

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the fifth Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2011.

### FINANCIAL RESULTS

The Financials Results of the Company for the year April 1, 2010 to March 31, 2011 are given below:

Particulars	2010-11	2009-10
	Amount in Rupees	
Gross Income	12,46,11,327	12,26,16,013
Profit / (Loss) before depreciation	4,06,01,620	5,58,99,679
Depreciation	(19,80,083)	(20,26,771)
Profit / (Loss) for the period	3,86,21,537	5,38,72,908
Provision for taxation	(1,27,13,058)	(91,55,700)
Deferred tax	(3,92,541)	(82,28,348)
Net Profit / (Loss) for the period	2,55,15,938	3,64,88,860

### OPERATIONS

Your Company continues to act as the Investment Manager of Axis Infrastructure Fund 1 (AIF1) and earned revenue of Rs. 12 crore towards management fee during the financial year, which is 2% of the fund size of Rs.600 crore.

Till date, the fund has made 7 draw-downs from the investors aggregating to Rs.432.35 crore.

The details of the drawdowns are given below:

Drawdown Date	Due Date	Rupees in Crore
June 20, 2008	July 6, 2008	256.20
Sept. 10, 2008	Sept. 24, 2008	50.00
Oct. 3, 2008	Oct. 17, 2008	35.40
May 21, 2009	June 5, 2006	46.25
Dec 8, 2009	Dec 22, 2009	23.00

Jul 8, 2010	Jul 22, 2010	14.00
Nov 19, 2010	Dec 3, 2010	7.50
<b>Total</b>		<b>432.35</b>

AIF1 has made the following investments till date:

<b>Investee Companies</b>	<b>Rupees in Crore</b>	<b>Investment Made during</b>
Corrtech International Private Limited	67.75	Jul. – Dec. 2008
Neesa Leisure Limited	76.24	Jul. – Sept. 2008
Vishwa Infrastructure & Services Private Limited	61.46	Jul. – Sept. 2008
Harish Chandra (India) Limited	122.12	Jul. – Dec. 2008
Shalivahana Green Energy Limited	61.53	Apr. 09 – Dec. 2010
<b>Total</b>	<b>389.10</b>	

The fund does not have any outstanding investment commitments.

#### **DIVIDEND**

The Directors do not recommend a dividend for the financial year 2010-11.

#### **DIRECTORS**

During the year Mr. Alok Gupta and Mr. William Knight resigned from their respective positions as Managing Director & CEO and Director with effect from March 1, 2011 and March 4, 2011, respectively.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. R H Patil and Mr. S K Tuteja retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-appointment as Directors of the Company.

The Board recommends their appointment as Directors at the ensuing Annual General Meeting.

#### **AUDIT & REMUNERATION COMMITTEE**

The Audit & Remuneration Committee was reconstituted on 6<sup>th</sup> July 2009 and presently has Mr. S K Tuteja and Mr. M M Agrawal as members and is chaired by Mr. S K Tuteja. The Audit

Committee functions in accordance with the provisions of Section 292A of the Companies Act, 1956.

#### **PUBLIC DEPOSITS**

During the year, the company has not accepted any deposits from the public under section 58A of the Companies Act, 1956.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

1. Considering the nature of activities of the company, the provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Company.
2. Information regarding foreign exchange earnings and outgo is contained in Schedule I Points (C) g to the financial statements.

#### **EMPLOYEES**

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rule made there under, is given in an Annexure appended hereto and forms part of this report.

#### **AUDITORS**

The auditors, M/s H.N. Motiwalla & Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors hereby declares and confirms that:

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to market departures.
- ii. Accounting policies have been selected and applied consistently and reasonably and prudent judgments and estimates have been made so as to give a true and fair view of

- the state of affairs of the company and of the Profit & Loss of the company for the financial year ended March 31, 2010.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
  - iv. The annual accounts of the company have been prepared on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Board of Directors places on record its gratitude to the Reserve Bank of India and other government and regulatory authorities for their support. The Board also places on record its sincere gratitude to Axis Bank and its officers for their support and cooperation.

For and on behalf of the Board of Directors

-sd-  
Mr. M. M. Agrawal  
Director  
DIN 00681433

-sd-  
Mr. S. K. Tuteja  
Director  
Din 00594076

Place: Mumbai

Date: 13<sup>th</sup> April, 2011

Particulars of the employee:

Name	Age	Qualification	Date of employment	Designation	Remuneration	Experience	Last Employment
Mr. Alok Gupta*	52	M.B.A	03-10-2006	CEO & MD	1,04,40,066	29 year	Chairman & CEO, Kremikovtzi Corporation
Mr. Arun Korati	44	BE, ICWAI, MM	21-06-2007	Executive Director	1,08,57,953	22 year	Principal, NV Advisory Services
Mr. Anuj Kumar	44	CA, MBA	17-09-2008	Executive Director	90,48,890	19 year	Principal, Sabre Abraaj Private Equity

\*Worked for part of the year.

## AUDITORS' REPORT

### To the Members of AXIS PRIVATE EQUITY LIMITED

We have audited the accompanying Balance Sheet of **AXIS PRIVATE EQUITY LIMITED** as at 31 March, 2011 and the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatements. 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 principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all information and explanation which to the best of our knowledge and belief were necessary for the purpose of the audit;
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far appears from our examination of the books;
3. The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts;
4. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;

5. On the basis of written representations received from the directors of the Company as at 31 March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (a) in the case of the Balance Sheet, of the state of the company as at 31 March, 2011; and
  - (b) in the case of the Profit and Loss account, of the **PROFIT** of the Company for the period ended on that date.
  - (c) In the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

**For H. N. Motiwalla & Co.,**  
*Chartered Accountants*

**[D N Shah]**  
*Partner*  
*Mem. No. : 030566*

*Mumbai:*

## Annexure to Auditors' Report

With reference to the Annexure referred to in the Auditors' Report to the members of **AXIS PRIVATE EQUITY LIMITED** on the financial statement for the period ended 31 March 2011; we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The Management has physically verified all the assets during the period. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets.
2. In our opinion, and according to the information and explanation given to us, the company's nature of operations does not require it to hold inventories. Consequently, clause 4(ii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
3. (a) According to the information and explanations given to us, the Company had not granted any interest free loan covered in the register maintained under Section 301 of the Companies Act, 1956, hence, sub-clause (b), (c) and (d) are not applicable.  
  
(e) The company had accepted loans from the holding company, which has been repaid during the year. Which covered in the register maintained under section 301 of the Companies Act, 1956, hence sub-clauses (f) and (g) are not applicable.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
  
(b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding Rs. 5 lakhs are reasonable having regard to the prevailing market prices at the relevant time.



6. According to the information and explanation given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under, apply.
7. The Company has internal audit system.
8. We are informed that the Central Government has not prescribed the Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanation given to us on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax and any other dues during the period with the appropriate authorities. We are further informed that the Company is not required to make any contribution under the Employees State Insurance Scheme, as it is not applicable to the Company. At 31st March, 2010, there are no undisputed dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, following dues are not deposited on account of disputes pending before appropriate authority is as under:

Name of the Statute	Nature of Dues	Assessment year	Amount (Rupees)	Forum where dispute is pending
Income Tax Act, 1961	Assessment dues	2007 – 08	3,660/-	C.I.T.(APPEALS)

10. The Company has not completed five years since, its registration, the question of reporting in clause 4(x) of the Companies (Auditors' Report) Order, 2003 does not arise.
11. According to the information and explanations given to us, the Company has not defaulted on repayments for any outstanding debentures or any outstanding loans from any financial institution or a bank during the period.
12. According the information and explanations given to us, 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. To the best of our knowledge and as confirmed by the management, no Special statutes applicable to a chit fund, nidhi or mutual benefit society are applicable to the Company.
14. Based on information and explanations provided by the management, clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
15. Based on information and explanations provided by the management, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. The Company has not taken any Term loan during the year.
17. The Company has not raised any Short-term loans and hence, this clause is not applicable.
18. The Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the period.
19. The Company has not issued any debentures during the period.
20. The Company has not raised any money by public issues during the period.
21. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the period.

**For H. N. Motiwalla & Co.,**  
***Chartered Accountants***

**[D N Shah]**

***Partner***

***Mem. No. : 030566***

***Mumbai:***

**AXIS PRIVATE EQUITY LIMITED**  
(formerly UBL Asset Management Company Limited)

**BALANCE SHEET AS ON 31ST MARCH 2011**

	Schedule No	Rupees	AS AT 31/03/2011 Rupees	AS AT 31/03/2010 Rupees
<b>SOURCES OF FUNDS EMPLOYED:</b>				
SHAREHOLDERS FUNDS				
Share Capital	A	15,00,00,000		15,00,00,000
Reserve & Surplus	B	2,94,56,567		51,97,994
			17,94,56,567	15,51,97,994
TOTAL			17,94,56,567	15,51,97,994
<b>APPLICATION OF FUNDS:</b>				
Fixed Assets	C			
Gross Block		1,38,55,757		1,37,79,656
Less : Provision for Depreciation		69,82,246		50,02,163
Net Block			68,73,511	87,77,493
DEFERRED TAX ASSETS			1,25,079	5,17,620
CURRENT ASSETS, LOANS AND ADVANCES	D			
Cash & Bank Balances		9,40,71,006		5,90,56,916
Loans & Advances		11,64,43,312		9,99,11,533
		21,05,14,318		15,89,68,449
LESS: CURRENT LIABILITIES AND PROVISIONS	E			
Current Liabilities		36,62,286		1,84,908
Provisions		3,43,94,055		1,28,80,660
		3,80,56,341		1,30,65,568
NET CURRENT ASSETS			17,24,57,977	14,59,02,881
TOTAL			17,94,56,567	15,51,97,994
			-	-

NOTES FORMING PART OF ACCOUNTS

I

AS PER OUR REPORT OF EVEN DATE

For and on behalf of the Board of Directors

**FOR H. N. MOTIWALLA & CO.,**

**CHARTERED ACCOUNTANTS**

**FRN 111949W**

M M Agrawal  
Director

S K TUTEJA  
Director

**[D N SHAH]**

**PARTNER**

**MEM. NO. 30566**

**MUMBAI : April 13, 2011**

Arun Prakash S. Korati  
CEO

Rajiv Sharma  
CFO & Company Secretary

**MUMBAI : April 13, 2011**

**AXIS PRIVATE EQUITY LIMITED**  
(formerly UBL Asset Management Company Limited)  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AT 31ST MARCH 2011**

		Schedule No	FOR THE PERIOD ENDED 31/03/2011 Rupees	FOR THE YEAR ENDED 31/03/2010 Rupees
<b>INCOME</b>		<b>F</b>		
Management Fee			12,00,00,000	12,00,00,000
Other Income			46,11,327	26,16,013
			<b>12,46,11,327</b>	<b>12,26,16,013</b>
<b>EXPENDITURE</b>		<b>G</b>		
Employee Compensation & Benefits			5,87,52,882	4,49,39,330
Administrative & General Expenses		<b>H</b>	2,51,41,206	2,17,46,165
Interest			1,15,619	30,839
Depreciation			19,80,083	20,26,771
			<b>8,59,89,790</b>	<b>6,87,43,105</b>
<b>PROFIT BEFORE TAX</b>			<b>3,86,21,537</b>	<b>5,38,72,908</b>
Less :				
Provision for Tax			1,27,13,058	91,55,700
Deferred Tax			3,92,541	82,28,348
<b>PROFIT AFTER TAX</b>			<b>2,55,15,938</b>	<b>3,64,88,860</b>
Add: Balance brought forward from previous year			51,97,994	(3,12,90,866)
Less: Provision for Service Tax			12,57,365	-
Transferred to General Reserve			-	-
Proposed Dividend			-	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>2,94,56,567</b>	<b>51,97,994</b>

NOTES FORMING PART OF ACCOUNTS

I

AS PER OUR REPORT OF EVEN DATE

For and on behalf of the Board of Directors

**FOR H. N. MOTIWALLA & CO.,**  
**CHARTERED ACCOUNTANTS**  
**FRN 111949W**

M M Agrawal  
Director

S K TUTEJA  
Director

[D N SHAH]

**PARTNER**

Arun Prakash S. Korati  
CEO

Rajiv Sharma  
CFO & Company Secretary

**MEM. NO. 30566**

**MUMBAI : April 13, 2011**

**MUMBAI : April 13, 2011**

**AXIS PRIVATE EQUITY LIMITED**  
*(formerly UBL Asset Management Company Limited)*  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

	2010-11 Rupees	2009-10 Rupees
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	3,86,21,537	5,38,72,908
<u>Adjustments for :</u>		
Interest paid	1,15,619	30,839
Depreciation	19,80,083	20,26,771
Interest Income	(46,11,327)	(26,16,013)
Provision for expenses	75,42,972	3,91,750
Operating Profit before changes in Operating Assets	4,36,48,884	5,37,06,255
<u>(Increase) / decrease in Operating Assets</u>		
Loan & Advances	(1,65,31,779)	(2,28,07,371)
<u>Increase / (Decrease) in Operating Liabilities</u>		
Current Liabilities	34,77,378	(73,65,188)
Cash generated from Operations	3,05,94,483	2,35,33,696
adjustment for Income Tax Paid	-	(50,000)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,05,94,483</b>	<b>2,34,83,696</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(76,101)	(20,36,030)
Interest Received	46,11,327	26,16,013
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>45,35,226</b>	<b>5,79,983</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(1,15,619)	(30,839)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(1,15,619)</b>	<b>(30,839)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,50,14,090</b>	<b>2,40,32,840</b>
Cash and Cash Equivalent at the beginning of the year	5,90,56,916	3,50,24,076
Cash and Cash Equivalent at the end of the year	9,40,71,006	5,90,56,916

**AXIS PRIVATE EQUITY LIMITED**  
(formerly UBL Asset Management Company Limited)  
**SCHEDULES FORMING PART OF THE AUDITED ACCOUNTS AS AT 31ST MARCH 2011**

	AS AT 31/03/2011 Rupees	AS AT 31/03/2010 Rupees
<b>SCHEDULE - A : SHARE CAPITAL</b>		
AUTHORISED		
1,50,00,000 EQUITY SHARES OF RS.10/- EACH	15,00,00,000	15,00,00,000
<b>TOTAL</b>	15,00,00,000	15,00,00,000
ISSUED AND SUBSCRIBED		
1,50,00,000 EQUITY SHARES OF Rs.10/- each fully paid up [All the shares are owned by Holding Company - Axis Bank Limited]	15,00,00,000	15,00,00,000
<b>TOTAL</b>	15,00,00,000	15,00,00,000
<b>SCHEDULE - B : RESERVE &amp; SURPLUS</b>		
PROFIT & LOSS ACCOUNT		
Reserve & Surplus	2,94,56,567	51,97,994
<b>TOTAL</b>	2,94,56,567	51,97,994
<b>SCHEDULE - D : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
CURRENT ASSETS		
Cash and Bank Balances		
Cash on hand	-	-
Axis Bank LIMITED	84,71,006	52,52,970
Investment in Fixed Deposits with Scheduled Banks	8,56,00,000	5,38,03,946
	9,40,71,006	5,90,56,916
LOANS AND ADVANCES (Unsecured and considered good)		
Prepaid Expenses	17,88,304	18,28,518
Advance Tax Paid	4,31,44,224	2,97,71,570
Advance Recoverable in cash or kind	3,55,03,784	3,23,01,945
Sundry Deposits	3,60,07,000	3,60,09,500
	11,64,43,312	9,99,11,533
<b>TOTAL</b>	21,05,14,318	15,89,68,449
<b>SCHEDULE - E : CURRENT LIABILITIES &amp; PROVISIONS</b>		
A: CURRENT LIABILITIES		
Sundry Creditors	1,04,508	1,53,149
Duties & Taxes Payable	35,57,778	31,759
	36,62,286	1,84,908
B: PROVISIONS		
Provisions for Expenses	81,74,222	6,31,250
Provision for Taxation	2,62,19,833	1,22,49,410
	3,80,56,341	1,30,65,568

**AXIS PRIVATE EQUITY LIMITED**  
*(formerly UBL Asset Management Company Limited)*  
**SCHEDULES FORMING PART OF THE AUDITED ACCOUNTS AS AT 31ST MARCH 2011**

	<b>AS AT 31/03/2011 Rupees</b>	<b>AS AT 31/03/2010 Rupees</b>
<b>SCHEDULE - F : INCOME</b>		
Management Fee	12,00,00,000	12,00,00,000
Interest Income	46,11,327	26,16,013
<b>TOTAL</b>	<b>12,46,11,327</b>	<b>12,26,16,013</b>
<b>SCHEDULE - G : EMPLOYEES'REMUNERATION &amp; BENEFITS</b>		
Salaries & Perquisites	5,08,23,403	3,74,83,081
PF Contribution & Charges	25,32,028	24,21,817
Rent - Residential Premises	4,80,000	4,80,000
Other Benefits	45,37,591	40,95,601
Staff Welfare Expenses	3,79,860	4,58,831
<b>TOTAL</b>	<b>5,87,52,882</b>	<b>4,49,39,330</b>
<b>SCHEDULE - H : ADMINISTRATIVE &amp; GENERAL EXPENSES</b>		
Audit Fee	1,90,000	1,50,000
Bank Charges	6,546	6,894
Conveyance	66,132	40,696
Sitting Fee Board	6,40,000	4,60,000
Electricity Expenses	5,27,327	6,69,824
Filing fees (ROC)	2,866	24,935
Business Promotion Expenses	9,31,058	6,10,360
Books & Periodicals	60,513	99,205
Depository Charges	-	20,000
Entertainment Expenses	46,079	49,828
Repairs & Maintenance	6,23,533	4,80,534
Postage & Courier	42,876	59,440
Internet Expenses	4,29,414	7,11,624
Insurance	10,63,175	10,79,977
Legal & Professional Fees	24,34,724	9,94,852
Maintenance Charges	15,16,393	7,20,112
Membership Fees	2,27,731	1,90,750
MISC. EXPENSES	43,453	-
GIFT EXPENSES	83,725	-
Office Exps	2,97,142	2,53,251
Printing & Stationery	1,55,614	2,41,807
Subscription	6,89,026	6,48,793
Rent	1,20,00,000	1,20,00,000
Seminar Expenses	1,44,377	76,440
Telephone	5,57,035	5,82,201
Travelling Charges - Local	2,05,199	2,98,622
Travelling Charges - Foreign	3,80,255	-
Travelling Charges - Directors	13,55,526	12,07,684
Travelling Charges - Directors (Foreign)	4,21,487	63,337
<b>TOTAL</b>	<b>2,51,41,206</b>	<b>2,17,41,165</b>

**AXIS PRIVATE EQUITY LIMITED**

*(formerly UBL Asset Management Company Limited)*

**SCHEDULES FORMING PART OF THE AUDITED ACCOUNTS AS AT 31ST MARCH 2011**

**SCHEDULE C : FIXED ASSETS**

**(Amount in Rupees)**

SR. NO.	PARTICULARS	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
		OPENING BLOCK	ADDITIONS	DEDUCTION	TOTAL 3/31/11	UPTO 3/31/10	DEDUCTION	UPTO 3/31/11	TOTAL 3/31/11	AS AT 3/31/11	AS AT 3/31/10
1	Computer Hardware	8,89,815	-	-	8,89,815	6,92,008	-	1,60,928	8,52,936	36,879	1,97,807
2	Computer Software	17,90,000	-	-	17,90,000	2,89,342	-	3,58,000	6,47,342	11,42,658	15,00,658
3	Motor Car	18,00,000	-	-	18,00,000	13,90,685	-	4,09,315	18,00,000	-	4,09,315
4	Mobile Phones	2,39,807	76,101	-	3,15,908	1,94,425	-	54,516	2,48,941	66,967	45,382
5	Office Equipment	16,01,995	-	-	16,01,995	4,76,114	-	2,43,520	7,19,634	8,82,361	11,25,881
6	Furniture & Fixtures	74,58,038	-	-	74,58,038	19,59,589	-	7,53,804	27,13,393	47,44,645	54,98,449
	<b>TOTAL</b>	<b>1,37,79,656</b>	<b>76,101</b>	<b>-</b>	<b>1,38,55,757</b>	<b>50,02,163</b>	<b>-</b>	<b>19,80,083</b>	<b>69,82,246</b>	<b>68,73,511</b>	<b>87,77,493</b>
	Previous Year	1,17,43,626	20,36,030	-	1,37,79,656	29,75,392	-	20,26,771	50,02,163	87,77,493	87,68,232



## **SCHEDULE – I : NOTES ON ACCOUNTS**

### **(A) BACKGROUND:**

The Company was incorporated as a limited Company on October 3, 2006 under the name of UBL Asset Management Company Limited which was renamed as **Axis Private Equity Limited** with effect from August 25, 2007 to carry on the activities of managing directly or indirectly investments, managing mutual funds, Venture Capital funds, off-shore funds, pension funds, provident funds, insurance funds or any other funds and to promote, manage and carry on any Venture Capital Funds operation, Investment or pool of or concerning any shares, stocks, debentures stocks, bonds, unit loans, money market investments or obligations or other securities or investments of any kind or description either directly or for the benefit of person or persons and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, venture capital funds, offshore funds, pension funds, provident funds, or any other funds formed or established in India or elsewhere by the company or any other person (whether incorporated or not) or by any government, state, local authority, association, institution (whether incorporated or not) or any other agency or organization. Axis Bank Limited owns 100% of the paid-up share capital of the Company.

### **(B) SIGNIFICANT ACCOUNTING POLICIES:**

#### **a) Basis of Preparation**

The accompanied financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 to the extent applicable.

#### **b) Use of Estimates**

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities

at the date of the financial statements. Actual results could differ from those estimates. Any revisions to the accounting estimates are recognized prospectively in the future periods.

**c) Fixed Assets and depreciation**

Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the assets.

Depreciation is provided on the **STRAIGHT LINE METHOD** from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of fixed assets at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives.

<b>Assets</b>	<b>Estimated useful life (Years)</b>
Computer Hardware & Printers	3
Computer Software & Routers	5
Vehicles	4
Mobile Phone	2
EPABX, Telephone Instruments	8
Office Equipments	10
Racks and Cabinets	5
Furniture & Fixtures	10

All Fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year installation.

**d) Revenue Recognition**

Interest income is recognized in the Profit & Loss account on an accrual basis.

**e) Transaction in foreign currency**

Transactions in foreign currency are recorded at the exchange rate prevailing on the dates of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

**f) Retirement Benefits**

The Company has been making contributions of provident fund to the Regional Provident Fund Commissioner, Mumbai

The payment of Gratuity Act, 1972 is yet not applicable to the Company.

**g) Income Tax**

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year tax is determined in accordance with the Income Tax Act, 1961. Deferred Tax adjustments comprise change in the deferred tax asset or liabilities during the period. Deferred Tax assets and liabilities arising on account of timing difference between taxable and accounting incomes for the period, is recognized keeping in view the consideration of prudence in respect of deferred tax assets in accordance with Accounting Standard 22.

**h) Fund Raising Expenses**

The Company has been following the practice of recovering expenses incurred towards fund raising on behalf of Axis Infrastructure Fund, as per the practice followed in the private equity industry. Such expenses are recovered from the fund after the fund raising exercise is completed and fund is established. The Company continues to follow the same policy. The amount is reflected under the account head 'Loans & Advance Recoverable'.

**i) Earning Per Share**

The basic earning per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares outstanding during the year.

**(C) OTHER NOTES:**

**a) Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to NIL.

**b) Lease**

**Lease Premises**

Office premises and Residential premises at Mumbai are obtained on lease. There are no subleases. During the current year the amount charged to the profit and loss account is Rs.1,24,80,000.

**c)** The deferred Tax Asset/(Liability) comprises of tax effect of timing differences on depreciation and Preliminary expenses and Pre-Operating expenses.

	<b>As at 31-03-2011</b>	<b>As at 31-03-2010</b>
	<b>(Amount in Rupees)</b>	
Deferred Tax Assets	1,25,079	5,17,620

**d)** Information on related party transactions as required by Accounting Standard – 18 for the year ended on 31<sup>st</sup> March 2011.

The related parties of the Company are broadly classified as:

**(a) Promoter : Axis Bank Limited**

**(b) Key Management Personnel : Mr. Alok Gupta (Managing Director and C.E.O.)**  
**– up to March 1, 2011**

**Details of transactions (amount in Rupees)**

Items	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Total
Managerial Remuneration	-	1,04,40,066	-	1,04,40,066
Deposits Made	19,04,31,344	-	-	19,04,31,344
Deposits outstanding as on 31 March 2011	8,56,00,000	-	-	8,56,00,000
Bank Balance outstanding as on 31 March 2010	84,71,006	-	-	84,71,006
Share Capital as on 31 March 2010	15,00,00,000	-	-	-
Interest on deposits	40,37,710	-	-	40,37,710
Bank Charges paid	6,546	-	-	6,546
Others – Mediclaim Insurance Paid	1,67,374	-	-	1,67,374

**e) Earnings Per Share**

In accordance with Accounting Standard 20 on Earnings per share issued by the ICAI, the following is the calculation of the basic and diluted earnings per share.

		As at 31-03-2011	As at 31-03-2010
		<b>(Amount in Rupees)</b>	
a	Shareholders Earnings (as per Profit and Loss Account)  Net profit for the period	2,55,15,938	3,64,88,860
b	Weighted Average number of equity shares (par value of Rs. 10 each)	1,50,00,000	1,50,00,000
	Number of equity shares at the beginning of the period	1,50,00,000	1,50,00,000
	Shares issued during the period	-	-
	Total Number of shares Outstanding at the period end	1,50,00,000	1,50,00,000
	Weighted Average number of Equity Shares outstanding	1,50,00,000	1,50,00,000
c	Basic and diluted earnings per share (a/b)	1.70	2.43

**f) Managerial Remuneration**

(a) The term of Mr. Alok Gupta as Managing Director & CEO was for a period of 5 years upto 12<sup>th</sup> October 2011 at terms approved by the Board of Directors, the shareholders and the Central Government.

(b) The remuneration for the financial year 2008-09 exceeded the limits sanctioned by the Central Government for which the Company has made an application to the Central Government and sanction is awaited.

(c) The particulars of Managerial Remuneration paid during the financial year 2010 -2011 are given below:

	As at 31-03-2011	As at 31-03-2010
Particulars	Amount in Rupees	
Salaries	93,99,161	92,40,066
Perquisites	4,80,000	4,80,000
Contribution to Provident Fund	7,20,000	7,20,000
<b>Total</b>	<b>1,05,99,161</b>	<b>1,04,40,066</b>

(d) Computation of net profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

(e) Mr. Alok Gupta has ceased to be Managing Director & CEO with effect from March 1, 2011 on account of resignation.

**g) Expenditure in foreign currency:**

	As at 31-03-2011	As at 31-03-2010
Particulars	Amount in Rupees	
Traveling Expenses	9,00,108	4,63,826
Other Expenses	5,28,033	2,66,303
<b>Total</b>	<b>14,28,141</b>	<b>7,30,129</b>

**h)** Disclosure under Part II of Schedule VI of the Companies Act, 1956 have been made to the extent applicable to the Company.

**g) Contingent Liabilities**

Income Tax return for the Assessment Year 2007-08 was completed and there was a demand of Rs.3,660/- by the tax authorities. The Company has filed an appeal against the demand.

**i)** Previous year figures have been regrouped wherever necessary.



**Balance sheet abstract and Company's general business profile**

**I. Registration details**

Registration No.  State Code   
 Balance Sheet Date

**II. Capital raised during the year (Amount in thousand Rupees)**

Public Issue  Right Issue   
 Bonus Issue  Private Placement

**III. Position of mobilization and deployment of funds (Amount in thousand Rupees)**

Total Liabilities  Total Assets

**Source of funds**

Paid up Capital  Reserve & Surplus   
 Secured Loans  Unsecured Loans   
 Share application money pending allotment

**Application of funds**

Net Fixed Assets  Investments   
 Net Current Assets  Deferred Tax Asset   
 Accumulated Losses

**IV. Performance of the Company (Amount in thousand Rupees)**

Turnover	<input type="text" value="1,24,611"/>	Total Expenditure	<input type="text" value="85,989"/>
Profit before Tax	<input type="text" value="38,6210"/>	Profit after Tax	<input type="text" value="25,515"/>
Earnings per Share (Rs.)	<input type="text" value="1.70"/>	Dividend Rate (%)	<input type="text" value="NIL"/>

**V. Generic names of three principal products/ Services of the Company (as per monetary terms)**

Item Code No.	N	O	T	A	P	P	L	I	C	A	B	L	E
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Product Description	A	S	S	E	T	M	A	N	A	G	E	M	E	N	T	S	E	R	V	I	C	E	S
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