--	--	--	--
January, 2011	--	--	--	--
February, 2011	--	--	--	--
March, 2011	--	--	--	--

## vii) Registrars and Transfer Agents:

Sathguru Management Consultants Pvt. Ltd.

Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034.

## viii) Delegation of Share Transfer Formalities:

The Board has delegated share transfer formalities to the Registrars and Transfer Agents:

Sathguru Management Consultants Pvt. Ltd.

Plot No.15, Hindi Nagar, Panjagutta, Hyderabad - 500 034.

All communications regarding Share Transfers, Transmissions Change in Address and any other correspondence etc., may be addressed to the Registrars & Transfer Agents.

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The company has constituted Share Transfer Committee, which meets 2 times in a month. Physical transfers are affected within the statutory period of one month. The Board has designated Mr. G Ramesh Babu as the Compliance Officer. Hence, in case of any grievances the shareholders are free to approach the Share Transfer Committee for due redressal of their grievances.

ix) Distribution of shareholding as on 31st March, 2011:

Share holding of nominal value of`	Share holders		Shares Amount	
	Number	% to	In	% of
(1)	(2)	(3)	(4)	(5)
1 - 5000	6693	99.55	3544230	23.41
5001 - 10000	15	0.22	95530	0.63
10001 - 20000	4	0.06	56780	0.38
20001 - 30000	3	0.04	72800	0.48
30001 - 40000	1	0.01	31710	0.21
40001 - 50000	0	0.00	0	0.00
50001 - 100000	1	0.01	92870	0.61
100001 - Above	6	0.09	11243020	74.28
Total	6723	100.00	15136940	100.00

x) Dematerialization of shares and liquidity:

The Company has established connectivity with CDSL and NSDL and the shareholders are requested to avail this facility and dematerialize their shares by sending their physical share certificates to the Share Transfer Agents or the Company through their Depository Participants.

xi) Address for Correspondence:

Shareholders may correspond with the Company for the redressal of their grievances, if any at the registered office of the Company situate at:

Millennium Plaza, 8-2-293/82/A/41-A,  
Road No.5, Jubilee Hills, Hyderabad-500 033

For and on behalf of the board  
**Photon Capital Advisors Limited**

Place: Hyderabad  
Date: 29-07-2011

Sd/-  
**V R Shankara**  
Director

Sd/-  
**Tejaswy Nandury**  
Wholetime Director

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**PHOTON CAPITAL ADVISORS LIMITED**

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**DECLARATION BY CEO OF THE  
COMPANY ON CODE OF CONDUCT**

As per clause 49 of the Listing Agreement of the Stock exchanges the Board shall lay down a code of conduct for all Board Members and senior management of the Company. The code of conduct shall be posted on the website of the company and all the Board Members and senior management personnel shall affirm compliance with the code on annual basis. The Annual report of the Company shall contain a declaration to this effect signed by CEO of the Company.

I hereby declare that:

1. Code of conduct prepared for the Board Members and senior management of the company was approved by the Board of Directors and the same was adopted by the Company.
2. Code of conduct adopted by the Company was circulated to the members of the Board and senior management of the company and also posted in the website of the company.
3. All the members of the Board and senior management of the company have complied with all the provisions of the code of conduct.

For **PHOTON CAPITAL ADVISORS LIMITED**

Sd/-  
**TEJASWY NANDURY**  
WHOLETIME DIRECTOR

Place: Hyderabad

Date: 29.07.2011

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PHOTON CAPITAL ADVISORS LIMITED

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**AUDITORS' CERTIFICATE ON COMPLIANCE  
WITH THE CONDITIONS OF CORPORATE  
GOVERNANCE UNDER CLAUSE 49 OF THE  
LISTING AGREEMENT**

To,  
The Members of  
Photon Capital Advisors Limited

We have examined the compliance of conditions of corporate governance by Photon Capital Advisors Limited for the year ended on 31 March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For and on behalf of  
**K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration Number: 004718S

Sd/-  
**K. Vijayaraghavan**  
Partner, Membership No.23387

Place: Hyderabad  
Date: 26-05-2011

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**PHOTON CAPITAL ADVISORS LIMITED**

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**COMPLIANCE CERTIFICATE**

**Corporate Identity Number** : L65910AP1983PLC004368

**Authorised Capital** : Rs. 4,00,00,000.00

**Paid up capital** : Rs. 1,51,36,940.00

To

The Members of

**M/S. PHOTON CAPITAL ADVISORS LIMITED,**

Millenium Plaza, 8-2-293/82/A/41-A,

Road No.5, Jubilee Hills, Hyderabad - 500033.

ANDHRA PRADESH.

We have examined the registers, records, books and papers of PHOTON CAPITAL ADVISORS LIMITED, (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011 (Financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies.
3. The Company, being a public limited Company, has minimum prescribed Paid-up Capital.
4. The Board of Directors duly met Four [4] times respectively on 29.04.2010, 23.07.2010, 29.10.2010 and 27.01.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. No circular resolution passed during the financial year.

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**PHOTON CAPITAL ADVISORS LIMITED**

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5. The Company closed its Register of Members from 20th September to 30th September 2010 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 30.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. The provisions of Section 314 of the Act have not been attracted and therefore no approvals were required to be taken.
12. The Company has issued duplicate share certificates and complied with the procedure.
13. The Company:
  - (i) has delivered all the certificates on lodgment thereof for transfer/transmission in accordance with the provisions of the Act and the Company has not made any allotment of shares during the financial year.
  - (ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) was not required to transfer any amount to Investor Education and Protection Fund.
  - (v) has duly complied with the requirements of section 217 of the Act.

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**PHOTON CAPITAL ADVISORS LIMITED**

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14. The Board of Directors of the Company is duly constituted and there was no appointment of additional directors and alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and / or such authorities prescribed under various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares or debentures during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has so far not issued any redeemable preference shares/debentures.
22. During the year under review, there were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March 2011.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

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**PHOTON CAPITAL ADVISORS LIMITED**

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28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Provisions of Section 418 of the Act are not applicable to the Company.

**For SGP & Associates,**  
Company Secretaries

Sd/-  
**GOPIREDDY MALYADRI**  
Partner  
C.P.No:7911

Place: Hyderabad  
Date: 26-07-2011



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**PHOTON CAPITAL ADVISORS LIMITED**

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**ANNEXURE 'A'****Registers as maintained by the Company:****Statutory Registers:**

- |  |                     |
|--|---------------------|
| 1. Register of Share Transfers                             | u/s 108 of the Act. |
| 2. Register of Charges                                     | u/s 143 of the Act. |
| 3. Register of Members                                     | u/s 150 of the Act. |
| 4. Register of Directors                                   | u/s 303 of the Act. |
| 5. Register of Directors' Shareholding                     | u/s 307 of the Act. |
| 6. Minutes of the Board Meetings                           | u/s 193 of the Act. |
| 7. Minutes of General Meetings                             | u/s 193 of the Act. |
| 8. Books of Accounts                                       | u/s 209 of the Act. |
| 9. Register of Contracts in which Directors are interested | u/s 301 of the Act. |

**Other Registers:**

1. Attendance Register of General Meetings.
2. Attendance Register of Board Meetings.

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**PHOTON CAPITAL ADVISORS LIMITED**

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**ANNEXURE 'B'**

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending 31<sup>st</sup> March, 2011:

Sr. No.	Form No/ Return	Filed under Section	For	Date of filing	Whether filed with in prescribed time (yes / no)	If delay in filing, whether requisite additional fee paid (yes / no)
1.	Compliance Certificate	383A	Compliance Certificate for the financial year ended 31.03.2010	07.10.2010	Yes	NA
2.	Schedule - VI	220	Balance Sheet as at 31.03.2010.	07.10.2010	Yes	NA
3.	Schedule-V	159	Annual Return as on 30.09.2010.	16.11.2010	Yes	NA

For **SGP & Associates,**  
**Company Secretaries**

Sd/-  
**GOPIREDDY MALYADRI**  
**Partner**  
**C.P.No:7911**

Place: Hyderabad  
Date: 26-07-2011

## AUDITORS' REPORT

To the Members of Photon Capital Advisors Limited, Hyderabad

1. We have audited the attached Balance Sheet of Photon Capital Advisors Limited, Hyderabad, as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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. The Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') is not applicable.
4. We report that :
  - (a) 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;
  - (b) In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books;
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act;

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**PHOTON CAPITAL ADVISORS LIMITED**

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- (e) On the basis of 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; and
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give, in the prescribed manner, the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For and on behalf of**  
**K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration Number:004718S

Place: Hyderabad  
Date: May 26, 2011

Sd/-  
**K. Vijayaraghavan**  
Partner, Membership No.23387

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in the auditors' report to the members of Photon Capital Advisors Limited ("the Company") for the year ended March 31, 2011. We report that:

1. a. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
  - b. All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed no material discrepancies were noticed on such verification.
  - c. In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. Due to the nature of business, the Company has no inventories and accordingly the provisions of clause 4(ii) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.
3. a. As informed 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, and accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable.
  - b. As informed 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, and accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. 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. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system. The activities of the Company do not involve purchase of inventory and sale of goods.
5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.

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**PHOTON CAPITAL ADVISORS LIMITED**

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- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public under the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. To the extent of our knowledge and as explained, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section(1) of Section 209 of the Act for any of the products of the company.
9.
  - a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
  - b. According to the information and explanations given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, 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 and the records of the Company examined by us, no dues are outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute.
10. The Company has no accumulated losses as at March 31, 2011 and it has incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as may be applicable, as at the balance sheet date.

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**PHOTON CAPITAL ADVISORS LIMITED**

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12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of special statute applicable to chit fund and nidhi / mutual benefit fund/ society are not applicable to the Company.
14. In our opinion, the Company is maintaining proper records of transactions and contracts about the dealing or trading in shares, securities, debentures and other investments and have made timely entries in the records and the shares, securities, debentures and other investments have been held by the company in its own name.
15. In our opinion and 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
16. According to the records and information and explanations given to us, the Company has not obtained any term loans, accordingly clause 4(xvi) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year, accordingly clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 (as amended) is not applicable to the Company.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For and on behalf of**  
**K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration Number:004718S

Sd/-

**K. Vijayaraghavan**  
Partner, Membership No.23387

Place: Hyderabad  
Date: May 26, 2011

**PHOTON CAPITAL ADVISORS LIMITED**

**Balance Sheet as at**

	Sche- dule	Amount ` as at March 31, 2011	Amount ` as at March 31, 2010
<b>I. Sources of funds</b>			
1. Shareholders' Funds			
a. Capital	A	15,136,940	15,136,940
b. Reserves and surplus	B	107,964,730	110,098,898
2. Loan funds			
a. Unsecured loans	C	-	60,389,053
<b>TOTAL</b>		<b>123,101,670</b>	<b>185,624,891</b>
<b>II. Application of funds</b>			
1. Fixed assets	D		
a. Gross block		6,929,687	6,835,712
b. Less: Depreciation		3,150,833	2,093,667
c. Net block		3,778,854	4,742,045
2. Investments	E	101,007,244	75,159,698
3. Deferred tax asset (net)	P3	-	144,666
4. Current assets, loans and advances			
a. Cash and bank balances	F	3,494,264	92,103,168
b. Other current assets	G	1,904,666	8,605,756
c. Loans and advances	H	13,317,334	5,260,257
		<b>18,716,264</b>	<b>105,969,181</b>
Less: Current liabilities and provisions			
a. Liabilities	I	400,692	390,699
		400,692	390,699
Net current assets		18,315,572	105,578,482
<b>TOTAL</b>		<b>123,101,670</b>	<b>185,624,891</b>
Significant accounting policies and notes to Financial Statements	P		

The schedules referred to above and the notes thereon form an integral part of these financial Statements.

In terms of our report of even date  
**For K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration Number:004718S

For and on behalf of the Board  
**Photon Capital Advisors Limited**

Sd/-  
**K. Vijayaraghavan,**  
Partner, Membership No.23387

Sd/-  
**Tejaswy Nandury**  
Wholetime Director

Sd/-  
**V.R. Shankara**  
Director

Place: Hyderabad  
Dated: 26-May-2011



**PHOTON CAPITAL ADVISORS LIMITED**

**Profit and Loss Account for the year ended**

	Sche- dule	Amount ` as at March 31, 2011	Amount ` as at March 31, 2010
<b>I. Income</b>			
Income from Operations	J	60,681,242	28,494,822
Other Income	K	5,270,094	6,344,341
		<b>65,951,336</b>	<b>34,839,163</b>
<b>II. Expenditure</b>			
Loss from investment activities	L	58,099,088	66,236,684
Staff Cost	M	1,737,707	1,154,779
Administrative and other expenditure	N	6,432,876	4,102,180
Depreciation	D	1,057,166	1,052,958
Finance Cost	O	89,247	2,160,496
		<b>67,416,084</b>	<b>74,707,097</b>
<b>III. Profit before taxation</b>		<b>(1,464,748)</b>	<b>(39,867,934)</b>
Income tax expense			
– Current		-	-
– Taxes pertaining to earlier years		524,754	-
– Deferred		144,666	(91,206)
<b>IV. Profit / (loss) after taxation</b>		<b>(2,134,168)</b>	<b>(39,776,728)</b>
Transfer from General Reserve		2,134,168	39,776,728
Basic/ diluted earnings per share (Refer Schedule P Note 6)		(1.41)	(26.28)
Significant accounting policies and notes to Financial Statements	P		

The schedules referred to above and the notes thereon form an integral part of these financial statements

In terms of our report of even date  
**For K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration Number:004718S

For and on behalf of the Board  
**Photon Capital Advisors Limited**

Sd/-  
**K. Vijayaraghavan,**  
Partner, Membership No.23387

Sd/-  
**Tejaswy Nandury**  
Wholetime Director

Sd/-  
**V.R. Shankara**  
Director

Place: Hyderabad  
Dated: 26-May-2011

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**PHOTON CAPITAL ADVISORS LIMITED**

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**SCHEDULES TO THE BALANCE SHEET  
AS AT**

	Amount ` as at March 31, 2011	Amount ` as at March 31, 2010
<b>SCHEDULE A - Share Capital</b>		
<b>Authorised</b>		
4,000,000 Equity shares of Rs 10/- each	40,000,000	40,000,000
Issued, subscribed and paid up		
1,513,694 Equity shares for cash fully paid	15,136,940	15,136,940
	<b>15,136,940</b>	<b>15,136,940</b>
<b>SCHEDULE B - Reserves and Surplus</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	255,545	255,545
<b>Statutory Reserve Fund *</b>		
As per last Balance Sheet	32,244,767	32,244,767
<b>General Reserve</b>		
As per last Balance Sheet	77,598,586	117,375,314
Less: Amount transferred to Profit and Loss Account	2,134,168	39,776,728
	75,464,418	77,598,586
	<b>107,964,730</b>	<b>110,098,898</b>
* Created pursuant to Reserve Bank of India (Amendment) Act, 1997		
<b>SCHEDULE C - Loan funds</b>		
Unsecured		
From banks (Secured by lien on fixed deposits)	-	60,389,053
	-	60,389,053

**SCHEDULE D - Fixed Assets**

Description	Gross block at cost			Depreciation			Net book	
	March 31, 2010	Additions during the year	March 31, 2011	Up to March 31, 2010	Charge for the year	Up to March 31, 2011	March 31, 2011	March 31, 2010
<b>Tangible assets</b>								
Leasehold improvements	2,332,922	-	2,332,922	1,026,060	466,584	1,492,644	840,278	1,306,862
Furniture	1,039,978	-	1,039,978	148,074	65,831	213,905	826,073	891,904
Electrical fittings	950,104	4,000	954,104	111,817	45,312	157,129	796,975	838,287
Computer equipment	384,361	89,975	474,336	144,837	66,332	211,169	263,167	239,524
Office equipments	1,128,347	-	1,128,347	131,392	79,774	211,166	917,181	996,955
<b>Intangible assets</b>								
Portfolio Management Fees	1,000,000	-	1,000,000	531,487	333,333	864,820	135,180	468,513
<b>Total</b>	<b>6,835,712</b>	<b>93,975</b>	<b>6,929,687</b>	<b>2,093,667</b>	<b>1,057,166</b>	<b>3,150,833</b>	<b>3,778,854</b>	<b>4,742,045</b>
Previous year	6,800,757	34,955	6,835,712	1,040,709	1,052,958	2,093,667	4,742,045	

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**PHOTON CAPITAL ADVISORS LIMITED**


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**SCHEDULE E - Investments**

	Face value	March 31, 2011		March 31, 2010	
		Quantity	Amount `	Quantity	Amount `
<b>Long term - Equity shares quoted fully paid up</b>					
Non Trade :					
Action Construction Equipment Ltd	2	-	-	119,500	4,890,703
Ajanta Pharma Ltd	10	-	-	22,300	3,983,536
Amara Raja Batteries Ltd	2	-	-	15,000	2,574,316
Aries Agro Ltd	10	-	-	50,302	5,011,810
Bharati Shipyard	10	-	-	10,500	3,008,559
Coromandal Inrenational Ltd	2	-	-	20,837	6,536,278
Himatsingka Seide Ltd	5	-	-	21,500	1,003,140
Hindustan Doar- Oliver Ltd	2	-	-	52,600	4,993,474
Hitachi Home & Life Solution Ltd	10	-	-	10,400	2,477,620
Jbliant Foodworks Ltd	10	-	-	7,100	2,477,378
K S Oils Ltd	1	-	-	33,500	2,491,614
Karuturi Global Ltd	1	-	-	130,000	2,483,264
Megasoft Ltd	10	-	-	39,777	1,116,620
Sabero Organics Gujarat Ltd	10	-	-	101,700	7,582,198
Shri Lakshmi Cotsyn Limited	10	-	-	32,600	4,952,621
Skumar Nationwide Ltd	10	-	-	40,500	2,481,727
Tata Elxsi (I) Ltd	10	-	-	7,300	2,462,622
Transport Corporation of India Ltd	2	-	-	25,300	2,509,564
TTK Prestige Ltd	10	-	-	2,400	1,466,304
Vakrangee Softwares Limited	10	-	-	20,000	2,078,539
VIP Industries Ltd	10	-	-	11,000	3,015,335
Venkys India Ltd	10	-	-	7,900	2,481,528
Whirlpool Of India LTd	10	-	-	14,500	2,504,030
Bambino Agro Industries Ltd	10	-	-	133	5,466
Incap Ltd	10	-	-	700	8,512
Lanco Industries Ltd	10	-	-	100	6,505
PSM Spining Ltd	10	-	-	800	15,200
Sarada Energy Ltd	10	-	-	50	9,488

**PHOTON CAPITAL ADVISORS LIMITED**

**SCHEDULE E - Investments (Contd..)**

	Face value	March 31, 2011		March 31, 2010	
		Quantity	Amount `	Quantity	Amount `
BNR udyog Ltd	10	-	-	300	3,354
Southern Petrochem Indus Crop Ltd	10	-	-	100	1,970
Srinivasa Shipping and property Ltd	10	-	-	100	3,555
SBI	10	-	-	100	207,900
VBC Industries Ltd	10	-	-	100	2,060
Vimta Labs	2	-	-	1,000	26,050
Vybra Automet ltd	10	-	-	350	5,667
Wanbury Ltd	10	-	-	50	3,790
<b>Sub-total</b>			-		<b>74,882,297</b>
<b>Long term - Equity shares un-quoted fully paid up</b>					
Non trade :					
Wisdomtap Solutions (India) Pvt. Ltd	10		781,800		781,800
Less Provision for diminution in value of investments			609,400		609,400
<b>Sub-total</b>			<b>172,400</b>		<b>172,400</b>
Arvind Mills Ltd	10	75,000	4,981,757		-
Geetanjali Gems Ltd	10	20,000	4,913,328		-
IRB Infra Ltd	10	23,000	4,954,528		-
LIC Housing Finance Ltd	2	22,000	4,992,019		-
Peeti Securities Ltd	10	3,500	3,500		-
Less Provision for diminution in value of investments			95,196		-
<b>Sub-total</b>			<b>19,749,935</b>		-
Mutual Fund : Quoted					
Liquid Benchmark ETS			81,084,908		105,001
<b>Sub-total</b>			<b>81,084,908</b>		<b>105,001</b>
<b>Grand total of Investments</b>			<b>101,007,243</b>		<b>75,159,698</b>
Market value of quoted investments Rs.[1,99,94,750] (previous year Rs. 7,56,99,768)					

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**PHOTON CAPITAL ADVISORS LIMITED**


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	Amount ` as at March 31, 2011	Amount ` as at March 31, 2010
<b>SCHEDULE F - Cash and Bank balance</b>		
Cash on hand	583	700
With scheduled banks		
- Current accounts	3,493,681	1,354,404
- Deposit accounts	-	90,748,064
	<b>3,494,264</b>	<b>92,103,168</b>
<b>SCHEDULE G - Other current assets</b>		
Prepaid expenses	393,226	191,806
Deposits	1,480,300	8,394,826
Interest accrued	31,140	19,124
	<b>1,904,666</b>	<b>8,605,756</b>
<b>SCHEDULE H - Loans and advances</b>		
Unsecured		
Considered good:		
Advances recoverable in cash or in kind or for value to be received	7,571,471	1,968,347
Advance tax (net of provision)	5,745,863	3,291,910
	<b>13,317,334</b>	<b>5,260,257</b>
<b>SCHEDULE I - Liabilities</b>		
Sundry creditors		
- Due to Small Scale Industrial Undertakings [Refer Schedule P Note 12]	-	-
- Others	247,676	364,603
Other liabilities	153,016	26,096
	<b>400,692</b>	<b>390,699</b>
<b>Schedule J - Income from operations</b>		
Financial services	909,755	15,994,922
Profit from:		
- Sale of investments	43,932,075	-
- Currency futures	15,839,412	-
- Equity Index futures	-	12,499,900
	<b>60,681,242</b>	<b>28,494,822</b>

**PHOTON CAPITAL ADVISORS LIMITED**

	Amount ` as at March 31, 2011	Amount ` as at March 31, 2010
<b>SCHEDULE K - Other income</b>		
Dividend Income	5,018,116	312,308
Interest Income [Tax deducted at source Rs.31,446, (previous year Rs.788,077)]	134,668	5,675,781
Miscellaneous Income	117,310	356,252
	<b>5,270,094</b>	<b>6,344,341</b>
<b>SCHEDULE L - Loss from investment activities</b>		
Loss from:		
- Sale of investments	-	35,669,524
- Equity index futures	27,544,614	-
- Equity stock futures	4,958,037	1,859,492
- Currency futures	-	27,677,230
- Commodity futures	25,596,437	1,030,438
	<b>58,099,088</b>	<b>66,236,684</b>
<b>SCHEDULE M - STAFF COST</b>		
Salaries, wages and bonus	1,705,525	1,145,479
Staff welfare expenses	32,182	9,300
	<b>1,737,707</b>	<b>1,154,779</b>
<b>Schedule N - Administrative and other expenditure</b>		
Consultancy charges	1,330,515	1,103,400
Communication expenses	70,109	73,331
Insurance	9,210	8,457
Legal expenses	428,216	-
Miscellaneous expenses	282,368	348,247
Office maintenance	225,782	232,610
Power and fuel	157,569	161,613

**PHOTON CAPITAL ADVISORS LIMITED**

	Amount ` as at March 31, 2011	Amount ` as at March 31, 2010
Rates and taxes	55,283	41,044
Auditors' remuneration		
- Statutory audit	180,000	180,000
- Tax audit	20,000	20,000
- Other service	50,000	50,000
Rent	2,238,667	1,140,000
Repairs and maintenance - buildings	562,500	60,000
Repairs and maintenance - Others	267,614	105,014
Subscriptions and memberships	312,129	255,975
Diminution in value of investments	95,196	-
Travelling and conveyance	147,718	322,489
	<b>6,432,876</b>	<b>4,102,180</b>
<b>Schedule O - Finance cost</b>		
Interest on loans	85,267	2,153,025
Bank charges	3,980	7,471
	<b>89,247</b>	<b>2,160,496</b>



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**PHOTON CAPITAL ADVISORS LIMITED**

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**Schedule P: Notes to accounts****1 Significant accounting policies****(a) Basis of accounting and preparation of financial statements**

The Company adopts the historical cost concept and accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) for the preparation of its accounts and complies with accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

**(b) Use of estimates**

The preparation of financial statements, in conformity with GAAP, requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**(c) Fixed assets and capital work in progress**

Fixed assets are stated at their original cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress includes advances paid to acquire fixed assets and cost of assets not ready for intended use before the balance sheet date.

**(d) Intangibles**

Portfolio Management Fees are amortized on straight line basis over their expected useful life in line with Accounting Standard 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

**(e) Depreciation**

Depreciation on assets is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except for lease hold improvement which are depreciated over the period of lease.

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## PHOTON CAPITAL ADVISORS LIMITED

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Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the month of addition / disposal. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of purchase.

(f) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset, including intangible, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

(g) Leases

(i) Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of lease at lower of the fair value and present value of minimum lease payments.

(ii) Assets acquired under lease where the significant portion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to profit and loss account on accrual basis.

(h) Investments

(i) Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for

(ii) Current investments are carried at lower of cost and fair value

(iii) Unlisted and not-actively traded investments are stated at their cost of acquisition less provision for diminution in the value.

(i) 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

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## PHOTON CAPITAL ADVISORS LIMITED

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(i) Revenue from services

Revenue from services rendered is recognized as the service is performed based on terms of agreements / arrangements with the concerned parties

(ii) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Dividends

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

(j) Foreign currency transactions

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Foreign currency monetary assets and monetary liabilities at the balance sheet date are translated at the rate of exchange prevailing on that date. The exchange difference arising from foreign currency transactions and premium on forward contracts are amortized as expenses or income over the life of the contract.

(k) Taxes on income

(i) Current taxation

Provision for current tax is made based on the tax liability computed after considering tax allowances and exemptions.

(ii) Fringe benefit tax

Fringe benefit tax is determined at current applicable rates on expense falling within the ambit of 'Fringe benefit' as defined under the Income Tax Act, 1961.

(iii) Deferred taxation

Deferred income tax is provided on all timing differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purpose.

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## PHOTON CAPITAL ADVISORS LIMITED

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Deferred tax assets are recognized only if there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available, against which they can be realized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

(l) Retirement benefits

(i) Short-term employee benefits

Short-term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits (such as medical care) for current employees are estimated and measured on an undiscounted basis.

(ii) Defined contribution plans

Company's contributions paid/payable during the year are recognized in the Profit and Loss Account.

(iii) Defined benefit plans

The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972, a defined benefit retirement plan (the Plan) covering all employees. The plan, subject to the provisions of the above Act, provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Gratuity liability is accrued and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

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## PHOTON CAPITAL ADVISORS LIMITED

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(m) Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset only when reimbursement is virtually certain.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

2 Operating leases

In respect of buildings occupied as tenant, the aggregate lease rental is charged as rent in the profit and loss account. There are no minimum lease payments.

3 Accounting for taxes on income disclosure as per Accounting Standard 22. Major components of deferred tax assets and liabilities on account of timing differences as at 31st March 2011 are:

Amount in `

	Asset		(Liability)	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Depreciation	140,752	6,549	-	-
Provision for diminution in value of investments	138,117	138,117	-	-
	<b>278,869</b>	<b>144,666</b>	-	-
Deferred tax asset			<b>278,869</b>	<b>144,666</b>

Keeping in view the concept of prudence and in line with its accounting policy, the Company does not recognise the asset in its books and the opening balance of deferred tax asset has also been charged off to profit and loss account.

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**PHOTON CAPITAL ADVISORS LIMITED**


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**4 Details of investments purchased, reinvested and sold during the year:**
**Government and Trust Securities**
**Nil**
**Quoted - Equity shares**

	Purchased		Sales	
	Quantity	Amount in	Quantity	Amount in
LIC Housing Finance	22,000	4,992,019	-	-
Reliance Industries Ltd	-	-	2	2,053
PCS Technology Ltd	-	-	28	571
Satyam Computer Services Ltd	67,000	4,955,130	67,000	4,668,543
TCI Developers Ltd*	1,265	-	-	-
Sujana Towers Ltd	-	-	200	40,119
Arvind Ltd	203,300	13,728,576	128,300	8,280,056
Gitanjali Gems Ltd	36,000	9,918,440	16,000	5,609,167
A K Capital	9,358	6,628,658	9,358	7,745,183
Nova Iron & Steel Ltd	-	-	100	948
Nilkamal Ltd	5,900	2,493,132	5,900	2,343,702
Balasore Alloys Ltd	-	-	40	837
V Guard Industries Ltd	13,000	2,561,868	13,000	2,620,431
Vijaya Bank	12,300	1,002,525	12,300	1,001,782
Shiva Fertilisers Ltd	-	-	1,200	27,941
Ruchi Strips and Alloys Ltd	-	-	1,000	17,886
Peeti Securities Ltd	-	-	-	-
Uco Bank	31,300	3,507,730	31,300	3,441,894
HSIL Ltd	36,500	4,883,070	36,500	5,125,689
Tata Global Beverages Ltd	8,400	992,845	8,400	1,023,491
Emami Ltd	3,200	1,525,277	3,200	1,451,784
M&M Financial Services Ltd	5,431	2,983,815	5,431	4,413,190
Magma Fincorp Ltd	57,590	4,033,655	57,590	4,355,253
Shoppers Stop Ltd	4,543	2,999,767	4,543	2,911,077

**PHOTON CAPITAL ADVISORS LIMITED**

	Purchased		Sales	
	Quantity	Amount in	Quantity	Amount in
Dhanalakshmi Bank Ltd	10,600	1,996,437	10,600	1,912,879
BNR Udyog Ltd	-	-	300	4,496
Srinivasa Shipping and Propert	-	-	300	10,804
VBC Industries Ltd	-	-	100	2,266
Vimta Labs	-	-	1,000	31,884
Vybra Automet Ltd	-	-	350	10,370
Wanbury Ltd	-	-	50	4,118
Incap Ltd	-	-	700	14,567
PSM Spining Ltd	-	-	800	57,781
Lanco Industries Ltd	-	-	100	5,859
Bambino Agro Industries Ltd	-	-	133	5,541
Southern Petrochem Indus Crop	-	-	100	2,326
Sarada Energy Ltd	-	-	50	12,456
Strides Arcolab Ltd	2,320	986,158	2,320	997,023
Nestle India Ltd	165	496,710	165	463,041
ITC Ltd	9,800	1,509,593	9,800	1,557,136
Glaxo Smithkline Consumer Heal	280	492,592	280	501,736
VST Tillers Tractors Ltd	10,400	5,159,132	10,400	5,477,705
Mcnally Bharat Engg. Co. Ltd	3,300	992,247	3,300	810,238
Unichem Laboratories Ltd	2,100	977,182	2,100	902,271
Castrol India Ltd	2,300	1,007,560	2,300	1,126,322
Asian Paints Ltd	620	1,485,798	620	1,701,597
Ashok Leyland Ltd	16,000	1,021,111	16,000	1,111,521
Andhra Bank	7,000	964,382	7,000	1,097,002
Ess Dee Aluminium Ltd	6,700	3,517,274	6,700	3,311,802
Divis Laboratories Ltd	3,200	2,465,424	3,200	2,414,659
Britannia Industries Ltd	1,159	2,486,578	1,159	2,351,557
Cadila Healthcare Ltd	1,600	1,014,629	1,600	1,004,240

**PHOTON CAPITAL ADVISORS LIMITED**

	Purchased		Sales	
	Quantity	Amount in	Quantity	Amount in
Vinati Organics Ltd	12,000	1,000,653	12,000	821,254
TVS Motor Company Ltd	28,000	2,480,025	28,000	2,408,925
Lupin Limited	500	944,882	500	909,831
Shriram EPC Ltd	7,000	1,961,763	7,000	1,779,245
ARSS Infrastructure Project Ltd	2,300	2,458,867	2,300	2,669,013
Bharti Airtel Ltd	16,000	5,061,472	16,000	4,227,677
Mahindra Lifespace Developers	4,800	2,479,665	4,800	2,453,589
Whirlpool of India Ltd	7,700	1,997,505	22,200	6,858,417
Tata Elxsi (I) Ltd	-	-	7,300	2,156,386
Indusind Bank Ltd	27,400	5,596,287	27,400	5,392,095
Jubliant Foodworks Ltd	28,200	14,750,943	35,300	17,002,476
TTK Prestige Ltd	-	-	2,400	2,242,013
S Kumars Nationwide Ltd	66,500	4,950,202	107,000	8,778,560
Hitachi Home & Life Solution Ltd	10,200	2,986,130	20,600	4,901,222
Coromandel International Ltd	7,800	3,434,653	28,637	18,454,877
Transport Corporation of India	-	-	25,300	3,131,768
VIP Industries Ltd	6,700	2,002,166	17,700	11,178,702
Venkys (India) Ltd	14,815	7,952,385	22,715	19,312,246
Ajanta Pharma Ltd	10,001	1,991,178	32,301	6,690,140
Aries Agro Ltd	-	-	50,302	7,626,765
Sabero Organics Gujarat Ltd	-	-	101,700	7,672,396
K S Oils Ltd	-	-	33,500	2,005,660
Karuturi Global Ltd	57,000	996,729	187,000	6,339,405
Himatsingka Seide Ltd	-	-	21,500	911,793
Hindusthan DORR Oliver Ltd	8,000	999,172	60,600	7,888,149
Megasoft Ltd	-	-	39,777	1,016,420
Indo Count Industries Ltd	-	-	200	3,992
Graphite India Ltd	-	-	330	31,223



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**PHOTON CAPITAL ADVISORS LIMITED**


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	Purchased		Sales	
	Quantity	Amount in	Quantity	Amount in
Action Const Equip Ltd	-	-	119,500	7,859,202
APTECH LTD	-	-	24	3,744
BGR Energy Systems Ltd	3,995	2,991,211	3,995	3,173,097
Bharati Shipyard Ltd	-	-	10,500	2,910,555
Dr. Reddys Laboratories Ltd	650	977,129	650	879,971
Everest Kanto Cylinder	17,600	2,489,791	17,600	2,099,513
Glenmark Pharmaceuticals Ltd	-	-	6	11,202
Godrej Industries Ltd	51,400	11,208,559	51,400	10,068,077
Hindustan Oil Exploration	8,885	2,589,933	8,885	2,314,970
Ion Exchange Ltd	16,349	3,003,059	16,349	3,177,956
IRB Infrastructure Developers	31,500	7,445,234	8,500	2,394,320
VLS Finance Ltd	-	-	500	12,128
Sujana Universal Industries Ltd	-	-	200	2,065
Nalwal Sons Investments Ltd	-	-	16	18,557
Nagrjuna Agrichem Ltd	-	-	200	52,129
Mohit Paper Mills Ltd	-	-	100	596
JSL LTD	-	-	220	23,073
Jindal Steel & Power Ltd	-	-	2,400	1,645,733
Patni Computer System Ltd	18,800	10,032,909	18,800	8,390,058
Prime Focus Ltd	7,500	2,508,946	7,500	2,033,422
Ruchi Soya Industries Ltd	31,000	3,447,956	31,000	3,237,631
Shrilakshmi cotsyn Ltd	-	-	32,600	5,558,243
State Bank Of India	-	-	100	308,754
Amar Raja Batteries	-	-	15,000	2,816,304
United Breweries Ltd	56,719	19,267,745	56,719	23,940,604
Vakrangee Softwares Ltd	12,100	2,394,233	32,100	5,430,443

\* Shares were allotted as part of scheme of demerger.

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**PHOTON CAPITAL ADVISORS LIMITED**

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**5 Defined benefit plan**

The following tables summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans

**Reconciliation of opening and closing balances of the present value of defined benefit obligation**

Particulars	March 31, 2011	March 31, 2010
Obligations at the beginning of the period	41,393	53,664
Current service cost	3,311	28,288
Interest cost	15,567	4,293
Actuarial (gain) / loss	(2,531)	(44,852)
Benefits paid	(17)	-
<b>Obligations at the period end</b>	<b>57,723</b>	<b>41,393</b>
Change in plan assets		
Plan assets at period beginning, at fair value	92,082	47,850
Expected return on plan assets	8,286	7,478
Actuarial gain / (loss)	-	-
Contribution from employer	-	36,754
Benefits paid	(17)	-
<b>Plan assets at year end, at fair value</b>	<b>100,351</b>	<b>92,082</b>

**Reconciliation of present value of the obligation and the fair value of plan assets**

Particulars	March 31, 2011	March 31, 2010
Fair Value of plan assets at the end of the period	100,351	47,850
Present value of defined benefit obligations at the end of the period	(57,723)	(53,664)
<b>Asset/(Liability) recognized in balance sheet</b>	<b>42,628</b>	<b>(5,814)</b>
<b>Gratuity cost for the year</b>		
Current service cost	3,311	28,478

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**PHOTON CAPITAL ADVISORS LIMITED**


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Particulars	March 31, 2011	March 31, 2010
Interest cost	15,567	-
Expected return on plan assets	(8,286)	-
Actuarial (gain) / losses	(2,531)	-
<b>Net gratuity cost</b>	<b>8,061</b>	<b>28,478</b>
Defined Benefit Obligation	57,723	41,393
Plan Assets	100,351	47,850
Surplus / (deficit)	42,628	(5,814)
Net Actuarial (gain)/loss recognised during the year	(2,531)	-
Particulars	March 31, 2011	March 31, 2010
<b>Assumptions:</b>		
Discount rate	8%	8%
Salary Escalation	4%	4%

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The information on the allocation of the fund into major asset classes and expected return on each major class are not readily available. We understand that LIC's overall portfolio of assets is well diversified and as such, the long-term return on the policy is expected to be higher than the rate of return on Central Government bonds.

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

**6 Earnings Per share**

	2010-11	2009-10
Profit attributable to the equity shareholders	(2,134,168)	(39,776,728)
Weighted average number of equity shares outstanding during the year	1,513,694	1,513,694
Nominal value of Equity shares (₹)	10	10
Earnings per share	(1.41)	(26.28)

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## PHOTON CAPITAL ADVISORS LIMITED

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### 7 Segment Reporting

- (i) The Company's business is organized in two segments - Financial services and Investment services. Accordingly, these divisions comprise the primary basis of segment information. The Company caters to Indian markets and as such there are no reportable geographical segments. All the assets are also located in India.
- (ii) The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments
- (iii) Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while other costs, wherever allocable, is apportioned to the segments on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to such expenses, and accordingly such expenses are separately disclosed as 'unallocated' and directly charged to total income.
- (iv) Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed asset and services are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

#### Primary segment information

Particulars	2010-11	2009-10
1 Segment revenue		
Investment	59,900,468	12,499,900
Financial services	909,755	15,994,922
<b>Total</b>	<b>60,810,223</b>	<b>28,494,822</b>
2 Segment results		
Investment	4,837,693	(55,031,944)
Financial services	(1,113,625)	20,516,902
<b>Total</b>	<b>3,724,068</b>	<b>(34,515,042)</b>
Less: Unallocated expenses (net of unallocated income)	5,188,816	5,352,892

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**PHOTON CAPITAL ADVISORS LIMITED**

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Particulars	2010-11	2009-10
3 Operating profit	(1,464,748)	(39,867,934)
4 Income taxes	669,420	(91,206)
5 Profit / (loss) from operating activities	(2,134,168)	(39,776,728)
6 Extra ordinary/Prior Period items	-	-
7 Net profit / (loss)	(2,134,168)	(39,776,728)

**8 Related party disclosures under Accounting Standard 18**

**Relationships**

Key Management Personnel:	:	Tejaswy Nandury
Enterprises over which		
Key Management Personnel	:	Shobha Advertising Services
or Relatives of Key Management		
Personnel are able	:	Banyan Enterprises
to exercise significant influence	:	Hifco Consumer Credit Private Limited

**Related party disclosure**

Particulars	2010-11	2009-10
<b>Rent</b>		
Hifco Consumer Credit Private Limited	18,000	-
<b>Receivables</b>		
Hifco Consumer Credit Private Limited	18,000	-

- 9 Balance sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities side :</b>		
(1) Loans and advances availed by non-banking financial company inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	Nil	Nil
: Unsecured	Nil	Nil
(other than falling within the meaning of public deposits)		

**PHOTON CAPITAL ADVISORS LIMITED**

Balance sheet of a non-deposit taking non-banking financial company continued		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowings	Nil	Nil
(e) Commercial Paper	Nil	Nil
~		
Particulars	Amount Outstanding	
<b>Assets side :</b>		
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured		Nil
(b) Unsecured		Nil
(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		Nil
(b) Operating lease		Nil
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		Nil
(b) Repossessed Assets		Nil
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been reposed		Nil
(b) Loans other than (a) above		Nil
~		
Particulars	Amount Outstanding	Market Value
(4) Break-up of Investments :		
Current investments :		
1. Quoted :		
(i) Shares: (a) Equity	19,749,935	Not applicable
(b) Preference	Nil	NA
(ii) Debentures and Bonds	Nil	NA
(iii) Units of mutual funds	81,084,908	NA
(iv) Government Securities	Nil	NA
(v) Others	Nil	NA



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` in lakhs		
Category	Market value/ Break up or fair value or NAV	Book value (Net of Provisions)
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	Nil	101,007,244
Total	Nil	101,007,244
** As per Accounting Standard 18 issued by ICAI		
(7) Other information		
(i) Gross Non-Performing Assets		
(a) Related parties		Nil
(b) Other than related parties		Nil
(ii) Net Non-Performing Assets		
(a) Related parties		Nil
(b) Other than related parties		Nil
(iii) Assets acquired in satisfaction of debt		Nil

10 The market value of long term investments as on March 31, 2010 is ` 75,436,848 (book value ` 74,882,296). Out of the long term investments as at March 31, 2010, market value of a few quoted long term investments is lesser than the carrying value as on the same date by ` 21,17,479 and Management is of the opinion that the diminution is of temporary nature and hence, the diminution has not been provided for in the books of account.

11 Information with regard to certain other matters specified in paragraphs 3, 4C and 4D of Part II to Schedule VI of The Companies Act, 1956 are either nil or not applicable to the Company for the period covered by the aforesaid financial statements



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**PHOTON CAPITAL ADVISORS LIMITED**

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- 12 "There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors."
- 13 During there year there are no disposal of fixed assets.
- 14 Value of imports on C.I.F. basis ` Nil (Previous year ` Nil)
- 15 Earnings in foreign currency ` Nil (Previous year ` Nil)
- 16 Expenditure incurred in foreign currency Professional and Travelling others ` Nil (Previous year ` Nil)
- 17 Dividend remitted in foreign currency ` Nil (Previous year ` Nil)
- 18 There are no loans and advances in the nature of loans to associates outstanding, accordingly disclosure under clause 32 of the listing agreement is not applicable.
- 19 Previous year figures have been regrouped / reclassified, wherever necessary, to conform to current year presentation.

In terms of our report of even date

**For K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration No.: 004718S

For and on behalf of the Board  
**Photon Capital Advisors Limited**

Sd/-  
**K. Vijayaraghavan,**  
Partner, Membership No.23387

Sd/-  
**Tejaswy Nandury**  
Wholetime Director

Sd/-  
**V.R. Shankara**  
Director

Place: Hyderabad  
Dated: 26-May-2011

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**PHOTON CAPITAL ADVISORS LIMITED**

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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE** (INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT.1956)

<b>1</b>	<b>Registration Details</b>			
	Registration No.	4368		
	Balance Sheet Date	31-03-2011		
	State Code	1		
<b>2</b>	<b>Capital raised during the year (Amount in Rupees Lakhs)</b>			
	Public issue	Nil	Rights issue	Nil
	Bonus issue	Nil	Private Placement	Nil
<b>3</b>	<b>Position of Mobilisation and development of fund (Amount Rupees in Lakhs)</b>			
	Total Liabilities	1231.02	Total Asssets	1231.02
	<b>Sources of Fund</b>		<b>Application of Funds</b>	
	Paid up capital	151.37	Investments	1010.07
	Researves and Surplus	1079.65	Fixed Assets	37.79
	Secured Loans	-	Net Current Assets	183.16
	Unsecured Loans	-	Misc. Expenditure	-
	Deffered Tax Liability	-	Accumulated Losses	-
<b>4</b>	<b>Performance of Company (Amount Rupees in lakhs)</b>			
	Turnover /			
	Income from Operation	606.81	Total Expenditure	674.16
	Profit/Loss before Tax	(14.65)	Earning per Share in `	(1.41)
	Profit/Loss After Tax	(21.34)	Dividend Rate %	Nil
<b>5</b>	<b>Generi names of three principal products/services</b>			
	<b>Product Description:</b>			
	Financial services & Investment Activity	ITC Code	N.A.	

**PHOTON CAPITAL ADVISORS LIMITED**

**Statement of cash flow for the year ended**

	March 31, 2011	March 31, 2010
<b>Cash flows from operating activities</b>		
Profit before taxation	(1,464,748)	(39,867,934)
Adjustments for:		
Depreciation and amortisation	1,057,166	1,052,958
Interest received on fixed deposits	(134,668)	(5,675,781)
Interest paid	85,267	2,153,025
Profit / loss on sale of Investments	(44,061,056)	32,647,471
Dividends	(5,018,116)	(312,308)
<b>Operating profit before working capital changes</b>	<b>(49,536,155)</b>	<b>(10,002,569)</b>
(Increase) / decrease in loans and advances	(5,603,124)	2,727,645
(Increase) / decrease in other current assets	6,689,074	(8,582,138)
Increase / (decrease) in current liabilities and provisions	9,993	(44,754)
<b>Cash generated from operations</b>	<b>(48,440,212)</b>	<b>(15,901,816)</b>
Interest paid		
Income taxes paid (including fringe benefit tax)	(2,978,707)	(3,234,835)
<b>Net cash provided from operating activities</b>	<b>(51,418,919)</b>	<b>(19,136,651)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(93,975)	(34,955)
Purchase of investments (Net)	18,213,510	(19,746,151)
Interest received on fixed deposits	146,684	5,690,816
Dividends	5,018,116	312,308
<b>Net cash used in investing activities</b>	<b>23,284,335</b>	<b>(13,777,982)</b>
<b>Cash flow from financing activities</b>		
Proceeds from Secured Loan	(60,389,053)	60,384,843
Interest paid	(85,267)	(2,153,025)
<b>Net cash used in financing activities</b>	<b>(60,474,320)</b>	<b>58,231,818</b>
<b>Net Increase in cash and cash equivalents</b>	<b>(88,608,904)</b>	<b>25,317,185</b>
<b>Cash equivalent at the beginning of the period</b>	<b>92,103,168</b>	<b>66,785,983</b>
<b>Cash equivalent at the end of the period</b>	<b>3,494,264</b>	<b>92,103,168</b>

Notes: (i) The above cash flow statement has been prepared under Indirect method as per Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India. (ii) Figures in bracket indicate cash outgo, except for adjustments for operating activities. (iii) Previous year's figures have been regrouped / rearranged wherever necessary.

This is the cash flow statement referred to in our report attached.

In terms of our report of even date

**For K. Vijayaraghavan & Associates**  
Chartered Accountants  
Firm Registration No.: 004718S

For and on behalf of the Board  
**Photon Capital Advisors Limited**

Sd/-  
**K. Vijayaraghavan,**  
Partner, Membership No.23387

Sd/-  
**Tejaswy Nandury**  
Wholtime Director

Sd/-  
**V.R. Shankara**  
Director

Place: Hyderabad  
Dated: 26-May-2011

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PHOTON CAPITAL ADVISORS LIMITED

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**PHOTON CAPITAL ADVISORS LIMITED**

**Regd. Office:** Regd Office: Millenium Plaza, 8-2-293/82/A/41-A, Road No.5,  
Jubilee Hills, Hyderabad-500033

**PROXY FORM**

Folio No.:

No. of Shares:

I/We \_\_\_\_\_ of \_\_\_\_\_ being  
a Member / Members of Photon Capital Advisors Limited hereby  
appoint \_\_\_\_\_ or failing him / her \_\_\_\_\_  
of \_\_\_\_\_ as my / our proxy to vote for me/us, on my/our behalf,  
at the Twenty Sixth Annual General Meeting of the Company to be held 23rd day  
of September, 2011 at 10.00 A.M and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix Re.0.15/-  
Revenue  
Stamp

**Note:** The Proxy form duly completed and signed across Fifteen paisa Revenue Stamp  
should reach the Company at least 48 hours before the time fixed for the meeting.

**PHOTON CAPITAL ADVISORS LIMITED**

**Regd. Office:** Regd Office: Millenium Plaza, 8-2-293/82/A/41-A, Road No.5,  
Jubilee Hills, Hyderabad-500033

**ATTENDANCE SLIP**

Folio No.:

No. of Shares:

I/We hereby certified that I/We, am / are a Member / Proxy for the member of the  
Company.

I/We hereby record my/our presence at the Twenty Sixth Annual General Meeting  
to be held at Neni Hi-tech Club, 169, Old Airport Road, New Bowenpally,  
Secunderabad-500011 on 23rd day of September, 2011 at 10.00 A.M.

Shareholder's / Proxy's  
name in block letters:

Signature of Shareholder/proxy

**Note:** Please fill up and sign this attendance slip and hand it over at the entrance of the  
meeting. Members are requested to bring their copies of the Annual Report to the meeting.

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PHOTON CAPITAL ADVISORS LIMITED

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Unit: Photon Capital Advisors Limited

Plot No.15, Hindi Nagar

Punjagutta, Hyderabad-500 034.

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PHOTON CAPITAL ADVISORS LIMITED

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