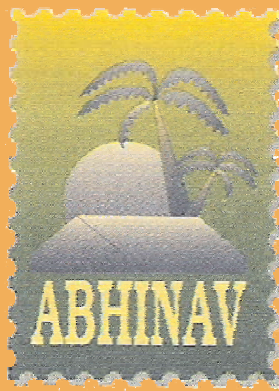


Abhinav Capital Services Limited

ANNUAL REPORT
2007 - 2008



Registered Office :

**Athena House, Row house No.4, Rajnigandha, Gokuldhara, Goregaon (E.), Mumbai - 400063.
Tel: 28425907 • Fax: 28426526 • E-mail: abhinavcapital@yahoo.co.in**



- Board of Directors** : 1. Mr. Chetan Karia - Chairman
2. Mr. Kamlesh Kotak – Executive Director
3. Mr. Girish Desai - Independent Director
4. Mr. A. K. Jain - Independent Director
- Bankers** : Bank Of India
Stock Exchange Branch, Mumbai-400023.
- Auditors** : M/S BRV & Associates
Chartered Accountants
7/10, Botawala Building, 1st Floor,
Horniman Circle, Fort, Mumbai 400 001.
- Share Transfer Agent** : Adroit Corporate Services Private Limited
19, Jaferbhoy Industrial Estate, Makwana Road,
Marol Naka, Andheri (East), Mumbai 400 059.
Tel : 2859 4060 / 2859 6060
Fax : 2850 3748
- Registered Office of Company** : Athena House, Row House No.4,
Rajnigandha, Gokuldhama, Goregaon (E.),
Mumbai-400063.
Tel : 28425907
Fax : 28426526
E-mail : abhinavcapital@yahoo.co.in
complaint@abhinavcapital.com

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NOTICE

NOTICE is hereby given that the Annual General Meeting of the members of **ABHINAV CAPITAL SERVICES LIMITED** will be held on Monday 25th August, 2008 at 11.00 A.M. at Company's Registered Office at Athena House, Row House No. 4, Rajnigandha, Gokuldhama, Goregaon (East), Mumbai 400 063 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended on 31st March, 2008 and Balance Sheet as on that date.
2. To appoint a Director in place of Mr. Amar K. Jain, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint M/s. BRV & Associates, Chartered Accountants, retiring auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration

For and on behalf of the Board of Directors,
For **Abhinav Capital Services Limited**

Place : Mumbai

Date : 27th June, 2008

Chetan Karia
Chairman

Note:

1. Proxies in order to be valid must reach to the Registered Office of the Company not less than 48 hours before the date of the meeting.
2. Members are requested to intimate immediately any change in the Residential Address of the Company.
3. The relevant Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereto
4. The Register of members and Share Transfer Books of the Company will remain closed from 23/08/2008 to 25/08/2008 (both days inclusive)

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Eleventh Annual Report of **ABHINAV CAPITAL SERVICES LIMITED** with the Audited Statement of Accounts for the year ended on March 31, 2008.

FINANCIAL HIGHLIGHTS:

The financial performance of the Company for the year ended 31st March 2008 is summarized below:

(Rupees in Lakhs)

| | Current Year | Previous Year |
|--|---------------------|----------------------|
| Gross Total Income | 64.16 | 124.35 |
| Total Expenditure | 54.38 | 53.57 |
| Profit before Taxation | 9.77 | 70.78 |
| Provision for Taxation/Deferred Taxation | 01.31 | 08.49 |
| Profit After Taxation | 08.30 | 62.61 |

PERFORMANCE OF THE COMPANY

During the year under review, the Company's net Profit was decreased by approximately 85% compare to the previous year. The profit after tax for the financial year under review is Rs. 8.30 Lakhs against Rs.62.61 Lakhs for the corresponding previous financial year. The net profit decreased mainly due to loss in stock market during the last quarter of the year. The BSE sensex reduced from 21000 to 14500 during the year. The Company has started making investment in good scripts and Company is reconstructing its entire business activities. Your Directors expects turnaround in current financial year.

DIRECTORS

Mr. Amar K. Jain Director is retiring by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment & he has offered himself for re-appointment.

DIVIDEND

In order to utilize the resources available for future benefits, the Directors do not recommend the payment of dividend for the year under review.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any public deposits as defined under section 58A of the Companies Act, 1956.

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

Information pursuant to Foreign Exchange, Conservation of Energy and Technology absorption as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is not applicable to the Company.

PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of Section 217(2A) of the Company read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS

The retiring auditors, M/s. BRV & Associates, Chartered Accountants, retires at the ensuing Annual General



Meeting of the Company and being eligible, offer themselves for re-appointment. The members are requested to re-appoint them.

AUDIT COMMITTEE

The Company has appointed Audit Committee as required under Section 292A of the Companies Act, 1956. The Audit Committee has met regularly and forwarded its reports. There are no adverse marks given by the Audit Committee.

RBI GUIDELINES

Your Company is Complying with all the requirements of Reserve Bank of India for Non Banking Finance Company. In terms of paragraph 9BB of the NBFC Regulations, the particulars as applicable to the company are appended to the Balance sheet.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company do hereby confirmed as follows:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS STATEMENT

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreements of the Stock Exchange are complied with. A detailed report on Corporate Governance has been included in this report along with a certificate from the auditors of the company regarding compliance of conditions of Corporate Governance. Further, a separate Management Discussion and Analysis report is also given in this report.

ACKNOWLEDGEMENT

Your Directors thank the clients for the confidence in the Company, which has enabled the Company to reach to a new level of customer satisfaction. The Board places acknowledgment to the employees for their teamwork and professional approach for the Company's image.

Your Directors would like to express their gratitude for the continuous support and guidance received from Company's lenders, bankers, the Government departments, SEBI and Stock Exchange officials.

For and on behalf of the Board of Directors,
For **Abhinav Capital Services Limited**

Place : Mumbai
Date : 27th June, 2008

Chetan Karia
Chairman



MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS.

BUSINESS SCENARIO

Non-Banking Finance Companies (NBFCs) are an integral part of the country's financial system because of their complementary as well as competitive role. They act as a critical link in the overall financial system catering to a large market of niche customers. As a result of consolidation and restructuring in the financial sector and liberalisation and globalisation of markets only few strong NBFCs now remain in business. However, competition continues to be intense, as the Indian and foreign banks have entered the retail lending business in a big way, thereby exerting pressure on margins. The erstwhile providers of funds have now become competitors. NBFCs can sustain in this competitive environment only through optimization of funding costs, identification of potential business areas, widening geographical reach, and use of technology, cost efficiencies, strict credit monitoring and raising the level of customer service.

On the regulatory front, NBFCs are regulated by the Reserve Bank of India (RBI) almost at par with banks. All the prudential norms for asset classification, income recognition, provisioning etc., are applicable to NBFCs in India.

The Indian economy continues to be one of the fastest growth economies in the world with an annual GDP growth in excess of 9 % over the last 2 years. In fact India has grown at unprecedented rates for each of the preceding four years, recording a compounded annual growth rate of 8.6%. It is very high growth rate. The growth is not restricted to one sector but it is broad based growth.

The Company's main object is Non-banking Finance activities. The market for this activity offers high potential for growth. The Company has already started Giving loan & Inter Corporate Deposit to the corporate clients. Company is operating business from Mumbai.

OPPORTUNITIES AND THREATS

In financial services business, effective risk management has become very crucial. As an NBFC, Your Company is exposed to credit risk, liquidity risk and interest rate risks. Your company has in place suitable mechanisms to effectively reduce such risks. All these risks are continuously analysed and reviewed at various levels of management through an effective information system.

The Financing industry is becoming increasingly competitive, and Abhinav's growth will depend on its ability to compete effectively. While the outlook for the Indian economy continues to remain positive, the growth is likely to moderate. Rising food and commodity prices across the world, volatile financial markets and a diminished risk appetite among international investors are bound to have their impact on the Indian economy. The recent development in the stock markets has also dampened the earlier buoyancy and optimism in the economy. With inflation hovering around the 11% mark liquidity is likely to be constrained and interest rates are unlikely to ease. Company can make good gain from this market. The Company is having excellent Research Department. The Company is having team of Expert advisor, who is helping the Company in making good Investment. The Company is exposed to all risks & threat which Financial Market & Non Banking Finance Company faces. The company is also facing risk of heavy ups and down in stock market which can be minimize due to risk management system of our company.

SEGMENT-WISE PERFORMANCE

The Company's main business is Investments & Inter Corporate Deposit to the Corporate Sector.

During the year under review, the Company earned profit. Of Rs. 8.30 Lakhs

The Company's total investments made by the company were Rs. 11.05 crores. All Investments are made in listed and non-listed securities (As annexed to schedule 'D' attached with Balance sheet)

During the year the Company has mainly concentrated on Investment in Stock Market & Loans & ICD Market. The Company's net profit is decreased by 85 % compared to last year. The net profit decreased mainly due to loss in stock market during the last quarter of the year. Further Company is diversifying its activities from Investment in shares to Corporate Loan & deposit.

SUBSIDIARY COMPANY

As there are no subsidiaries of the company, investment made in subsidiaries is NIL

**OUTLOOK**

The Company is reorganizing its entire business activities. Company has decided to stop high risk trading business. Company is appointing more and more professionals further in view of strong GDP growth, political stability and huge investment planned in infrastructure and manufacturing sector. While the outlook for the Indian economy continuous to remain positive, the growth is likely to moderate. Rising food and commodity prices across the world, volatile financial markets and a diminished risk appetite among international investors are bound to have their impact on the Indian economy. The recent development in the stock markets has also dampened the earlier buoyancy and optimism in the economy. With inflation hovering around the 11% mark liquidity is likely to be constrained and interest rates are unlikely to ease. Your directors see good growth in near future. Company is confident of being able to leverage all the opportunities with our resources and expertise to grow our business in the future and continue to achieve high growth. Consequently our outlooks for 2008 are as follows:

RISKS & CONCERNS

Increased competition and market volatility has enhanced the importance of risk management in Share Trading business. The sustainability of the business is derived from the following:

- * Identification of the diverse risks faced by the company.
- * The evolution of appropriate systems and processes to measure and monitor them.
- * Risk management through appropriate mitigation strategies within the policy framework.
- * Monitoring the progress of the implementation of such strategies and subjecting them to periodical audit and review.
- * Reporting these risk mitigation results to the appropriate managerial levels.

There is the risk of loss from inadequate or failed systems, processes or procedures. These may be attributed to human failure or technical problems given the increased use of technology and staff turnover.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUENCY

The company has a comprehensive internal control and security system, which provides for appropriate checks and balances. Its internal audit process reviews internal controls and compliance of the control systems. The system is continuously upgraded based on market developments and the company's Cumulative experience.

FINANCIAL PERFORMANCE

During the year, the company earned Net profit of Rs. 8.30 Lakhs. The Company has concentrated mainly on two businesses, one is Investment in Shares & Stocks & the other is ICD & Loan Market. During the year under review, the Company's net Profit was decreased by approximately 85% compare to the previous year. The profit after tax for the financial year under review is Rs. 08.30 Lakhs against Rs. 62.61 Lakhs for the corresponding previous financial year. The net profit decreased mainly due to loss in stock market during the last quarter of the year. The BSE sensx reduced from 21000 to 14500 during the year. The Company has started making investment in good scrips and Company is reconstructing its entire business activities. Your Directors expects turnaround in current financial year.

FULFILMENT OF RBI NORMS AND STANDARDS

The Company has fulfilled all RBI Norms and complied with it.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be a 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied

Company follows all Mandatory Accounting Standards.

For and on behalf of the Board of Directors,
For **Abhinav Capital Services Limited**

Place : Mumbai

Date : 27th June, 2008

Chetan Karia
Chairman

**REPORT ON CORPORATE GOVERNANCE****CORPORATE GOVERNANCE PHILOSOPHY**

The Company firmly believes in and has proactively adopted the best policies of corporate governance to ensure transparency, professionalism and accountability in its dealing with shareholders, customers, creditors, Employees and every person who enters into contact with the Company

The Company believes in monitoring its performance regularly and with utmost transparency so as to enable the optimum utilization of its resources.

The Company has a professional Board, which provides strong oversight and strategic counsel to the operational management. Abhinav has established systems and procedures to ensure that it remains fully complied with all mandated regulations and achieve business excellence to enhance stakeholder value.

BOARD OF DIRECTORS

The Company has a Non-executive Chairman and Number of Non Executive Directors is more than 50% of the Total Number of Directors

None of the Directors on the Board of Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees as specified in clause 49 of the Listing Agreement. Necessary disclosures regarding Committee positions have been made by the Directors

The strength of the Board of Director is Four Directors. The Board Comprised of non executive Chairman, executive Director & Two other non-executive/ independent Directors.

| Name of Director | Executive / Non Executive / Independent | No. of Outsider Directorship | | No. of outside Committee position held | |
|-------------------|---|------------------------------|---------|--|----------|
| | | Public | Private | Member | Chairman |
| Mr. Girish Desai | Independent /Non Executive | - | - | - | - |
| Mr. Amar K. Jain | Independent | 1 | 2 | - | - |
| Mr. Kamlesh Kotak | Executive/ Non Independent | - | - | - | - |
| Mr. Chetan Karia | Non-executive/ Non Independent | - | - | - | - |

The senior management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

The Board met 4 times during the year i.e. 30th June, 2007, 31st July, 2007, 31st October, 2007, 30th January, 2008.

The following table gives the attendance record of the Directors at the Board as well as Annual General Meeting.

DETAILS ABOUT THE BOARD MEETING

| DIRECTORS | No of Board Meetings held | No of Meeting attended | Attendance at the AGM |
|-------------------|---------------------------|------------------------|-----------------------|
| Mr. Chetan Karia | 04 | 04 | Yes |
| Mr. Girish Desai | 04 | 02 | Yes |
| Mr. Kamlesh Kotak | 04 | 04 | NA |
| Mr. Amar K. Jain | 04 | 02 | Yes |

**NOTES**

1. None of the Directors are related to any other director
2. None of the Directors holds Directorship in more than 15 public limited Companies nor is a member of more than Ten Committees across all Companies in which he is a Director

SHARE – HOLDING OF NON-EXECUTIVE DIRECTOR

Non-executive Directors are not holding any shares in the company.

COMMITTEES OF THE BOARD

The Committees of the Board is Constituted, as the Code becomes applicable to the Company. The role and the responsibilities of each of the Committee are well defined. The Board has constitutes the following Committees.

AUDIT COMMITTEE:

The Audit Committee was Constituted with Three independent Non Executive Director of which 2 are Non Executive Directors

- | | | |
|----------------------|----------|------------------------------------|
| 1. Mr. A.K. Jain | Chairman | Independent Non Executive Director |
| 2. Mr. Kamlesh Kotak | Member | Executive Director |
| 3. Mr. Girish Desai | Member | Independent Non Executive Director |

MEETING AND ATTENDANCE DURING THE YEAR

During the year under report four meetings of the Committee were held and all the directors were present in all the meeting.

During the year under report, the Audit Committee reviewed the quarterly and annual financial results before the Board took the same on record. The Committee also reviewed internal audit report and internal control systems and procedures and recommended desired improvements to the Board to strengthen the same. As a measure of good corporate governance, representatives of statutory Auditors were regularly invited to the meeting of the audit Committee and made significant contribution to the deliberations at the Committee meetings.

DETAILS ABOUT THE AUDIT COMMITTEE MEETING

| Directors | No of Committee Meetings held | No of Meeting attended |
|-------------------|-------------------------------|------------------------|
| Mr. Girish Desai | 04 | 04 |
| Mr. Kamlesh Kotak | 04 | 04 |
| Mr. Amar K. Jain | 04 | 04 |

The chairman and statutory Auditors are regularly invited to attend the Audit Committee meetings.

INVESTOR GREVIANCE & SHARE TRANSFER COMMITTEE

The composition of the Committee is as under

- | | | |
|---------------------|----------|--|
| 1. Mr.Chetan Karia | Chairman | Non Independent Non Executive Director |
| 2. Mr. A.K. Jain | Member | Independent Non Executive Director |
| 3. Mr. Girish Desai | Member | Independent Non Executive Director |



During the year under report the Committee met two times

Mr. Chetan Karia act as a Compliance officer and has been regularly interacting with the Share Transfer Agents to ensure that the complaints of the investors are attended to without undue delay and where deemed expedient the complaints are referred to the Committee or discussed at the meetings. The Company has received one complaint during the year & same has been sorted out within 21 days.

REMUNERATIONS COMMITTEE

The composition of the Committee is as under

- | | | |
|---------------------|----------|--|
| 1. Mr. Chetan Karia | Chairman | Non Independent Non Executive Director |
| 2. Mr. A.K. Jain | Member | Independent Non Executive Director |
| 3. Mr. Girish Desai | Member | Independent Non Executive Director |

The Committee Met Once in a year as the Company has paid any remuneration to Directors during the year 2007-08 as follows.

| Director | Salary | Professional fees | Total |
|---------------|------------|-------------------|--------------------|
| Kamlesh Kotak | 9,10,500/- | - | 9,10,500/- |
| Girish Desai | - | 3,00,000/- | 3,00,000/- |
| Total | 9,10,500/- | 3,00,000/- | 12,10,500/- |

DISCLOSURE :

During the year no material transactions with the Directors or the management. Their subsidiaries or relatives etc have taken place which has potential conflict with the interest of the Company

MEANS OF COMMUNICATION

The Company has published quarterly, half yearly as well as annual results in Free Press Journal (English Daily News Paper) and Navshakti (Marathi Daily News Paper).

Un-audited quarterly results of 30th June 2007, 30th September 2007, 31st December 2007 was published on 3rd August 2007, 3rd November 2007 & 2nd February 2008 Respectively & Audited Annual financial results as on 31st March 2008 were published on 1st July 2008.

OTHER DISCLOSURE RECOMMENDED BY THE COMMITTEE

Detail of General Meetings

| Year | Type | Location | Date | Time |
|------|-------|--|-------------------------------|-----------|
| 2007 | A G M | Athena House, Row House No. 4, Rajnigandha, Gokuldharm, Goregaon (East), Mumbai 400 063. | 29 th August, 2007 | 11.00A.M. |
| 2006 | A G M | Athena House, Row House No. 4, Rajnigandha, Gokuldharm, Goregaon (East), Mumbai 400 063. | 29 th July, 2006 | 10.00 AM |
| 2005 | A G M | Athena House, Row House No. 4, Rajnigandha, Gokuldharm, Goregaon (East), Mumbai - 400 063. | 30 th June, 2005 | 10.00 AM |
| 2004 | A G M | 14-B, Khatau Building, A. D. Mody Marg, Fort, Mumbai 400 023. | 26 th Sept, 2004 | 3.00 P.M. |

**LISTING DETAILS:**

The Shares of the Company are listed at Bombay, MP and Ahmedabad Stock Exchanges.

BSE Scrip Code: 532057

ISIN No: INE516F01016

Monthly High & Low prices Quoted on BSE after listing.

| Month | | High | Low |
|-----------|------|--------|--------|
| April | 2007 | 48.00 | 46.15 |
| May | 2007 | 47.50 | 47.50 |
| June | 2007 | 48.00 | 48.00 |
| July | 2007 | 48.00 | 47.10 |
| August | 2007 | 55.10 | 48.85 |
| September | 2007 | 66.30 | 55.10 |
| October | 2007 | 74.50 | 61.70 |
| November | 2007 | 86.00 | 71.60 |
| December | 2007 | 120.80 | 86.00 |
| January | 2008 | 162.15 | 120.75 |
| February | 2008 | 149.65 | 118.75 |
| March | 2008 | 116.40 | 103.75 |

Distribution Schedules as on 31.03.2008

| No. of Equity Shares | Share holders | | No. of Shares | |
|----------------------|---------------|---------------|----------------|---------------|
| | Number | % of Holders | Number | % of Shares |
| Up to 500 | 162 | 79.41 | 29423 | 0.42 |
| 501 - 1000 | 4 | 1.96 | 3246 | 0.05 |
| 1001 - 2000 | 8 | 3.92 | 12300 | 0.18 |
| 2001 - 3000 | 5 | 2.45 | 12017 | 0.17 |
| 3001 - 4000 | 1 | 0.49 | 3300 | 0.05 |
| 4001 - 5000 | 1 | 0.49 | 4200 | 0.07 |
| 5001 - 10000 | 1 | 0.49 | 6800 | 0.09 |
| 10001 - 999999 | 22 | 10.78 | 6853314 | 98.97 |
| TOTAL | 204 | 100.00 | 6924600 | 100.00 |

Categories of Shareholders as on 31.03.2008

| Category | % of Shareholding | No. of Shares |
|--------------------------|-------------------|----------------|
| Promoters | 74.36 | 5148900 |
| Individuals | 24.42 | 1691321 |
| Domestic Companies | 1.22 | 84379 |
| FIs, Mutual Funds & Bank | - | - |
| FII's, OCBs & NRI | - | - |
| TOTAL | 100.00 | 6924600 |

The Company has not received any Notice or complaint from the statutory authorities. The Company is regular in complying with various compliances under the various statutory authorities

Name and Address of the Share Transfer Agents of the Company/Correspondence Address:

Adroit Corporate Services Private Limited

19, Jaferbhoy Industrial Estate, Makwana Road,

Marol Naka, Andheri (East), Mumbai 400 059.

Tel No. 2859 4060 / 2850 3748 • **Fax No.** 56924438

Book Closures Dates: From 23/08/2008 to 25/08/2008 (both days inclusive)



AUDITORS' REPORT

To the Members of **Abhinav Capital Services Limited**

Report on the Accounts for the year ended **31st March, 2008** in compliance with Section 227(2) of the Companies Act, 1956.

1. We have audited the attached Balance sheet of **Abhinav Capital Services Limited**, as at 31st March 2008 and also the annexed Profit & Loss Account of the company for the year ended on that date annexed thereto. These financial statements are 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 (a) examining, on a test basis, evidence to support the financial statement amount and disclosures the financial statement (b) assessing the accounting principles used in the preparation of financial statements (c) assessing significant estimates made by the management in the preparation of the financial statement and (d) Evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and **Companies (Auditors' Report) (Amendment) Order, 2004** issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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, Company has kept proper books of accounts, as required by law, so far as appears from our examination of the books of the Company;
 - (c) The Balance sheet and the Profit and Loss Account referred to this report are in agreement with the books of account of the Company;
 - (d) In our opinion, the accounts comply with the accounting standards referred to in section 211(3C) of Companies Act;
 - (e) On the basis of representation received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director U/s 274(1)(g) of Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanation given to us, the said balance Sheet and Profit & Loss Account, together read with Significant Accounting Policies and Notes to Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March' 2008,
 - (ii) In the case of the Profit & 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 **BRV & Associates**
Chartered Accountants

Place : Mumbai
Date : 27th June, 2008

BHAVESH VORA
Partner
M.No.43908.



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date on Accounts for the year ended 31st March 2008 of **Abhinav Capital Services Limited**)

In our opinion, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that:

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The Management has physically verified certain assets during the year in accordance with a programmed of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. During the year, Company has not disposed of any substantial / major part of fixed assets.
- (ii) In our opinion and according to the information and explanations given to us, during the year the company does not possess stock; hence requirement of reporting on physical verification of stocks or maintenance of inventory records does not arise.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The company has not taken any loans secured and unsecured from companies, firm or other parties covered in the register maintained U/s. 301 of the Companies Act, 1956.
- (iv) In our opinion and according to information and explanations given to us, the internal control system for purchase of fixed assets and for sanction, disbursements and recovery of loans given by the company are adequate and commensurate with the size of the company and present nature of its business. During the course of our audit no major weakness has been noticed in the internal control system.
- (v) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any public deposits so far up to 31st March 2008. Hence provision of section 58A and 58AA or any relevant provisions of the Act and the rules framed there under are not applicable.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of the business.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209(1) (d) of the Companies Act, 1956 for any of its products.
- (ix) According to the records of the company and information and explanations given to us in respect of statutory and other dues, the company has been generally regular in depositing undisputed statutory dues including Income Tax and other statutory dues with the appropriate authorities during the year. According to the records of the company and information and explanations given to us, there are no disputed statutory dues.
- (x) The company does not have accumulated losses at the end of the year and the company has not incurred cash losses in such financial year under report and in the immediately preceding financial year.



- (xi) According to records of the company, the company has not borrowed funds from financial institutions or banks or issued debentures till 31st March 2008. Hence, in our opinion, the question of reporting on default in repayment of dues to financial institutions or banks or debenture holders does not arise.
- (xii) According to 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.
- (xiii) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the company.
- (xiv) On the basis of our examination of the company's records we are of the opinion that the company is maintaining adequate records regarding transactions and contracts regarding its investment activities in shares and securities and other investment and timely entries have been made in these records. All the investment at the close of the year is held in the name of the Company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by other from banks or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any term loan during the year.
- (xvii) According to the records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xviii) 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.
- (xix) The company has not issued any Debentures.
- (xx) During the year, the company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **BRV & Associates**
Chartered Accountants

Place : Mumbai
Date : 27th June, 2008

BHAVESH VORA
Partner
M.No.43908.



CHAIRMAN'S DECLARATION ON CODE OF CONDUCT

As Required by Clause 49 of the Listing Agreement, the chairman's declaration for code of conduct is given below:

To,

The Members of
Abhinav Capital Services Limited

I Chetan Karia, Chairman of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance of code of conduct.

For and on behalf of the Board of Directors,
For **Abhinav Capital Services Limited**

Place : Mumbai

Date : 27th June, 2008

Chetan Karia
Chairman

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF ABHINAV CAPITAL SERVICES LTD

We have examined the compliance of condition of Corporate Governance by Abhinav Capital Services Limited, for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Stock Exchange.

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

In our opinion and to the best of our information and according to the explanation given to us, we report as under:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investor Grievance Committee.

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

For **BRV & Associates**
Chartered Accountants

Place : Mumbai

Date : 27th June, 2008

BHAVESH VORA
Partner
M.No.43908.



BALANCE SHEET AS ON 31-03-2008

(Rs in Lacs)

| Particulars | Sch. No. | As on 31.03.08 Amount | As on 31.03.07 Amount |
|---|----------|--------------------------|--------------------------|
| SOURCES OF FUNDS : | | | |
| 1 Shareholders' Funds : | | | |
| Share Capital | A | 692.46 | 692.46 |
| Reserves and Surplus | B | 629.46 | 620.86 |
| 2 Loans Funds: | | | |
| Secured Loans | | — | — |
| Unsecured Loans | | — | — |
| TOTAL | | 1,321.92 | 1,313.32 |
| APPLICATION OF FUNDS : | | | |
| 1 Fixed Assets : | | | |
| Gross Block | C | 30.61 | 17.20 |
| Lees : Depreciation | | (6.74) | (3.22) |
| | | 23.87 | 13.98 |
| 2 Investments : | | | |
| | D | 1,105.83 | 1,255.15 |
| 3 Current Assets, Loans and Advances : | | | |
| Cash & Bank Balances | E | 117.42 | 2.08 |
| Sundry Debtors | F | 14.50 | 33.05 |
| Loans and Advances | G | 52.03 | 10.72 |
| Other Current Assets | H | 67.41 | 68.10 |
| | | 251.35 | 113.95 |
| Less: Current Liabilities & Provisions : | | | |
| Sundry Creditors | I | 0.33 | 1.09 |
| Other Liabilities | J | 1.16 | 0.39 |
| Provisions | K | 58.17 | 68.55 |
| | | 59.66 | 70.03 |
| Net Current assets | | 191.68 | 43.92 |
| 4 Deferred Tax Assets | | | |
| | | 0.54 | 0.27 |
| 5 Miscellaneous Expenditure : (to the extent not written off or adjusted) | | | |
| | | — | — |
| | | 1,321.92 | 1,313.32 |
| Accounting Policies & Notes to Accounts | 0 | | |

The Schedules referred to above form an integral part of accounts.

As per our report of even date

For **M/s. BRV & ASSOCIATES**
Chartered Accountants

For **ABHINAV CAPITAL SERVICES LTD.**

BHAVESH VORA
Partner
M. No. 43908

CHETAN KARIA
Chairman

KAMLESH KOTAK
Director

A.K. JAIN
Director

Place : Mumbai
Date : 27.06.2008

Place : Mumbai
Date : 27.06.2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2008**

(Rs in Lacs)

| Particulars | Sch. No. | For the year ended 31.03.2008 Amount | For the year ended 31.03.2007 Amount |
|--|----------|--------------------------------------|--------------------------------------|
| 1 INCOME | L | | |
| Interest Income | | 13.64 | 35.85 |
| Profit on sale of Invnt in shares | | 20.66 | 67.89 |
| Dividend Income | | 21.62 | 15.50 |
| Income from Commodities Trading (Net) | M | 8.24 | 5.11 |
| | | 64.16 | 124.35 |
| 2 EXPENDITURE | N | | |
| Payment to & For Employees | | 35.22 | 23.78 |
| Administrative & Other Expenses | | 12.59 | 16.61 |
| Interest & Financial Expenses | | 3.06 | 10.34 |
| Depreciation | | 3.52 | 2.84 |
| | | 54.38 | 53.57 |
| 3 Profit/(Loss) before Tax | | 9.77 | 70.78 |
| 4 Provision for Taxation | | | |
| Current Tax | | 1.58 | 8.33 |
| Deferred Tax | | (0.27) | (0.40) |
| Fringe Benefit Tax | | 0.16 | 0.24 |
| 5 Profit/(Loss) After Tax | | 8.30 | 62.61 |
| 6 Prior Period Expenses | | — | — |
| 7 Proposed Dividend | | — | — |
| 8 Corporate Dividend Tax | | — | — |
| 9 Short/(Excess) Provision for Tax | | (0.29) | 1.68 |
| 10 Profit/(Loss) for the year | | 8.59 | 60.93 |
| 11 Balance B/Fd. from Previous year | | 620.86 | 559.93 |
| 12 Balance Carried to Balance Sheet | | 629.46 | 620.86 |
| Accounting Policies & Notes to Accounts | 0 | | |

The Schedules referred to above form an integral part of accounts.

As per our report of even date

For **M/s. BRV & ASSOCIATES**
Chartered Accountants

For **ABHINAV CAPITAL SERVICES LTD.**

BHAVESH VORA
Partner
M. No. 43908

CHETAN KARIA
Chairman

KAMLESH KOTAK
Director

A.K. JAIN
Director

Place : Mumbai
Date : 27.06.2008

Place : Mumbai
Date : 27.06.2008



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2008

(Rs in Lacs)

| | As on 31.03.2008 | As on 31.03.2007 |
|---|---------------------|---------------------|
| <u>SCHEDULE 'A'</u> | | |
| <u>SHARE CAPITAL</u> | | |
| AUTHORISED : | | |
| 80,00,000 Equity Shares (Previous Year 80,00,000 Shares) of Rs. 10/- each | 800.00 | 800.00 |
| | 800.00 | 800.00 |
| ISSUED, SUBSCRIBED, AND PAID UP : | | |
| 69,24,600 Equity Shares (Previous Year 69,24,600 Shares) of Rs. 10/- each | 692.46 | 692.46 |
| | 692.46 | 692.46 |
| <u>SCHEDULE 'B'</u> | | |
| RESERVES AND SURPLUS | | |
| Profit & Loss Account | 629.46 | 620.86 |
| | 629.46 | 620.86 |
| <u>SCHEDULE 'E'</u> | | |
| <u>CASH AND BANK BALANCES</u> | | |
| Cash on Hand | 0.38 | 0.22 |
| Balance with Scheduled Banks | | |
| - in Current Accounts | 117.04 | 1.86 |
| | 117.42 | 2.08 |
| <u>SCHEDULE 'F'</u> | | |
| <u>SUNDRY DEBTORS</u> | | |
| Sundry Debtors (Unsecured) | | |
| - Outstanding for more than six months | | |
| - Consider good | - | 8.05 |
| - Consider doubtful | 14.50 | 25.00 |
| - Others Debts | - | - |
| | 14.50 | 33.05 |
| <u>SCHEDULE 'G'</u> | | |
| <u>LOANS AND ADVANCES</u> | | |
| Advances to Staff | 1.62 | 0.62 |
| Advance recoverable in cash or in kind or for value to be received | 50.41 | 10.09 |
| Deposits | 0.01 | 0.01 |
| | 52.03 | 10.72 |



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2008

SCHEDULE 'C'
FIXED ASSETS

(Rs. In Lacs)

| Sr. No. | PARTICULARS | Rate of Dep. | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------|----------------------|--------------|------------------|-----------|------------|------------------|------------------|------------------------|------------|------------------|------------------|------------------|
| | | | As on 01.04.2007 | Additions | Deductions | As on 31.03.2008 | Up to 31.03.2007 | For the Yr. 31.03.2008 | Deductions | Up to 31.03.2008 | As on 31.03.2008 | As on 31.03.2007 |
| 1) | Office Equipments | 13.91 % | 3.03 | - | - | 3.03 | 0.38 | 0.37 | - | 0.75 | 2.28 | 2.65 |
| 2) | Furniture & Fixtures | 18.10 % | 14.17 | - | - | 14.17 | 2.84 | 2.06 | - | 4.90 | 9.27 | 11.33 |
| 3) | Motor Car | 25.89% | | 13.41 | | 13.41 | | 1.09 | | 1.09 | 12.31 | - |
| | Total | | 17.20 | 13.41 | - | 30.61 | 3.22 | 3.52 | - | 6.74 | 23.87 | 13.98 |
| | Previous Year | - | 15.37 | 1.83 | - | 17.20 | 0.38 | 2.84 | - | 3.22 | 13.98 | 14.99 |



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2008

SCHEDULE 'D'

(Rs. In Lacs)

| Investments | Qty. Nos. | Amount As On 31.03.2008 | Qty. Nos. | Amount As On 31.03.2007 |
|---|----------------|-------------------------------|--------------|-------------------------------|
| Quoted | | | | |
| Equity Shares | | | | |
| 21 cen management | 3,000 | 1.28 | 8,000 | 3.42 |
| Ashiana Hsg. | 3,850 | 4.01 | 2,400 | 9.08 |
| Atlas Copco India Ltd. | 27,500 | 226.74 | 37,500 | 307.61 |
| Camlin Limited | 71,008 | 44.49 | 216,012 | 266.38 |
| Daikaffil Chemicals India Ltd. | 32,171 | 5.39 | 32,171 | 5.39 |
| EIMO ELECON(INDIA) | 28,611 | 97.52 | - | - |
| ENTEGRA LTD. | 10,000 | 0.80 | - | - |
| Exide Ltd. | 213 | 0.06 | - | - |
| Gateway Distriparks Ltd. | - | - | 15,000 | 34.52 |
| HBL Nife Power | - | - | 7,500.00 | 19.36 |
| HBL Power System | 4,500 | 11.34 | - | - |
| Hind oil exp co. | 100,000 | 101.26 | - | - |
| Induj Eneritech Ltd. | - | - | 10,000 | 0.80 |
| ILFS Investmart | 16,300 | 19.36 | - | - |
| Lloyds Steel Industries Ltd. | - | - | 100 | 0.02 |
| Man Industries | 28,200 | 37.25 | - | - |
| Premier Ltd. | 131,667 | 131.92 | - | - |
| Rainbow Paper | 40,000 | 31.90 | 40,000 | 31.90 |
| Reliance Communication Ventures Ltd. | - | - | 7,500 | 21.77 |
| Satra Properties | 180,000 | 72.45 | 14,540 | 87.78 |
| Sumeet Industries | 2,500 | - | 25,000 | 6.70 |
| SSI LTD. | 20,000 | 20.05 | - | - |
| Vakrangee soft ltd. | - | - | 10,000 | 18.32 |
| M V. OF Quoted Shares as on 31.03.2008 | 1208.12 | | | |
| Investment in Mutual Funds | | | | |
| Invt in Prudential ICICI Liquid Fund | - | - | 844,821 | 100.06 |
| Invt in Reliance Floating Fund | - | - | 417,681 | 42.04 |
| Invt in LIC Mutual Fund | - | - | - | - |
| Total (A) | 699,520 | 805.83 | 1,688,225 | 955.15 |
| Unquoted | | | | |
| 6% Redeemable Cummulative Preference Shares of Vikabh Securities Pvt. Ltd. | 2,000,000 | 200.00 | 2,000,000 | 200.00 |
| Epitome Global Ser P. Ltd | 250,000 | 100.00 | 250,000 | 100.00 |
| Total (B) | 2,250,000 | 300.00 | 2,250,000 | 300.00 |
| Aggregate Cost of Quoted and Unquoted investment Total (A+B) | | 1,105.83 | | 1,255.15 |



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2008

(Rs in Lacs)

| | As on 31.03.2008 | As on 31.03.2007 |
|--|---------------------|---------------------|
| <u>SCHEDULE 'H'</u> | | |
| <u>OTHER CURRENT ASSETS</u> | | |
| Income Tax | 19.04 | 18.43 |
| Tax Deducted at Source | 48.37 | 49.67 |
| | - | - |
| | 67.41 | 68.10 |
| CURRENT LIABILITIES, OTHER LIABILITIES AND PROVISIONS | | |
| <u>SCHEDULE 'I'</u> | | |
| <u>SUNDRY CREDITORS</u> | | |
| Sundry Creditors | 0.33 | 1.09 |
| | 0.33 | 1.09 |
| <u>SCHEDULE 'J'</u> | | |
| <u>OTHER LIABILITIES</u> | | |
| Sundry Creditors for Expenses | 1.16 | 0.39 |
| | 1.16 | 0.39 |
| <u>SCHEDULE 'K'</u> | | |
| <u>PROVISIONS</u> | | |
| Provisions for Tax | 58.17 | 68.55 |
| | 58.17 | 68.55 |
| <u>SCHEDULE 'L'</u> | | |
| <u>INCOME</u> | | |
| Interest Income | 13.64 | 35.85 |
| Profit on sale of investment in shares | 20.66 | 67.89 |
| Dividend Income | 21.62 | 15.50 |
| | 55.92 | 119.24 |
| <u>SCHEDULE 'M'</u> | | |
| <u>INCOME FROM COMMODITY TRADING (NET)</u> | | |
| Sales & Related Expenses | 216.14 | 121.35 |
| Add: Closing Stock | - | - |
| Add: Trading Income from Commodity | 55.76 | 20.45 |
| Less : Purchase & Related Expenses | (263.66) | (136.69) |
| Less : Opening Stock | - | - |
| | 8.24 | 5.11 |



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2008

(Rs in Lacs)

| | As on 31.03.2008 | As on 31.03.2007 |
|--|---------------------|---------------------|
| SCHEDULE 'N' | | |
| EXPENDITURE | | |
| Payment to & For Employees | | |
| Salaries | 25.58 | 17.71 |
| Directors Remuneration | 9.11 | 5.40 |
| Staff Welfare | 0.53 | 0.67 |
| Sub Total | 35.22 | 23.78 |
| Administrative & Other Expenses | | |
| Advertisement Expenses | 0.17 | 0.09 |
| Business Promotion Exps. | - | 0.23 |
| Books & Periodicals | 0.03 | 0.06 |
| Conveyance | 0.61 | 1.05 |
| Electricity expenses | 1.49 | 1.14 |
| General Office Expenses | 0.26 | 0.28 |
| Insurance Premium | 0.31 | - |
| Listing Fees | 0.35 | 0.35 |
| Legal Fees | 0.30 | - |
| Misc. Expenses | 0.01 | 0.01 |
| Motor Car Expenses | 0.11 | - |
| Membership & Subscription | 0.07 | 0.07 |
| Postage & Telegram | 0.03 | 0.06 |
| Printing & Stationery | 0.17 | 0.35 |
| Professional Fees | 3.90 | 3.87 |
| Registrar and Transfer Agent Charges | 0.48 | 0.42 |
| Rent Rates & Taxes | 1.20 | 1.34 |
| Repairs & Maintenance | 0.84 | 1.16 |
| ROC Filing Fees | 0.03 | 0.04 |
| Securities Transaction Tax | - | 3.66 |
| Telephone Expenses | 0.46 | 0.46 |
| Travelling Expenses | 0.71 | 0.95 |
| Water Charges | 0.19 | 0.23 |
| Website Charges | - | 0.10 |
| Auditors Remuneration | | |
| Audit Fees | 0.25 | 0.17 |
| For Taxation Matters | 0.63 | 0.52 |
| Sub Total | 12.59 | 16.61 |
| Interest & Financial Expenses | | |
| Bank Charges | 0.04 | 0.04 |
| Bank Interest | 0.00 | 0.23 |
| Interest to others | 3.02 | 10.07 |
| Sub Total | 3.06 | 10.34 |



SCHEDULE 'O':

ACCOUNTING POLICIES & NOTES TO ACCOUNTS

**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2008 AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON THAT DATE**

A. ACCOUNTING POLICIES:

1) Basis of Preparation of Financial Statements:

The accounts have been prepared on the historical cost basis and on the principles of a going concern and also in accordance with the standards on accounting issued by Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act , 1956, unless specifically stated to be otherwise.

Accounting policies, unless specifically stated to be other wise, are consistent and are in accordance with generally accepted accounting principles.

2) Fixed Assets:

(i) Assets are stated at their Cost less Accumulated Depreciation. Addition to Fixed Assets represents cost of acquisition, incidental expenses related to such acquisition and installation.

(ii) Depreciation is provided on written down value basis in the manner and at the rates prescribed by Schedule XIV of the Companies Act, 1956.

(iii) In respect of additions to Fixed Assets the Depreciation is provided on prorata basis for the year.

3) Inventory Valuation:

Shares and Securities are valued at cost or market value which ever is lower. The figures of stock (if any) in the accounts are based on the physical inventory taken, valued and certified by the directors.

4) Investments:

Long Term Investments are stated at cost. However, when there is a decline other than temporary in the value of long term investment, the carrying amount is reduced to recognize the decline.

5) Recognition of Income and Expenditure :

Income and expenses is accounted on accrual basis. Dividend is accounted for in the year in which the same is received.

6) Taxes on Income :

a) Current Tax: Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.

b) Deferred Tax Provision: Deferred Tax is recognized on timing differences being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

7) Retirement Benefits :

Since it is not possible to ascertain with reasonable certainty the quantum of retirement benefits, the same are accounted for on actual payment basis.



8) Foreign Exchange Transactions :

Foreign Exchange transactions (if any) are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account.

Monetary assets and liabilities (if any) denominated in foreign currencies as at the balance sheet date are translated at year end rates. The resultant exchange differences are also recognized in the profit and loss account.

9) Miscellaneous Expenditure:

Preliminary Expenses are amortized over period of ten years.

10) Research and Development:

Revenue Expenditure on research and development (if any) is charged to profit and loss account in the year in which it is incurred. Capital Expenditure, if any, on research and development is included in addition to fixed assets.

11) Borrowing Cost:

Borrowing cost (if any) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The amount of other borrowing cost (if any) is recognized as an expense in the period in which they are incurred.

12) Provisions, Contingent Liabilities and Contingent Assets

Provision are recognized for liabilities that can be measured only by using substantial degree of estimation, if

1. the company has a present obligation as a results of past event,
2. a probable outflow of resource is expected to settle the obligation and
3. the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

13) Impairment of Assets:

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine,

1. The provision for impairment loss, if any, required or



(Rs. In Lacs)

| Particulars | 2007-08 | 2006-07 |
|---|-------------|---------|
| a. Deferred Tax Assets | | |
| — Related to Fixed Assets | 0.54 | 0.22 |
| — Disallowances under Income Tax Act, 1961 | — | 0.05 |
| b. Deferred Tax Liabilities | | |
| — Related to Fixed Assets | — | — |
| — Disallowances under Income Tax Act, 1961 | | |
| c. Provision for Deferred Tax Assets/ (Liabilities) | 0.54 | 0.27 |
| | | |

10) There is only one segment as required by Accounting Standard 17 and accordingly the figures stated in the balance sheet and profit and loss account pertains to segment results only. Hence the same are not reported separately.

11) Impairment of Assets :

There is only one class of asset i.e. Office Equipments.

The amount of impairment losses recognizes in the statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are included: NIL

The amount of reversals of impairment losses recognizes in the statement of profit and loss during the period and the line item(s) of the statement of profit and loss in which those impairment losses are reversed : NIL

The amount of impairment losses recognized directly against revaluation surplus during the period : NIL

The amount of reversals of impairment losses recognized directly in revaluation surplus during the period : NIL

12) Contingent Liabilities :

Claims against the company not acknowledged as debt : NIL

Estimated value of contracts remaining to be executed on capital account and remaining to be accounted NIL

13) Earning Per Share :

| Sr. No. | Particulars | Unit | 2007-2008 | 2006-2007 |
|---------|--|-------------|---------------|-----------|
| 1 | Amount used as the numeratorProfit after taxation | Rs. In Lacs | 8.65 | 60.93 |
| 2 | Weighted average number of equity shares used as the denominator | In Lacs | 69.246 | 69.246 |
| 3 | Nominal Value of shares (average) | In Lacs | 692.46 | 692.46 |
| 4 | Earning per share | Rupees | 0.12 | 0.88 |



- 14) The Company, vide its resolution passed in the Meeting of Board of Directors held on 18th April 2007 has resolved for not to accept any deposit from the public for the Financial Year 2007-2008.
- 15) The Company has not appointed company secretary throughout the year under review, according to the provision of sec 383 A (1) of the Companies Act, 1956 due to the unavailability to Company Secretary. The Company has written a letter to the Institute of Company Secretaries of India for giving the names of suitable candidate for appointment of Company Secretary of India. However company has continued to avail services of practicing company secretary.
- 16) Previous year's figures have re-grouped and re-arranged wherever necessary.

For **M/s. BRV & ASSOCIATES**
Chartered Accountants

For **ABHINAV CAPITAL SERVICES LTD.**

BHAVESH VORA

Partner

M. No. 43908

Place : Mumbai

Date : 27.06.2008

CHETAN KARIA

Chairman

Place : Mumbai

Date : 27.06.2008

KAMLESH KOTAK

Director

A.K. JAIN

Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (Rs in Lacs)

| Particulars | Year Ended 31.03.2008 | | Year Ended 31.03.2007 | |
|--|--------------------------|----------------|--------------------------|---------|
| | | | | |
| A. Cash Flow from Operating Activities | | | | |
| Net Profit before Taxation and Extraordinary activities | | 9.77 | | 70.78 |
| Adjustments for : | | | | |
| Depreciation | 3.52 | | 2.84 | |
| Loss/(Profit) on sale of Investments | (20.66) | | (67.89) | |
| Loss/(Profit) on sale of Commodities | - | | | |
| Dividend Income | (21.62) | | (15.50) | |
| Preliminary Expenses W/off | - | | | |
| | | (38.76) | (80.55) | |
| Operating Profit before Working Capital changes | | (28.98) | (9.77) | |
| Decrease/(Increase) in Sundry Debtors | 18.56 | | 88.98 | |
| Decrease/(Increase) in Inventories | - | | - | |
| Increase/(Decrease) in Sundry Creditors | (0.76) | | (53.01) | |
| Decrease/(Increase) in Loans & Advances | (41.31) | | 2.03 | |
| Decrease/(Increase) in other Current Assets | - | | 22.50 | |
| (Decrease)/Increase in Other Liabilities | 0.76 | | (0.58) | |
| | | (22.75) | 59.92 | |
| Cash Generated / (Utilised) in Operations | | (51.73) | | 50.15 |
| Income Tax Paid | | (11.20) | | (16.27) |
| Cashflow before extraordinary Items | | (62.93) | | 33.88 |
| Extraordinary Items | | - | | |
| Net Cash from Operating Activities A | | (62.93) | | 33.88 |
| B. Cash Flow from Investing Activities | | | | |
| Purchase of Fixed Assets | (13.41) | | (1.83) | |
| Purchase of Investments | (1,717.05) | | (2,069.22) | |
| Sale of Investments | 1,887.10 | | 2,022.40 | |
| Dividends Received | 21.62 | | 15.50 | |
| Net Cash from Investing Activities B | | 178.27 | | (33.15) |
| C. Cash Flow From Financing activities | | | | |
| Loan taken | | - | | - |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 115.34 | | 0.73 |
| Cash and Cash Equivalents as on at the beginning of the year | | 2.08 | | 1.35 |
| Cash and Cash Equivalents as on at the end of the year | | 117.42 | | 2.08 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 115.34 | | 0.73 |

For **ABHINAV CAPITAL SERVICES LTD.**

Place : Mumbai
Date : 27.06.2008

CHETAN KARIA
Chairman

KAMLESH KOTAK
Director

A.K. JAIN
Director

AUDITORS CERTIFICATE

We have examined the above Cash Flow Statement of Abhinav Capital Services Ltd. for the year ended 31st March, 2008. The statement has been prepared by the Company in accordance with the requirements for the listing agreement of the Stock Exchange and is based on and derived from the audited accounts of the company for the year ended March 31st, 2008 covered by our report of 27th June 2008 to the members of the Company.

As per our report of even date

For **M/s. BRV & ASSOCIATES**
Chartered Accountants

Place : Mumbai
Date : 27.06.2008

BHAVESH VORA
Partner (M. No. 43908)

**COMPUTATION OF AUDITED NET OWNED FUND (NOF) AS ON 31.03.2008****(Rs. In Lacs)**

| Sr No | Particulars | | Amount | Amount |
|-------|-------------|--|--------|----------|
| 1 | | a) Paid-up Equity Capital | 692.46 | |
| | | b) Paid-up preference shares which are compulsorily convertible into equity | — | |
| | (A) | c) Free Reserves | 629.46 | 1,321.92 |
| 2 | Add:- | a) Accumulated balance of loss | — | — |
| | | b) Deferred revenue expenditure | — | — |
| | (B) | c) Other intangible assets | — | — |
| 3 | (C) | Deduct (B) from (A) | | 1,321.92 |
| 4 | Add:- | a) Investment in shares of | | |
| | | - subsidiaries | — | — |
| | | - companies in the same group | 200.00 | |
| | | - all other NBFCs | — | |
| | | b) Book Value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to | | |
| | | - subsidiaries | — | |
| | | - companies in the same group | — | |
| | | c) Deposit with | | |
| | | - subsidiaries | — | |
| | (D) | - companies in the same group | — | 200.00 |
| 5 | | If (D) is less than 10% of (C), no adjustment is necessary. If (D) exceeds | | |
| | (E) | 10% of (C), find out the excess | 67.81 | |
| 6 | | The NOF for purposes of the Deposits Norms will be (C) minus (E) | | 1,254.11 |

As per our report of even date

For **M/s. BRV & ASSOCIATES**
Chartered AccountantsFor **ABHINAV CAPITAL SERVICES LTD.****BHAVESH VORA**
Partner
M. No. 43908**CHETAN KARIA**
Chairman**KAMLESH KOTAK**
Director**A.K. JAIN**
DirectorPlace : Mumbai
Date : 27.06.2008Place : Mumbai
Date : 27.06.2008



SCHEDULE TO AUDITED BALANCE SHEET AS ON 31.03.2008

Schedule to the Balance Sheet of a Non-Banking Financial Company

[As required in terms of paragraph [9BB of NBFC Prudential Norms (Reserved Bank) Directions, 1998]

(Rs in lacs)

| Particulars | | Liabilities Side : | |
|-------------|--|---|--|
| 1 | Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid : a) Debentures : Secured : Unsecured (Other than falling within the meaning of public deposit*) b) Deferred Credits c) Terms Loans d) Inter-Corporate loans and borrowing e) Commercial Paper f) Public Deposits* g) Other Loans (specify nature) *Please see Note 1 below | Amount Out-Standing — — — — — — — | Amount Overdue — — — — — — — |
| 2 | Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) a) In the form of Unsecured debentures b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security c) Other public deposits Assets Side : | — Not Applicable Amount Outstanding | — |
| 3 | Break-up of Loans and Advances including bills receivable [other than those included in (4) below] : a) Secured b) Unsecured | — 52.03 | |
| 4 | Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities i) Lease assets including lease rentals under sundry debtors : (a) Financial Lease (b) Operating Lease ii) Stock on hire including hire charges under sundry debtors : (a) Assets on hire (b) Repossessed Assets | | — — |



| | | |
|---|--|--|
| 5 | <p>iii) Hypothecation loans counting towards EL/HP activities</p> <p>a) Loans where assets have been repossessed</p> <p>b) Loans other than (a) above</p> <p>Break-up of Investments :</p> <p>Current Investments :</p> <p>1. Quoted :</p> <p>(i) Shares :</p> <p>(a) Equity Share —</p> <p>(b) Preference —</p> <p>(ii) Debentures and Bonds —</p> <p>(iii) Units of Mutual Funds —</p> <p>(iv) Government Securities —</p> <p>(v) Others (Please Specify) —</p> <p>2. Unquoted :</p> <p>(i) Shares :</p> <p>(a) Equity Share —</p> <p>(b) Preference —</p> <p>(ii) Debentures and Bonds —</p> <p>(iii) Units of Mutual Funds —</p> <p>(iv) Government Securities —</p> <p>(v) Others (Please Specify) —</p> <p>Long Term Investments :</p> <p>1. Quoted :</p> <p>(i) Shares :</p> <p>(a) Equity Share 805.83</p> <p>(b) Preference —</p> <p>(ii) Debentures and Bonds —</p> <p>(iii) Units of Mutual Funds —</p> <p>(v) Others (Please Specify) —</p> <p>2. Unquoted :</p> <p>(ii) Shares :</p> <p>(a) Equity Share 100.00</p> <p>(b) Preference 200.00</p> <p>(ii) Debentures and Bonds —</p> <p>(iii) Units of Mutual Funds —</p> <p>(iv) Government Securities —</p> <p>(v) Others (Please Specify) —</p> <p style="text-align: right;">1,105.83</p> | |
|---|--|--|



- 6 Borrowers group-wise classification of all leased assets, stock-on-hire and loans and advances :
(Please see Note 2 below)

| Category | Amount net of provisions | | |
|--------------------------------|--------------------------|--------------|--------------|
| | Secured | Unsecured | Total |
| 1. Related Parties** | | | |
| a) Subsidiaries | — | — | — |
| b) Companies in the same group | — | — | — |
| c) Other related parties | — | — | — |
| 2. Other than related parties | — | 52.03 | 52.03 |
| Total | | 52.03 | 52.03 |

- 7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)
(Please see note 3 below)

| Category | Market Value / Break-up or fair value or NAV | Book Value (Net of Provision) |
|---|--|-------------------------------|
| 1. Related Parties** | | |
| a) Subsidiaries | — | — |
| b) Companies in the same group (At Cost) | 200.00 | 200.00 |
| c) Other related parties | — | — |
| 2. Other than related parties QUOTED SHARES | 1,208.12 | 805.83 |
| 3. Other than related parties UNQUOTED SHARES (AT COST) | 100.00 | 100.00 |
| Total | 1,508.12 | 1,105.83 |

** As per Accounting Standard of ICAI (Please see Note 3)

- 8 Other Information

| Particulars | | |
|---|---|---|
| (i) Gross Non-Performing Assets | — | — |
| (a) Related Parties | | |
| (b) Other than related parties | | |
| (ii) Net Non-Performing Assets | — | — |
| (a) Related Parties | | |
| (b) Other than related parties | | |
| (iii) Assets acquired in satisfaction of debt | — | — |



SCHEDULE TO AUDITED BALANCE SHEET AS ON 31.03.2008

Schedule to the Balance Sheet of a Non-Banking Financial Company

[as required in terms of paragraph [9BB of NBFC Prudential Norms (Reserved Bank) Directions, 1998]

NOTES :

- 1 As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of of debt. However, market value in respect of quoted investments and break-up/fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current investments column (5) above.

As per our report of even date

For **M/s. BRV & ASSOCIATES**
Chartered Accountants

For **ABHINAV CAPITAL SERVICES LTD.**

BHAVESH VORA

Partner

M. No. 43908

Place : Mumbai

Date : 27.06.2008

CHETAN KARIA

Chairman

Place : Mumbai

Date : 27.06.2008

KAMLESH KOTAK

Director

A.K. JAIN

Director

