

PHOTON CAPITAL ADVISORS LIMITED

**25th ANNUAL REPORT
2009-2010**

C O N T E N T S	Page No.
Notice	4
Director's Report	5
Corporate Governance Report	13
Compliance Certificate	22
Auditors Report	27
Balance Sheet	32
Profit & Loss Account	33
Schedules to the accounts	34
Cash Flow Statement	55
Balance Sheet Abstract	56
Attendance Slip / Proxy Form	57

PHOTON CAPITAL ADVISORS LIMITED

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. Andhra Bank Punjab National Bank
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.

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the company will be held on Thursday, the 30th September 2010 at 10 A.M. 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, 2010 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. V.R. Shankara, 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
WHOLETIME DIRECTOR

PLACE: HYDERABAD

DATE: July 23, 2010

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.
3. The Register of members and share transfer books of the company will remain closed from 20th September to 30th September 2010 (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.

DIRECTORS' REPORT

To
The Members of
PHOTON CAPITAL ADVISORS LIMITED.

Your Directors are pleased to present the 25th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

PARTICULARS	2009-'10 (₹ in lakhs)	2008-'09 (₹ in lakhs)
Income from operations	266.35	972.47
Other Income	63.44	64.51
Expenditure	728.47	970.10
Profit / (Loss) before Tax	(398.68)	66.88
Provision for tax	(0.91)	211.30
Profit / (Loss) after tax	(397.77)	(144.42)
Profit brought forward	(76.25)	68.17
Balance transferred to balance sheet	(474.02)	(76.25)

REVIEW OF OPERATIONS:

The year 2009-2010 has been a difficult one for your company. Even though the stock market has rebounded from its lows of the previous year, we took a call that the market could not rebound in a very sustainable manner in a very short period of time. We believed that several buying opportunities would emerge as prices stabilized at a low base and did not anticipate the spectacular rally that occurred. As a result, we missed the upside in the markets. However, on investments that we kept, we were able to recoup some of the mark-to-market losses.

Another factor exacerbated the situation. While we did not have a very strong point of view on the outcome of the Indian election, we believed that the rupee was going to

PHOTON CAPITAL ADVISORS LIMITED

depreciate. As a result, we had a long position in USDINR futures, which resulted in a loss created by the massive up move in the markets on the day that the election results were announced. In addition, we were also holding some positions from the previous year that we believed were fundamentally affected by the crash in the stock market. Selling them enabled us to create a tax credit because of the diminution in their value. All in all, we managed to rack up losses in both investing and trading activities. While this was disappointing, this experience has made us change our approach towards our operations, the details of which are discussed in the Management Discussion and Analysis section.

The financial services segment has been discontinued due to lack of opportunities to scale that business.

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and developments:

As a registered NBFC, your company continues investment activity. Within the specific field of financial investment and trading a few developments have occurred:

- Starting of the currency derivatives market
- Launch of new currency derivatives including the GBPINR, EURINR and JPYINR contracts
- Changes in the way mutual fund advisers are being compensated
- Unexpected strong performance of the UPA in the elections

The first two of these developments impact the operations of your company directly because we can now enter into currency futures transactions on domestic exchanges and thereby widen the scope of our business. The third development has a peripheral ramification on the activity of your company. Since mutual funds are no longer being allowed to compensate sellers through an entry load, the amount of new money entering mutual funds has diminished significantly. This is a significant development for anyone operating in the stock markets.

Opportunities and threats:

Though the year 2009-10 has seen a substantial rebound in all asset classes, several stocks have not participated in this upswing. Therefore it is quite possible to buy substantially undervalued equities in India even now. The global imbalances that have been created due to the fiscal and monetary stimulus given to economies across the world are going to create an intensely volatile situation across asset classes. This offers astute traders the ability to benefit from violent swings that we will see in equities, commodities and currencies over the next 12-24 month period.

Since your company does not directly compete with anyone, the primary threat to your company's business is regulatory. Adverse regulatory decisions may make it difficult for your company to participate in some or all asset classes that are available to it today. Adverse regulations can further hinder your company's ability to hedge its exposures properly. We hope that such situations do not occur.

Outlook:

Given our experience of 2009-10, we carefully analyzed what had resulted in the losses. The factors that led to losses were threefold:

- 1. Excessive long term orientation.** One of our key insights as a result of this crash was that our process of selecting potential investments was not flawed. We had carefully analyzed investment candidates and purchased only those with what we believed was a great long term future and very undemanding valuations. However, this care in selection did not result in protection from substantial losses during the crash. One of the greatest challenges of this crash was keeping faith intact in a period when stocks crashed 70-90% from their previous peaks. We believe that our excessive long term orientation actually made us hold these stocks in a falling market and forced us to exit due to liquidity pressures at the bottom of the market rather than holding on to them.
- 2. Too much dependence on Indian equities.** Just as we had a very long term orientation, we had an unreasonably high exposure to one asset class: Indian equities. Our entire success was completely tied in to this one asset class which was prone to dramatic swings as well as periods of a complete absence of liquidity.
- 3. Long term orientation in hedge book.** All through the year, we ran a hedge book whose focus was reduction of volatility on the overall portfolio. However, given our long term orientation in the core asset of equities, we also had a long term orientation towards our hedge book. This, we discovered, did not work. It did not work because we need exposure on the hedge book that is substantially larger than exposure on our core asset to ensure a proper hedge. But when the market turns very volatile, it is essential to be nimble with the hedge book. However, our long term orientation got in the way of rapidly adjusting our hedges.

Volatility Reduction Plan

Having analyzed the cause for losses during this year, we have decided to change our strategy to generate more consistent results going forward. Here are the steps we are taking to reduce volatility in results:

PHOTON CAPITAL ADVISORS LIMITED

- 1) **Operating in more asset classes.** We are diversifying the asset classes we operate in to reduce our total dependence on stocks to generate results. Consequently, we have increased our operations in the currency futures and commodities segments.
- 2) **Increasing trading activity.** Prior to last year, we had a singular focus on long term investing. The events of the past year has convinced us that consistency cannot be achieved only through long term passive investing in stocks that we believe are undervalued. So we have adopted a strategy of trading long/short across asset classes in order to protect any losses we may be generating in our core long term cash market portfolio. This method also increases our staying power in securities that we believe are attractive long term investments which may be showing large mark to market losses.
- 3) **Increasing cash levels.** One other strategic shift we are making is one of not becoming fully invested. Though there may be times when we use our complete cash balance, we believe that not having enough cash balances creates dysfunctionality in managing investments during adverse market conditions. As a result, we have begun holding cash and cash equivalents to a greater degree in the past in order to enable us to take more considered decisions about our long term portfolio under adverse market conditions.

Most observers will ask why we are adopting this approach. The answer is that our experience of the great crash and the strong rebound has made us realize a few things about the market. Firstly, great investment opportunities are fleeting and one needs to have a war chest ready to invest when such opportunities present themselves. Secondly, a long term portfolio will not generate that war chest. It will deteriorate along with the general market. The only way to build a war chest is through trading. Trading on the long side allows us to increase our market exposure during good times. Similarly, trading on the short side prevents us from dramatic mark-to-market losses which hinder our ability to invest once the storm has passed. Moreover, trading on the short side creates capital that can be deployed once markets settle down. Thirdly, the cash portion of the portfolio rids us of fear. It enables us to handle crises with greater confidence and allows us to take advantage of the crisis instead of forcing us to liquidate positions at a time of great strain in order to generate cash. Fourthly, we do not want to only be dependent on the stock market for returns. There are very attractive opportunities in other asset classes to make money and we wish to benefit from exposure to these other asset classes.

Consistency versus Long Term Returns

Having experienced and survived the dramatic turbulence of the last year, we are committed to a path of greater consistency in results. Most people believe that it is difficult to target results in the business of investing and trading. However, evidence suggests

PHOTON CAPITAL ADVISORS LIMITED

otherwise. True, setting and achieving targets in the face of volatility is very difficult and very few people manage to do it. But the greatest investment managers have done it. After initial phases of volatility, great managers such as George Soros, Stanley Druckenmiller and Paul Tudor Jones have shown remarkable consistency in their performance. Others have had spikier performances but their track record over the long term has been excellent. We are not in the camp that believes that we should sacrifice higher long term returns for consistency. But we do believe that consistency has a place in the world of investment management. However, the only way to consistency is through trading. A long term oriented portfolio is highly unstable and subject to extreme volatility. Trading, while difficult, is the only way a fund manager has control over his returns. By trading, we mean the practice of entering positions solely to benefit from changes in price. Investing, on the other hand is buying good value with the hope of benefitting from performance of the company bought. Results of investing depend on the a) the purchase price being attractive, b) the ability of the investee company's management to deliver good returns, c) the market realizing the value of the investee company d) the price of exit. Only the process of evaluation, purchase price and exit price are in the control of the fund manager. Investments can create dramatic long term returns. However, in the short to medium term, there is no guarantee of performance from an investment portfolio. This results in a high degree of volatility in a fund manager's performance.

By maintaining a long term investment portfolio, we are making a choice to expose ourselves to inconsistency in prices but fantastic long term results. In trading, we are making the choice to buy or sell for small gains. We do this across asset classes: equities, commodity futures and currency futures. As long as we trade well, we can target certain profit levels and hit them. Of course, bad trading calls can result in losses. But our goal is to keep generating short term profits so that they build our war chest as well as keep our profit and loss statement looking good. The other benefit of trading is hedging. In adverse market conditions, we can go short the market and protect ourselves against significant diminution in the long term portfolio. Having said all this, trading requires a tremendous amount of skill and experience and just because we have chosen to trade does not mean that we will be successful at it. But it is our endeavour to run a trading book that will help us offset the volatility of our investment book.

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

PHOTON CAPITAL ADVISORS LIMITED

a concern. Nevertheless, such factors will be dealt with caution and adequate foresight. There have, however been some genuine concerns on the inflation front. Moreover, India is faced with a situation of high interest rates, which are bound to slow the economy down from the scorching pace of growth it exhibited in the last few years. Aside from this there are the European austerity plans which have the potential to reduce global growth significantly. The USA is keen on maintaining a highly accommodative and fiscal stance. At some point this is quite likely to create very high levels of inflation and dramatic rises in commodity prices. Having said this, we hope that our hedge book will smooth out results no matter what direction risks come from.

Dividend:

Your Board of directors do not recommend any dividend due to steep fall in income of the Company and thereby incurred a loss during the year 2009-2010.

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.

DIRECTORS:

Mr. V.R. Shankara, Director of your Company retires by rotation and being eligible offer himself 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.

PHOTON CAPITAL ADVISORS LIMITED

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

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.

PHOTON CAPITAL ADVISORS LIMITED

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 2009-2010. 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

Sd/-
V R Shankara
Director

Sd/-
Tejaswy Nandury
Wholetime Director

Place: Hyderabad

Date: July 23, 2010

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

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. V.R.Shankara:

Mr. V.R.Shankara is a postgraduate in commerce and has an experience of over

PHOTON CAPITAL ADVISORS LIMITED

30 years in administration. He started his career in 1977 in corporate Sector and held several senior management positions.

Board Meetings:

During the Financial Year 2009-2010 the Board of Directors met 5 (Five) times on the following dates:

1. 30th April, 2009,
2. 31st July, 2009,
3. 17th August, 2009,
4. 31st October, 2009 and
5. 29th January 2010.

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 tenure of the Director	No. of Meetings attended by the Director	Whether present at the previous AGM
Mr. Tejaswy Nandury	5	5	Yes
Mr. V R. Shankara	5	5	No
Mr. Madhukar Yarra	5	0	No
Mr. J. Narasimha Rao	5	5	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.

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 5 (five) on the following dates:

1. 30th April 2009,
2. 31st July 2009,

PHOTON CAPITAL ADVISORS LIMITED

3. 17th August 2009
4. 31st October 2009 and
5. 29th January 2010.

Meetings and attendance during the year:

Name of the Member	No. of Meetings held	Attendance
Mr. J.Narasimha Rao	5	5
Mr. V.R.Shankara	5	5
Mr. Madhukar Yarra	5	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 2009-2010.

None of the directors of the company received remuneration during the year 2009 - 2010.

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 consists 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 looks 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.

PHOTON CAPITAL ADVISORS LIMITED

6. Information on General Body Meetings:

The last 3 Annual General Meetings were held as under:

Date	Time	Venue
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
24.09.2007	09.30 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, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years: Nil
- 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 adopted 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.
- ii) No Information released to the press at the time of declaration of results except the publication of results.
- iii) The Management Discussion and Analysis (MD & A) is a part of the Annual Report.

9. General Shareholder Information:

- i) Annual General Meeting:
Date : 30.09.2010
Time : 10.A.M
Venue : NENI-HI TECH CLUB, 169, OLD AIRPORT ROAD,
NEW BOWENPALLY, SECUNDERABAD.

PHOTON CAPITAL ADVISORS LIMITED

ii) Financial Calendar:

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

Financial Reporting for 2010-'11 (tentative):

The First Quarter Results - 30.06.2010	Held on 23.07.2010
The Second Quarter Results - 30.09.2010	Between 15.10.2010 to 14.11.2010
The Third Quarter Results - 31.12.2010	Between 15.01.2011 to 14.02.2011
The Last Quarter Results - 31.03.2011	Between 15.04.2011 to 14.05.2011

iii) Book Closure: 20th September to 30th September 2010(both dates inclusive).

iv) Dividend payment Date: Not applicable as the Board has not recommended any dividend for the year.

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 2010-2011 to the Bombay Stock Exchange.

Stock Code : 509084

vi) Market Price Data:

Market Price Data: High / Low during each month of 2009 - 2010 on the BSE

Month	High (₹)	Low (₹)	Close (₹)	Volume (Nos.)
April, 2009	--	--	--	--
May, 2009	--	--	--	--
June, 2009	43.05	43.05	43.05	50
July, 2009	--	--	--	--
August, 2009	--	--	--	--
September, 2009	--	--	--	--
October, 2009	--	--	--	--
November, 2009	--	--	--	--
December, 2009	--	--	--	--
January, 2010	--	--	--	--
February, 2010	--	--	--	--
March, 2010	--	--	--	--

PHOTON CAPITAL ADVISORS LIMITED

- 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.

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, 2010:

Share holding of nominal value of	Share holders		Shares Amount		
	₹	Number	%	in ₹	%
(1)	(2)	(3)	(4)	(5)	
1 - 5000	6703	99.57	3550430	23.46	
5001 - 10000	14	0.21	89330	0.59	
10001 - 20000	4	0.06	56780	0.38	
20001 - 30000	3	0.05	72800	0.47	
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	6732	100.00	15136940	100.00	

PHOTON CAPITAL ADVISORS LIMITED

- 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

Sd/-
V R Shankara
Director

Sd/-
Tejaswy Nandury
Wholetime Director

Place: Hyderabad

Date: July 23, 2010

**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: July 23, 2010

PHOTON CAPITAL ADVISORS LIMITED

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 2010, 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

Place: Hyderabad
Date: July 23, 2010

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

COMPLIANCE CERTIFICATE

Corporate Identity Number : L65910AP1983PLC004368

Authorised Capital : ₹ 4,00,00,000.00

Paid up capital : ₹ 1,51,36,940.00

To,

The Members of

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, 2010 (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 Five [5] times respectively on 30.04.2009, 31.07.2009, 17.08.2009, 31.10.2009 and 29.01.2010 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.
5. The Company closed its Register of Members from 25.09.2009 to 29.09.2009 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, 2009 was held on 29.09.2009 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.

PHOTON CAPITAL ADVISORS LIMITED

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.
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.

PHOTON CAPITAL ADVISORS LIMITED

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 2010.
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.
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: 15.07.2010

ANNEXURE 'A'

Registers as maintained by the Company:

Statutory Registers:

- | | |
|--|---------------------|
| 1. Register of Members | U/s 150 of the Act. |
| 2. Register of Directors | U/s 303 of the Act. |
| 3. Register of Directors' Shareholding | U/s 307 of the Act. |
| 4. Minutes of the Board Meetings | U/s 193 of the Act. |
| 5. Minutes of General Meetings | U/s 193 of the Act. |
| 6. Books of Accounts | U/s 209 of the Act. |
| 7. 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.

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending 31st March, 2010:

Sr. No.	Form No/ Return	Filed Under Section	For	Date of Filing	Whether Filed with in prescribed time (yes / no)	If dealy in filing, whether requisite additional fee paid (yes / no)
1.	Compliance Certificate	383A	Compliance Certificate as on 31.03.2009	15.10.2009	Yes	NA
2.	Schedule - VI	220	Balance Sheet as at 31.03.2009.	15.10.2009	Yes	NA
3.	Schedule- V	159	Annual Return as on 29.09.2009.	07.11.2009	Yes	NA

For SGP & Associates,
Company Secretaries

Sd/-

GOPIREDDY MALYADRI
Partner, C.P.No:7911

Place: Hyderabad
Date: 15.07.2010

AUDITORS' REPORT

**To the Members of
Photon Capital Advisors Limited
(formerly Hifco Marwel Limited)**

1. We have audited the attached Balance Sheet of Photon Capital Advisors Limited, Hyderabad, as at March 31, 2010, 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;
 - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed

PHOTON CAPITAL ADVISORS LIMITED

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, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit 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

Sd/-

K. Vijayaraghavan
Partner, Membership No.23387

Place: Hyderabad
Date: July 23, 2010

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, 2010. 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.

(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

PHOTON CAPITAL ADVISORS LIMITED

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, 2010 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.
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.

PHOTON CAPITAL ADVISORS LIMITED

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

Sd/-

K. Vijayaraghavan
Partner, Membership No.23387

Place: Hyderabad
Date: July 23, 2010

PHOTON CAPITAL ADVISORS LIMITED

Balance Sheet as at

	Schedule	March 31, 2010 ₹	March 31, 2009 ₹
I. Sources of funds			
1. Shareholders' Funds			
a. Capital	A	15,136,940	15,136,940
b. Reserves and surplus	B	110,098,898	149,875,626
2. Loan funds			
a. Unsecured loans	C	60,389,053	4,210
TOTAL		185,624,891	165,016,776
II. Application of funds			
1. Fixed assets	D		
a. Gross block		6,835,712	6,800,757
b. <i>Less:</i> Depreciation		2,093,667	1,040,709
c. Net block		4,742,045	5,760,048
d. Capital work-in-progress and advance			-
		4,742,045	5,760,048
2. Investments	E	75,054,697	87,956,021
3. Deferred tax asset (net)	N3	144,666	53,460
4. Current assets, loans and advances			
a. Cash and bank balances	F	92,103,168	66,785,984
b. Other current assets	G	10,621,498	2,024,325
c. Loans and advances	H	3,349,515	2,914,533
		106,074,181	71,724,842
<i>Less:</i> Current liabilities and provisions			
a. Liabilities	I	390,698	429,638
b. Provisions	J	-	47,953
		390,698	477,591
Net current assets		105,683,483	71,247,251
TOTAL		185,624,891	165,016,776
Significant accounting policies and notes to Financial Statements	Q		

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 No.: 0047185

For and on behalf of the Board

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

Sd/-
Tejaswy Nandury
Wholtime Director

Sd/-
V.R. Shankara
Director

Place: Hyderabad
Dated: July 23, 2010

PHOTON CAPITAL ADVISORS LIMITED**Profit and Loss Account for the year ended**

	Schedule	March 31, 2010 ₹	March 31, 2009 ₹
I. Income			
Income from Operations	K	26,635,330	97,247,671
Other Income	L	6,344,341	6,451,101
		32,979,671	103,698,772
II. Expenditure			
Loss from investment activities	M	64,377,192	85,244,574
Staff Cost	N	1,154,779	2,371,644
Administrative and other expenditure	O	4,102,180	8,523,585
Depreciation	D	1,052,958	863,177
Finance Cost	P	2,160,496	7,439
		72,847,605	97,010,419
III. Profit before taxation		(39,867,934)	6,688,353
Income tax expense			
– Current (Refer Schedule N Note 10)		-	21,062,640
– Deferred		(91,206)	22,809
– Fringe Benefit		-	44,783
IV. Profit / (Loss) after taxation		(39,776,728)	(14,441,879)
Transfer from General Reserve		39,776,728	14,441,879
Basic / diluted earnings per share (Refer Schedule N Note 6)		(26.28)	(9.54)
Significant accounting policies and notes to Financial Statements	Q		

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 No.: 0047185

For and on behalf of the Board

Sd/-

K. Vijayaraghavan,
Partner, Membership No.23387

Sd/-

Tejaswy Nandury
Wholetime Director

Sd/-

V.R. Shankara
Director

Place: Hyderabad

Dated: July 23, 2010

**SCHEDULES TO THE BALANCE SHEET
AS AT MARCH 31, 2010**

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE A - Share Capital		
Authorised		
4,000,000 Equity shares of ₹ 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
	15,136,940	15,136,940
SCHEDULE B - Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	255,545	255,545
Statutory Reserve Fund *		
As per last Balance Sheet	32,244,767	32,244,767
General Reserve		
As per last Balance Sheet	117,375,314	131,817,196
Less: Amount transferred to Profit and Loss Account	39,776,728	14,441,882
	77,598,586	117,375,314
	110,098,898	149,875,626
* Created pursuant to Reserve Bank of India (Amendment) Act, 1997		
SCHEDULE C - Loan funds		
Unsecured		
From banks (Secured by lien on fixed deposits)	60,389,053	4,210
	60,389,053	4,210

SCHEDULE D - Fixed Assets

Amount in ₹

Description	Gross block at cost			Depreciation			Net Block	
	March 31, 2009	Additions during the year	March 31, 2010	Up to March 31, 2009	Charge for the year	Upto March 31, 2010	March 31, 2010	March 31, 2009
Tangible assets								
Leasehold improvements	2,332,922	-	2,332,922	559,476	466,584	1,026,060	1,306,862	1,773,446
Furniture	1,039,978	-	1,039,978	82,243	65,831	148,074	891,904	957,735
Electrical fittings	915,149	34,955	950,104	66,686	45,131	111,817	838,287	848,463
Computer equipment	384,361	-	384,361	82,532	62,305	144,837	239,524	301,829
Office equipments	1,128,347	-	1,128,347	51,618	79,774	131,392	996,955	1,076,729
Intangible assets								
Portfolio Management Fees	1,000,000	-	1,000,000	198,154	333,333	531,487	468,513	801,846
Total	6,800,757	34,955	6,835,712	1,040,709	1,052,958	2,093,667	4,742,045	5,760,048
Previous year	6,800,757	-	6,800,757	1,040,709	-	1,040,709	5,760,048	5,760,048

PHOTON CAPITAL ADVISORS LIMITED

SCHEDULE E - Investments

	Face value	March 31, 2010		March 31, 2009	
		Quantity	Amount ₹	Quantity	Amount ₹
Long term - Equity shares quoted fully paid up					
Non Trade:					
Action Construction Equipment Limited	2	119,500	4,890,703	150,000	7,475,820
Alphageo (India) Limited	10	-	-	5,000	1,417,370
Ajanta Pharma Ltd	10	22,300	3,983,536	-	-
Asian Oil Field Services Ltd	10	-	-	10,000	1,679,848
Amara Raja Batteries Ltd	2	15,000	2,574,316	-	-
Aries Agro Ltd	10	50,302	5,011,810	-	-
Bartronics India Limited	10	-	-	22,621	4,722,383
Bharati Shipyard	10	10,500	3,008,559	-	-
Coromandal Inrenational Ltd	2	20,837	6,536,278	-	-
Dish TV India Limited	1	-	-	100,000	2,753,640
Entertainment Network (India) Limited	10	-	-	40,870	11,785,117
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	-	-
Ion Exchange (India) Limited	10	-	-	32,588	8,709,916
Jain Irrigation System Ltd	10	-	-	-	-
Kaveri Telecom Products Limited	10	-	-	49,950	10,136,384
Karur Vysya Bank Ltd	10	-	-	-	-
Kohinoor Foods Limited	10	-	-	120,000	14,547,308
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	-	-
Manappuram General Finance & Leasing Limited	10	-	-	1,484	261,571
Moser Baer India Limited	10	-	-	60,000	7,958,306
NIIT Technologies Limited	10	-	-	-	-
Onmobile Global Limited	10	-	-	-	-
Pantaloon Retail India Limited	2	-	-	19,281	4,640,105
Sabero Organics Gujarat ltd	10	101,700	7,582,198	-	-

PHOTON CAPITAL ADVISORS LIMITED

	Face value	March 31, 2010		March 31, 2009	
		Quantity	Amount ₹	Quantity	Amount ₹
Shri Lakshmi Cotsyn Limited	10	32,600	4,952,621	34,572	4,850,981
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	-	-
United Breweries Limited	1	-	-	37,900	6,844,868
Vakrangee Softwares Limited	10	20,000	2,078,539	-	-
VIP Industries Ltd	10	11,000	3,015,335	-	-
XL Telecom & Energy Limited	10	-	-	-	-
Venkys India Ltd	10	7,900	2,481,528	-	-
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	-	-
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	-	-
Whirlpool Of India LTd	10	14,500	2,504,030	-	-
Sub-total			74,882,297		87,783,617
Long term - Equity shares un-quoted fully paid up					
Non trade :					
Wisdomtap Solutions (India) Pvt. Ltd.	10		781,800	315	781,800
Less Provision for diminution in value of investments			609,400		609,400
Sub-total			172,400		172,400
Grand total of Investments			75,054,697		87,956,017

Market value of quoted investments ₹ 7,56,99,768 (previous year ₹ 3,20,75,151)

PHOTON CAPITAL ADVISORS LIMITED

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE F - Cash and Bank balance		
Cash on hand	700	2,061
With scheduled banks		
- Current accounts	1,354,404	11,694,621
- Deposit accounts	90,748,064	55,089,302
	92,103,168	66,785,984
SCHEDULE G - Other current assets		
Prepaid expenses	191,806	291,429
Deposits	10,410,568	1,698,737
Interest accrued	19,124	34,159
	10,621,498	2,024,325
SCHEDULE H - Loans and advances		
Unsecured		
Considered good:		
Advances recoverable in cash or in kind or for value to be received	57,605	2,785,250
Advance tax (net of provision)	3,291,910	129,283
	3,349,515	2,914,533
SCHEDULE I - Liabilities		
Sundry creditors		
- Due to Small Scale Industrial Undertakings [Refer Schedule N Note 12]	-	-
- Others	364,603	115,073
Other liabilities	26,095	314,565
	390,698	429,638
SCHEDULE J - Provisions		
Fringe benefit tax (net of advance tax)		42,139
Provision for gratuity		5,814
		47,953

PHOTON CAPITAL ADVISORS LIMITED

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE K - Income From Operations		
Financial Services	15,994,922	91,908,881
Profit from:		
– Equity Index Futures	10,595,856	-
– Equity Stock Futures	44,552	-
– Currency Futures	-	5,338,790
	26,635,330	97,247,671
SCHEDULE L - Other Income		
Dividend Income	312,308	2,894,754
Interest Income (Tax deducted at source ₹ 788,077, previous year ₹ 776,949)	5,675,781	3,469,380
Miscellaneous Income	356,252	86,967
	6,344,341	6,451,101
SCHEDULE M - Loss from investment activities		
Loss from:		
- Sale of investments	32,654,721	57,627,103
- Equity stock options	3,001,108	11,158
- Equity index futures	-	21,604,321
- Equity stock futures	-	-
- Currency futures	18,468,655	-
- Commodity futures	10,252,708	6,001,992
	64,377,192	85,244,574
Schedule N - Staff cost		
Salaries, wages and bonus	1,145,479	2,339,744
Staff welfare expenses	9,300	31,900
	1,154,779	2,371,644

PHOTON CAPITAL ADVISORS LIMITED

	March 31, 2010 ₹	March 31, 2009 ₹
SCHEDULE O - Administrative and other expenditure		
Consultancy charges	1,103,400	2,807,808
Communication expenses	73,331	43,046
Insurance	8,457	3,507
Legal expenses	-	2,411,375
Miscellaneous expenses	348,247	140,561
Office maintenance	232,610	192,594
Power and fuel	161,613	168,176
Rates and taxes	41,044	131,402
Auditors' remuneration		
- Statutory audit	180,000	180,000
- Tax audit	20,000	20,000
- Other service	50,000	50,000
Rent	1,140,000	1,140,000
Repairs and maintenance - buildings	60,000	60,000
Repairs and maintenance - Others	105,014	496,485
Subscriptions and memberships	255,975	98,471
Travelling and conveyance	322,489	580,160
	4,102,180	8,523,585
SCHEDULE P - Finance cost		
Interest on loans	2,153,025	210
Bank charges	7,471	7,229
	2,160,496	7,439

SCHEDULE Q - 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.

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 ₹ 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

PHOTON CAPITAL ADVISORS LIMITED

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

(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.

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

PHOTON CAPITAL ADVISORS LIMITED

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.

(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.

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.

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 2009 are:

Amount in ₹

	Asset		(Liability)	
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Depreciation	6,549	-	-	(84,657)
Provision for diminution in value of investments	138,117	138,117	-	-
	144,666	138,117	-	(84,657)
Deferred tax asset			144,666	53,460

PHOTON CAPITAL ADVISORS LIMITED

Details of investments purchased, reinvested and sold during the year:

Government and Trust Securities : NIL

Quoted - Equity shares

	Purchased		Sales	
	Quan- tity	Amount in ₹	Quan- tity	Amount in ₹
Whirlpool of India Ltd	14,500	2,504,030	-	-
Tata Elxsi (I) Ltd	7,300	2,462,622	-	-
South Indian Bank Ltd	30,000	4,954,923	30,000	5,242,157
Indusind Bank Ltd	27,500	4,856,093	27,500	4,765,334
Jubliant Foodworks Ltd	7,100	2,477,378	-	-
TTK Prestige Ltd	2,400	1,466,304	-	-
S Kumars Nationwide Ltd	40,500	2,481,727	-	-
Hitachi Home & Life Solution Ltd	10,400	2,477,620	-	-
Apollo Tyres Ltd	27,000	1,986,302	27,000	1,951,582
Coromandel International Ltd	20,837	6,536,278	-	-
Transport Corporation of India	25,300	2,509,564	-	-
VIP Industries Ltd	11,000	3,015,335	-	-
Venkys (India) Ltd	7,900	2,481,525	-	-
Ajanta Pharma Ltd	22,300	3,983,536	-	-
Aries Agro Ltd	50,402	5,020,954	100	10,806
Sabero Organics Gujarat Ltd	101,700	7,582,198	-	-
Karuturi Global Ltd	130,000	2,483,264	-	-
K S Oils Ltd	33,500	2,491,614	-	-
Himatsingka Seide Ltd	21,500	1,003,140	-	-
Hindusthan DORR Oliver Ltd	26,300	4,993,474	-	-
Megasoft Ltd	39,777	1,116,619	-	-
IvrcI Infrastructure & Projects Ltd	6,000	2,459,058	6,000	2,300,258
Lanco Infratech Ltd	6,000	3,247,440	6,000	3,075,294
Deccan Chronicle Hold Ltd	21,000	3,273,338	21,000	3,101,424
Ruchi Infrastructure Ltd	500	35,461	500	34,142
Escorts India Ltd	9,300	1,014,657	9,300	1,088,016
Core Proj. & Tech. Ltd	4,900	1,004,137	4,900	937,217
Usha Martin Ltd	13,000	1,003,543	13,000	883,205
Indian Overseas Bank	17,300	1,991,104	17,300	2,215,566
Canara Bank	12,400	4,306,985	12,400	4,633,261
The Dhanalakshmi Bank Ltd	31,250	5,011,465	31,250	5,217,953
MCleoud Russel India Ltd	12,000	2,471,479	12,000	2,502,274

PHOTON CAPITAL ADVISORS LIMITED

	Purchased		Sales	
	Quantity	Amount in ₹	Quantity	Amount in ₹
Jindal Southwest Hold Ltd	2,385	3,529,301	2,385	3,972,095
Tanla Solutions Ltd	13,700	1,006,937	13,700	926,813
Chennai Petroleum Corp. Ltd	10,600	2,504,043	10,600	2,443,051
Bharati Shipyard Ltd	15,200	4,011,734	4,700	931,176
Allahabad Bank	49,150	5,022,849	49,150	5,196,445
ABG Shipyard Ltd	3,700	979,005	3,700	923,246
IRB Infrastructure Developers Ltd	4,500	983,257	4,500	921,811
Godrej Industries Ltd	28,200	5,517,504	28,200	5,169,538
CAIRN India Ltd	3,750	998,426	3,750	965,294
Aban Offshore Ltd	3,060	4,449,814	3,060	4,969,816
Bhushan Steel Ltd	2,500	2,475,598	2,500	2,636,973
BGR Energy Systems Ltd	5,300	2,497,328	5,300	2,577,575
Videocon Industries Ltd	11,900	2,485,902	11,900	2,257,562
Jindal Saw Ltd	9,200	5,962,780	9,200	5,760,617
Bharat Petroleum Corporation Ltd	1,900	997,436	1,900	947,998
Hindustan Oil Exploration	37,900	11,152,722	36,900	12,875,340
United Spirits Ltd	2,500	2,681,336	2,500	2,244,901
Patni Computer System Ltd	5,000	1,910,263	5,000	2,033,860
Bharat Forge Ltd	7,700	1,804,543	7,700	1,660,027
Dr. Reddys Laboratories Ltd	3,000	2,506,969	3,000	2,444,556
Aurobindo Pharma Ltd	17,920	11,586,965	17,920	12,820,594
Suzlon Energy Ltd	21,500	2,303,029	21,500	2,181,167
Nagarjuna Construction Co. Ltd	31,720	4,626,411	31,720	4,554,334
Jindal Steel & Power Ltd	1,530	4,780,871	1,530	4,447,167
Sterlite Inds (Ind) Ltd	6,800	4,955,158	6,800	4,725,309
Glenmark Pharmaceuticals Ltd	18,500	5,015,919	18,500	4,600,476
ACC LTD	6,000	5,228,551	6,000	5,170,916
Tata Consultancy Services Ltd	11,600	6,228,822	11,600	5,663,023
SESA GOA Ltd	31,000	8,115,455	31,000	7,960,245
HCL Technologies Ltd	42,000	9,515,695	42,000	10,592,366
3i Infotech Ltd	30,000	2,473,358	30,000	2,545,489
Action Const Equip Ltd	119,500	4,890,703	150,000	4,674,293
Rural Elec Corp Ltd	56,650	10,895,314	56,650	10,981,019
Maruti Suzuki India Ltd	8,200	10,015,071	8,200	10,070,200
Infosys Tech Ltd	3,850	7,297,650	3,850	7,296,149

PHOTON CAPITAL ADVISORS LIMITED

	Purchased		Sales	
	Quan- tity	Amount in ₹	Quan- tity	Amount in ₹
Bajaj Auto Ltd	4,200	5,023,337	4,200	4,830,998
ALPHAGEO IND	-	-	2,500	1,197,289
Amar Raja Batteries	15,000	2,574,316	-	-
APTECH LTD	18,200	5,026,818	18,200	4,816,295
Asian Oilfield Services Ltd	-	-	10,000	588,034
Axis Bank Ltd	2,000	2,026,509	2,000	1,958,900
Bank Of India	6,500	2,495,193	6,500	2,864,550
BARTRONICS INDIA LIMITED	-	-	22,621	2,863,763
Dish TV India Ltd	-	-	100,000	4,011,946
Entertain Net.Ind	-	-	40,870	7,830,129
First Source Solu.Ltd	85,000	2,326,333	85,000	2,162,518
Great Offshore Ltd	2,100	981,345	2,100	1,127,288
Hero Honda	6,150	10,017,975	6,150	9,817,694
Hindustan Construction Company Ltd	23,500	3,262,323	23,500	3,061,778
Indo Tech Transform	3,100	1,005,873	3,100	861,869
Ion Exchange Ltd	-	-	29,886	3,585,547
Kaverri Telecom Products Ltd	-	-	49,950	3,223,169
Kohinor foods ltd	-	-	120,000	6,200,228
Manappuram Gen. Fin & Leasing Ltd	-	-	1,484	763,755
Mphasis Limited	1,800	992,230	1,800	1,076,782
Moser Baer India Ltd	-	-	60,000	4,991,233
On Mobile Global Ltd	25,800	16,065,060	25,800	15,429,112
Oracle Financial Software Ltd	1,300	2,394,101	1,300	2,315,652
Oriental Bank of Commerce	11,300	2,491,695	11,300	2,968,553
Pantaloon Retail (I)	-	-	19,281	6,334,750
Punj Lloyd Ltd	20,000	4,959,904	20,000	4,725,195
Punjab National Bank	3,800	3,288,922	3,800	3,249,565
Rollta India Ltd	14,800	2,496,028	14,800	2,573,750
Ruchi Soya Industries Ltd	60,050	5,036,914	60,050	5,051,164
Sanwaria Agro Oils Ltd	-	-	5,600	254,158
Sasken Communication Tech. Ltd	42,500	7,039,882	42,500	6,745,882
Shrilakshmi cotsyn ltd	32,600	4,952,621	34,572	3,362,403
Shree Renuka Sugars Ltd	11,500	2,447,449	11,500	2,252,673
The Bank of Rajasthan Ltd	12,500	1,012,418	12,500	932,878
United Breweries Ltd	-	-	37,900	4,686,182
Vakrangee Softwares Ltd	20,000	2,078,359	-	-
WELSPUN GUJ ST. RO	8,000	1,988,524	8,000	1,824,693

PHOTON CAPITAL ADVISORS LIMITED

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

Amount in ₹

Particulars	March 31, 2010	March 31, 2009
Obligations at the beginning of the period	53,664	25,186
Current service cost	28,288	28,478
Interest cost	4,293	-
Actuarial (gain) / loss	(44,852)	-
Benefits paid	-	-
Obligations at the period end	41,393	53,664
Change in plan assets		
Plan assets at period beginning, at fair value	47,850	25,186
Expected return on plan assets	7,478	2,652
Actuarial gain / loss	-	-
Contribution from employer	36,754	20,012
Benefits paid	-	-
Plan assets at year end, at fair value	92,082	47,850

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

Amount in ₹

Particulars	March 31, 2010	March 31, 2009
Fair Value of plan assets at the end of the period	92,082	47,850
Present value of defined benefit obligations at the end of the period	(41,393)	(53,664)
Asset/(Liability) recognized in the balance sheet	50,689	(5,814)
Gratuity cost for the year		
Current service cost	28,288	28,478
Interest cost	4,293	-
Expected return on plan assets	(7,478)	-
Actuarial (gain) / losses	(44,852)	-
Net gratuity cost	(19,749)	28,478
Defined Benefit Obligation	41,393	53,664
Plan Assets	92,082	47,850

PHOTON CAPITAL ADVISORS LIMITED

Amount in ₹

Particulars	March 31, 2010	March 31, 2009
Surplus / (deficit)	50,689	(5,814)
Net Actuarial (gain) / loss recognised during the year	(44,852)	-
Assumptions:		
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.

Earnings Per share

Amount in ₹

Particulars	2009-10	2008-09
Profit attributable to the equity shareholders	(39,776,728)	(14,441,879)
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	(26.28)	(9.54)

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

PHOTON CAPITAL ADVISORS LIMITED

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	Amount in ₹	
	2009-10	2008-09
1 Segment revenue		
Investment	(54,049,092)	(82,800,538)
Financial services	22,598,014	95,378,260
Total	(31,451,078)	12,577,723
2 Segment results		
Investment	(55,031,944)	(80,830,429)
Financial services	21,443,235	93,006,406
Total	(33,588,709)	12,175,977
Less: Unallocated expenses (net of unallocated income)	5,131,675	5,487,624
3 Operating profit	(38,720,384)	6,688,353
4 Income taxes	(91,206)	21,130,232
5 Profit / (loss) from operating activities	(38,629,178)	(14,441,879)
6 Extra ordinary/Prior Period items	-	-
7 Net profit / (loss)	(38,629,178)	(14,441,879)

Related party disclosures under Accounting Standard 18

Relationships

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

Related party disclosure

Particulars	Amount in ₹	
	2009-10	2008-09
Advertisement charges		
Shobha Advertising Services	-	86,216

PHOTON CAPITAL ADVISORS LIMITED

₹ in lacs

Particulars	Amount Outstanding	Market Value*
(4) Break-up of Investments :		
<i>Current investments :</i>		
1. Quoted :		
(i) Shares :		
(a) Equity	Nil	-NA-
(b) Preference	Nil	-NA-
(ii) Debentures and Bonds	Nil	-NA-
(iii) Units of mutual funds	Nil	-NA-
(iv) Government Securities	Nil	-NA-
(v) Others	Nil	-NA-
2. Unquoted :		
(i) Shares :		
(a) Equity	Nil	-NA-
(b) Preference	Nil	-NA-
(ii) Debentures and Bonds	Nil	-NA-
(iii) Units of mutual funds	Nil	-NA-
(iv) Government Securities	Nil	-NA-
(v) Others	Nil	-NA-
<i>Long term investments :</i>		
1. Quoted :		
(i) Shares :		
(a) Equity	748.82	754.37
(b) Preference	Nil	-NA-
(ii) Debentures and Bonds	Nil	-NA-
(iii) Units of mutual funds	-	-
(iv) Government Securities	Nil	-NA-
(v) Others	Nil	-NA-
2. Unquoted :		
(i) Shares :		
(a) Equity	1.72	1.72
(b) Preference	Nil	-NA-
(ii) Debentures and Bonds	Nil	-NA-
(iii) Units of mutual funds	Nil	-NA-
(iv) Government Securities	Nil	-NA-
(v) Others	Nil	-NA-
	750.55	756.09

PHOTON CAPITAL ADVISORS LIMITED

- (5) Borrower group-wise classification of assets financed as in (2) and (3) above :
₹ in lacs

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	Nil	Nil
Total	Nil	Nil	Nil

** As per Accounting Standard 18 issued by ICAI

- (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

₹ in lacs

Category	Market value / Break up or fair value or NAV	Book value (Net of Provisions)
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	754.37	748.82
Total	754.37	748.82

** As per Accounting Standard 18 issued by ICAI

₹ in lacs

Particulars	Amount
(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

PHOTON CAPITAL ADVISORS LIMITED

The market value of long term investments as on balance sheet date is ₹ 75,436,848 (book value ₹ 74,882,296). Out of the long term investments as at balance sheet date, 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.

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.

"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."

During there year there are no disposal of fixed assets.

Value of imports on C.I.F. basis ₹ Nil (Previous year ₹ Nil)

Earnings in foreign currency ₹ Nil (Previous year ₹ Nil)

Expenditure incurred in foreign currency Professional and Travelling others ₹ Nil (Previous year ₹ 2,476,774)

Dividend remitted in foreign currency ₹ Nil (Previous year ₹ Nil)

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.

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

For and on behalf of the Board

Chartered Accountants

Firm Registration No.:0047185

Sd/-

K. Vijayaraghavan,
Partner, Membership No.23387

Sd/-

Tejaswy Nandury
Wholetime Director

Sd/-

V.R. Shankara
Director

Place: Hyderabad

Dated: July 23, 2010

Statement of cash flow for the year ended

	March 31, 2009 ₹	March 31, 2008 ₹
Cash flows from operating activities		
Profit before taxation	(39,867,934)	6,688,353
Adjustments for:		
Depreciation and amortisation	1,052,958	863,177
Interest received on fixed deposits	(5,675,781)	(3,469,380)
Interest paid	2,153,025	210
Profit / loss on sale of Investments	32,647,471	57,627,103
Dividends	(312,308)	(2,894,754)
Operating profit before working capital changes	(10,002,569)	58,814,709
(Increase) / decrease in loans and advances	2,727,645	(2,782,272)
(Increase) / decrease in other current assets	(8,582,138)	(1,414,203)
Increase / (decrease) in current liabilities and provisions	(44,754)	(41,179,703)
Cash generated from operations	(15,901,816)	13,438,531
Income taxes paid (including fringe benefit tax)	(3,234,835)	(20,930,039)
Net cash provided from operating activities	(19,136,651)	(7,491,508)
Cash flow from investing activities		
Purchase of fixed assets	(34,955)	(2,114,384)
Purchase of investments (Net)	(19,746,151)	(28,043,708)
Proceeds from sale of investments	-	147,891,413
Interest received on fixed deposits	5,690,816	3,469,380
Profit on sale of Investments	-	(57,627,103)
Dividends	312,308	2,894,754
Net cash used in investing activities	(13,777,982)	66,470,352
Cash flow from financing activities		
Proceeds from Secured Loan	60,384,843	4,210
Interest paid	(2,153,025)	(210)
Net cash used in financing activities	58,231,818	4,000
Net Increase in cash and cash equivalents	25,317,185	58,982,844
Cash equivalent at the beginning of the period	66,785,983	7,803,139
Cash equivalent at the end of the period	92,103,168	66,785,983

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.

In terms of our report of even date

For K. Vijayaraghavan & Associates

For and on behalf of the Board

Chartered Accountants

Firm Registration No.: 0047185

Sd/-

K. Vijayaraghavan,
Partner, Membership No.23387

Sd/-

Tejaswy Nandury
Wholetime Director

Sd/-

V.R. Shankara
Director

Place: Hyderabad

Dated: July 23, 2010

PHOTON CAPITAL ADVISORS LIMITED

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

1	Registration Details			
	Registration No.	4368		
	Balance Sheet Date	31 / 3 / 2010		
	State Code	01		
2	Capital raised during the year (Amount in ₹ Lakhs)			
	Public issue	Nil	Rights Issue	Nil
	Bonus issue	Nil	Private Placement	Nil
3	Position of Mobilisation and Development of Fund (Amount in ₹ In lakhs)			
	Total Liabilities	1856.25	Total Assets	1856.25
	Sources of Fund		Application of Funds	
	Paid up Capital	151.37	Investment	750.55
	Reserves and Surplus	1100.99	Fixed Assets	47.42
	Secured Loans	-	Net Current Assets	1056.83
	Unsecured Loans	603.89	Misc. Expenditure	-
	Deffered Tax Liability	(1.45)	Accumulated Losses	-
	4	Performance of Company (Amount ₹ In lakhs)		
Turnover/ Income from Operation		266.35	Total Expenditure	728.48
Profit before Tax		(398.68)	Earning per Share in ₹	(26.28)
Profit After Tax		(397.77)	Dividend Rate %	Nil
5	Generic names of three principal products/services			
	Product Description: Financial services & Investment Activity	ITC Code		N.A.

PHOTON CAPITAL ADVISORS LIMITED

PHOTON CAPITAL ADVISORS LIMITED

Regd. Office: Millennium 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-Fifth Annual General Meeting of the Company to be held on September 30, 2010 at 10.00 am and at any adjournment thereof.

Affix 0.15 Paise Revenue Stamp

Signed this _____ day of _____ 2010

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

PHOTON CAPITAL ADVISORS LIMITED

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

ATTENDANCE SLIP

Folio No.:

No. of Shares:

I/We here by certify that I/We, am/are a Member / Proxy for the member of the Company. I/We hereby record my/our presence at the Twenty-Fifth Annual General Meeting to be held at Neni Hi-tech Club, 169, Old Airport Road, New Bowenpally, Secunderabad 500011 at 10.00 am on September 30, 2010.

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.

Printed Matter

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Sathguru Management Consultants Pvt. Ltd.

Unit: Photon Capital Advisors Limited

Plot No.15, Hindi Nagar

Punjagutta,

Hyderabad 500 034.