

# Abhinav Capital Services Limited

## 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, 1<sup>st</sup> 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 No. : 2859 4060 / 2859 6060

Fax No. : 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

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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 Wednesday 29<sup>th</sup> August, 2007 at 11.00 A.M. at Company's Registered Office at Athena House, Row House No. 4, Rajnigandha, Gokuldham, 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 31<sup>st</sup> March, 2007 and Balance Sheet as on that date.
2. To appoint a Director in place of Mr. Chetan Karia, 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: 30<sup>th</sup> June, 2007

**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 27.08.2007 to 29.08.2007 ( both days inclusive)

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report of **ABHINAV CAPITAL SERVICES LIMITED** with the Audited Statement of Accounts for the year ended on March 31, 2007.

### Financial Highlights:

The financial performance of the Company for the year ended 31<sup>st</sup> March 2007 is summarized below:

(Rupees in Lakhs)

	Current Year	Previous Year
Gross Total Income	124.35	302.44
Total Expenditure	53.57	62.73
Profit before Taxation	70.78	239.71
Provision for Taxation/Deferred Taxation	08.49	47.92
Profit After Taxation	62.61	191.79

### Performance of the Company

During the year under review, the Company's net Profit was decreased by approximately 69% compare to the previous year. The profit after tax for the financial year under review is RS.62.61 Lakhs against Rs.191.79 Lakhs for the corresponding previous financial year. The net profit decreased mainly due closed of trading activities in the Company. 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. Chetan Karia 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

## **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: 30<sup>th</sup> June, 2007

**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 grow at an enormous pace, and is expected to register a growth rate of 9.4 percent in 2006-07. 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. As Indian Stock Market is booming, there are huge opportunities in financial market. 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.62.61 Lakhs

The Company's total investments made by the company were Rs12.65 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 70 % compared to last year. The main reason is that company is concentrated on investment business and stopped high risk trading activities during the financial year under review. 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, 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 outlook for 2007

### **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.

### **FINANLCIAL PERFORMANCE**

During the year, the company earned Net profit of Rs.62.61 Lakhs. The Company has concentrated mainly on two businesses, one is Investment in Shares & Stocks & the other is ICD & Loan Market. The Company's net profit is decreased by 70 % compared to last year. The main reason is that company is concentrated on investment business and stopped high risk trading activities during the financial year under review.

### **FULFILMENT OF RBI NORMS AND STANDARDS**

The Company has already intimated to Reserve bank of India for change of name & is in process to fulfill all RBI Norms of Non Banking Finance Company

### **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: 30<sup>th</sup> June, 2007

**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 comes in 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 Desal	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. 16<sup>th</sup> June, 2006, 31<sup>st</sup> July, 2006, 30<sup>th</sup> October, 2006, 30<sup>th</sup> January, 2007.

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	NA
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 is well defined. The Board has constitutes the following Committees.

#### **AUDIT COMMITTEE:**

The Audit Committee was Constituted with Three independent Non Executive Director viz

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 2006-07 as follows.

Director	Salary	Professional fees	Total
Kamlesh Kotak	5,15,000/-	-	5,15,000/-

Girish Desai	-	3,00,000/-	3,00,000/-
<b>Total</b>	5,15,000/-	3,00,000/-	<b>8,15,000/-</b>

**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 30<sup>th</sup> June 2006, 30<sup>th</sup> September 2006, 31<sup>st</sup> December 2006 was published on 2<sup>nd</sup> August 2006, 1<sup>st</sup> November 2006 & 31<sup>st</sup> January 2007 respectively & Audited Annual financial results as on 31<sup>st</sup> March 2007 were published on 3<sup>rd</sup> July 2007.

#### OTHER DISCLOSURE RECOMMENDED BY THE COMMITTEE

Detail of General Meetings

Year	Type	Location	Date	Time
2006	A G M	Athena House, Row House No. 4, Rajnigandha, Gokuldharm, Goregaon (East), Mumbai 400 063	29 <sup>th</sup> July, 2006	11.00A.M.
2005	A G M	Athena House, Row House No. 4, Rajnigandha, Gokuldharm, Goregaon (East), Mumbai 400 063	30 <sup>th</sup> June, 2005	10.00 AM
2004	A G M	Athena House, Row House No. 4, Rajnigandha, Gokuldharm, Goregaon (East), Mumbai 400 063	26 <sup>th</sup> Sept, 2004	10.00 AM
2003	A G M	14-B, Khatau Building, A. D. Mody Marg, Fort, Mumbai 400 023	27 <sup>th</sup> Sept, 2003	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 2006	7.50	3.64
May 2006	16.58	7.87
June 2006	21.90	16.90
July 2006	28.45	22.30
August 2006	35.95	29.00
September 2006	44.95	36.65

October 2006	44.10	40.75
November 2006	42.85	40.75
December 2006	45.35	41.20
January 2007	44.85	43.00
February 2007	45.00	43.00
March 2007	46.15	44.60

Distribution Schedules as on 31.03.2007

No. of Equity Shares	Share holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 500	107	72.30	21573	0.31
501-1000	2	1.35	1555	0.02
1001-2000	9	6.08	13800	0.20
2001-3000	3	2.03	7900	0.11
3001-4000	1	0.68	3300	0.05
4001-5000	1	0.68	4200	0.06
5001-10000	1	0.68	6800	0.10
10001-999999	24	16.20	6865472	99.15
<b>TOTAL</b>	<b>148</b>	<b>100.00</b>	<b>6924600</b>	<b>100</b>

Categories of Shareholders as on 31.03.2007

Category	% Shareholding	No. of Shares
Promoters	74.36	5148900
Individuals	25.64	1775500
Domestic Companies	0	200
FIs, Mutual Funds & Bank	-	-
FIIs, OCBs & NRI	-	-
<b>TOTAL</b>	<b>100.00</b>	<b>6924600</b>

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 27.07.2007 to 29.07.2007 (both days inclusive)**

## **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: 30<sup>th</sup> June, 2007

**Chetan Karia**  
**Chairman**

## Auditors' Report

To the Members of

**Abhinav Capital Services Limited**

Report on the Accounts for the year ended **31<sup>st</sup> March, 2007** 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 31<sup>st</sup> March 2007 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 31<sup>st</sup> March' 2007,
- (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: 30.06.2007

**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 31<sup>st</sup> March 2007 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 programme 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 31<sup>st</sup> March 2007. 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 31<sup>st</sup> March 2007. 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.

**Place: Mumbai**

**Date: 30.06.2007**

**Associates**

**For BRV &**

**Chartered  
Accountants**

**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: 30<sup>th</sup> June, 2007

**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 31<sup>st</sup> March, 2007, 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 M/s. BRV & Associates  
Chartered Accountants

Bhavesh Vora  
Partner  
M. No. 43908.  
Place: Mumbai  
Date: 30.06.2007

**ABHINAV CAPITAL SERVICES LTD.**

**BALANCE SHEET AS ON 31-03-2007**

**(Rs. In Lacs)**

Particulars	Sch. No.	As on 31.03.07 Amount	As on 31.03.06 Amount
<b><u>SOURCES OF FUNDS:</u></b>			
<b>1 <u>Shareholders' Funds:</u></b>			
Share Capital	A	692.46	692.46
Reserves and Surplus	B	620.86	559.93
<b>2 <u>Loans Funds:</u></b>			
Secured Loans		-	-
Unsecured Loans		-	-
-			
<b>TOTAL</b>		<b>1,313.32</b>	<b>1,252.39</b>
<b><u>APPLICATION OF FUNDS:</u></b>			
<b>1 <u>Fixed Assets:</u></b>			
Gross Block	C	17.20	15.37
Lees : Depreciation		(3.22)	0.38
		13.98	14.99
<b>2 <u>Investments:</u></b>			
	D	1,255.15	1,140.44
<b>3 <u>Current Assets, Loans and Advances:</u></b>			
Stock In Hand		-	-
Sundry Debtors	E	33.05	122.03
Cash & Bank Balances	F	2.08	1.35
Other Current Assets	G	68.10	75.73
Loans and Advances	H	10.72	12.75
		113.95	211.86

<u>Less: Current Liabilities &amp; Provisions:</u>			
Sundry Creditors	I	1.09	54.10
Other Liabilities	J	0.39	0.91
Provisions	K	68.55	59.76
		70.03	114.77
<b>Net Current assets</b>		43.92	97.09
4 Deferred Tax Assets		0.27	(0.13)
5 <b><u>Miscellaneous Expenditure:</u></b> (to the extent not written off or adjusted)		-	-
		<b>1,313.32</b>	<b>1,252.39</b>
Accounting Policies & Notes to Accounts		O	

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

As per our report of even date

**For BRV & ASSOCIATES**  
**Chartered Accountants**

**For ABHINAV CAPITAL SERVICES LTD.**

**Bhavesh Vora**  
**Partner**  
**M. No. 43908**  
Place: Mumbai  
Date:30.06.2007

**Chetan Karia**   **Kamlesh Kotak**   **A.K. Jain**  
**Chairman**   **Director**   **Director**  
Place: Mumbai  
Date:30.06.2007

**ABHINAV CAPITAL SERVICES LTD.**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2007**

(Rs. In Lacs)

Particulars	Sch. No.	For the year ended 31.03.07 Amount	For the year ended 31.03.06 Amount
<b>1</b>	<b>L</b>		
<b><u>INCOME</u></b>			
Interest Income		35.85	178.71
Profit on sale of Invt in shares		67.89	96.40
Dividend Income		15.50	27.33
Income from Commodities Trading (Net)	M	5.11	-
		<b>124.35</b>	<b>302.44</b>
<b>2</b>	<b>N</b>		
<b><u>EXPENDITURE</u></b>			
Payment to & For Employees		23.78	19.23
Administrative & Other Expenses		16.61	19.70
Interest & Financial Expenses		10.34	21.86
Preliminary Expenses W/off		-	1.56
Depreciation		2.84	0.38
		<b>53.57</b>	<b>62.73</b>
<b>3</b>		<b>70.78</b>	<b>239.71</b>
<b><u>Profit/(Loss) before Tax</u></b>			
<b>4</b>			
<b><u>Provision for Taxation</u></b>			
Current Tax		8.33	47.50
Deferred Tax		(0.40)	0.13
Fringe Benefit Tax		0.24	0.27
<b>5</b>		<b>62.61</b>	<b>191.81</b>
<b><u>Profit/(Loss) After Tax</u></b>			
6			
Prior Period Expenses		-	-
7			
Proposed Dividend		-	-
8			
Corporate Dividend Tax		-	-
9		1.68	0.02
Short/(Excess) Provision for Tax			
10		60.93	191.79
Profit/(Loss) for the year			
11		559.93	368.14
Balance B/Fd. from Previous year			
<b>12</b>		<b>620.86</b>	<b>559.93</b>
<b><u>Balance Carried to Balance Sheet</u></b>			

Accounting Policies & Notes to Accounts O

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

As per our report of even date.

**For BRV & Associates**  
**Chartered Accountants**

**For ABHINAV CAPITAL SERVICES LTD.**

**Bhavesh Vora**  
**Partner**  
**M. No. 43908**  
Place: Mumbai  
Date:30.06.2007

**Chetan Karia** **Kamlesh Kotak** **A.K. Jain**  
**Chairman** **Director** **Director**  
Place: Mumbai  
Date:30.06.2007

**ABHINAV CAPITAL SERVICES LTD.**  
**SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2007**

**Schedule 'A'**

(Rs. In Lacs)

<b><u>SHARE CAPITAL</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
<b><i>AUTHORISED:</i></b> 80,00,000 Equity Shares (Previous Year 80,00,000 Shares) of Rs. 10/- each	800.00	800.00
	<b>800.00</b>	<b>800.00</b>
<b><i>ISSUED, SUBSCRIBED, AND PAID UP:</i></b> 69,24,600 Equity Shares (Previous Year 69,24,600 Shares) of Rs. 10/- each	692.46	692.46
	<b>692.46</b>	<b>692.46</b>

**Schedule 'B'**

<b><u>RESERVES AND SURPLUS</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
- Profit & Loss Account	620.86	559.93
	<b>620.86</b>	<b>559.93</b>

**SCHEDULE 'C'**

**FIXED ASSETS**

Sr. No.	Assets	Rate of Dep.	GROSS BLOCK				
			As on 01.04.2006	Additions	Deductions	As on 31.03.07	
1)	Office Equipments	13.91 %	1.20	1.83	-	3.03	0.
2)	Furniture & Fixtures	18.10 %	14.17	-	-	14.17	0.
	<b>Total</b>		<b>15.37</b>	<b>1.83</b>	<b>-</b>	<b>17.20</b>	<b>0.</b>
	Previous Year	-	-	15.37	-	<b>15.37</b>	

**ABHINAV CAPITAL SERVICES LTD.**

**SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2007**

**Schedule 'D'**

<b><u>INVESTMENTS</u></b>	<b>QTY. Nos.</b>	<b>AMOUNT AS ON 31.03.2007</b>	<b>QTY. Nos.</b>
<b>Quoted (At Cost ) Equity Shares</b>			
21 cen management	8,000	3.42	10,500
Ashiana Hsg.	2,400	9.08	-
Induj Eneritech Ltd.	10,000	0.80	29,900
Lloyds Steel Industries Ltd	100	0.02	100
Assam Company Ltd	-	-	42,250
Atlas Copco India Ltd	37,500	307.61	595

Carborundum Universal Ltd.	-	-	5,000
Crest Animation Studios Ltd.	-	-	6,500
Daikaffil Chemicals India Ltd.	32,171	5.39	32,171
FAG Bearings India Ltd.	-	-	50,157
Gateway Distriparks Ltd.	15,000	34.52	10,000
Godfrey Philips India Ltd.	-	-	4,500
Gujarat State Petronet Ltd.	-	-	68,411
ITI Ltd	-	-	10,000
Maharashtra Scooters Ltd	-	-	2,000
Network Stock Broking Ltd.	-	-	6,000
Noble Explochem Ltd	-	-	300,000
Reliance Communication Ventures Ltd.	7,500	21.77	65,000
Ricoh India Ltd.	-	-	7,500
Tata Elxsi Ltd.	-	-	22,000
Tata Consultancy Services Ltd.	-	-	1,150
HBL Nife Power	7,500	19.36	-
Vakrangee soft ltd.	10,000	18.32	-
Satra Properties	14,540	87.78	
Camlin Limited	216,012	266.38	
Rainbow Paper	40,000	31.90	
Sumeet Industries	25,000	6.70	
<b>M.V of Quoted Shares as on 31.3 07</b>	<b>743.01</b>		
<u>Investment in Mutual Funds</u>			
Invt in Prudential ICICI Liquid Fund	844,821	100.06	
Invt in Reliance Floating Fund	417,681	42.04	
<b>M.V of Quoted Shares as on 31.3 07</b>	<b>955.15</b>		-
<b>Total (A)</b>	<b>1,688,225</b>	<b>955.15</b>	<b>673,734</b>
<b>Unquoted (At Cost)</b>			
6% Redeemable Cumulative Preference Shares			

of Vikabh Securities Pvt. Ltd.	2,000,000	200.00	2,000,000
Epitome Global Ser P. Ltd	250,000	100.00	250,000
Total (B)	2,250,000	300.00	2,250,000
Aggregate Cost of Quoted and Unquoted Investment		<b>1,255.15</b>	
		<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>	

**Schedule 'E'**

<b><u>SUNDRY DEBTORS</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
<u>Sundry Debtors (Unsecured)</u>		
-Outstanding for more than six months		
'-Consider good	8.05	16.45
'-Consider doubtful	25.00	
-Others Debts		- 105.58
	<b>33.05</b>	<b>122.03</b>

**Schedule 'F'**

<b><u>CASH AND BANK BALANCES</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
-		
Cash on Hand	0.22	0.09
Balance with Scheduled Banks		
- in Current Accounts	1.86	1.26
	<b>2.08</b>	<b>1.35</b>

**ABHINAV CAPITAL SERVICES LTD.  
SCHEDULES CONTINUED.....**

**Schedule 'G'**

<b><u>OTHER CURRENT ASSETS</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
Income Tax	18.43	11.12
Tax Deducted at Source	49.67	42.11
Margins	-	22.50
	<b>68.10</b>	<b>75.73</b>

**Schedule 'H'**

<b><u>LOANS AND ADVANCES</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
Advances to Staff	0.71	0.47
Advance recoverable in cash or in kind or for value to be received	10.00	12.28
Deposits	0.01	
	<b>10.72</b>	<b>12.75</b>

**CURRENT LIABILITIES, OTHER LIABILITIES AND PROVISIONS****Schedule 'I'**

<b><u>SUNDRY CREDITORS</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
Sundry Creditors	1.09	54.10
	<b>1.09</b>	<b>54.10</b>

**Schedule 'J'**

<b><u>OTHER LIABILITIES</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
Sundry Creditors for Expenses	0.39	0.91

	<b>0.39</b>	<b>0.91</b>
--	-------------	-------------

**Schedule 'K'**

<b><u>PROVISIONS</u></b>	<b>As on 31.03.2007</b>	<b>As on 31.03.2006</b>
-		
Provisions for Tax	68.55	59.76
	<b>68.55</b>	<b>59.76</b>

**ABHINAV CAPITAL SERVICES LTD.**

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2007**

**SCHEDULE 'L'**

(Rs. In Lacs)

<b><u>INCOME</u></b>	<b>For the year Ended 31.03.2007</b>	<b>For the year Ended 31.03.2006</b>
Interest Income	35.85	178.71
Profit on sale of investment in shares	67.89	96.40
Dividend Income	15.50	27.33
	<b>119.24</b>	<b>302.44</b>

**SCHEDULE 'M'**

<b><u>INCOME FROM COMMODITY TRADING (NET)</u></b>	<b>For the year Ended 31.03.2007</b>	<b>For the year Ended 31.03.2006</b>
Sales & Related Expenses	121.35	-
Add: Closing Stock	-	-
Add: Trading Income from Commodity	20.45	-
Less : Purchase & Related Expenses	(136.69)	-
Less : Opening Stock	-	-
	<b>5.11</b>	<b>-</b>

**SCHEDULE 'N'**

<b><u>EXPENDITURE</u></b>	<b>For the year Ended 31.03.2007</b>	<b>For the year Ended 31.03.2006</b>
<u>Payment to &amp; For Employees</u>		
Salaries	23.11	18.98
Staff Welfare	0.67	0.25
Sub Total	<b>23.78</b>	<b>19.23</b>
<u>Administrative &amp; Other Expenses</u>		
Advertisement Expenses	0.09	0.24
Business Promotion Exps.	0.23	0.28
Books & Periodicals	0.06	0.05
Conveyance	1.05	0.75
Electricity expenses	1.14	0.19
General Office Expenses	0.28	0.29
Listing Fees	0.35	1.25
Misc. Expenses	0.01	0.01
Motor Car Expenses		- 0.98
Membership & Subscription	0.07	0.02
Postage & Telegram	0.06	0.03
Printing & Stationery	0.35	0.05
Professional Fees	3.87	4.91
Registrar and Transfer Agent Charges	0.42	0.40
Rent Rates & Taxes	1.34	0.63
Repairs & Maintenance	1.16	1.69
ROC Filing Fees	0.04	0.12
Securities Transaction Tax	3.66	6.58
Telephone Expenses	0.46	0.12
Travelling Expenses	0.95	-

Water Charges		0.23	0.41
Website Charges		0.10	-
<u>Auditors Remuneration</u>			-
Audit Fees		0.17	0.17
For Taxation Matters		0.52	0.53
	Sub Total	<b>16.61</b>	<b>19.70</b>
-			
<u>Interest &amp; Financial Expenses</u>			
Bank Charges		0.04	0.18
Bank Interest		0.23	0.02
Interest to others		10.07	21.66
	Sub Total	<b>10.34</b>	<b>21.86</b>
Preliminary Expenses W/off			- 1.56
	Sub Total		<b>- 1.56</b>

**ABHINAV CAPITAL SERVICES LIMITED.**

**Schedule 'M': Accounting Policies & Notes to Accounts**

**SCHEDULE OF NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2007 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 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 result 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**

2. The reversal, if any, required of impairment loss recognized in previous periods Impairment loss is recognised when the carrying amount of an assets exceeds its recoverable amount.

Recoverable amount is determined,

1. in the case of an individual assets, at the higher of the net selling price and the value in use
2. in the case of a cash generating unit ( a group of assets that generates identified independent cash flows) at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

B. NOTES TO ACCOUNTS:

1) Debtors:

The Debtors are stated at Book Value and the same are subject to confirmation and reconciliation, if any.

2) Foreign Exchange Transactions:

The company has not entered into any foreign exchange transactions during the year.

3) Credit balances of creditors as also the Loans and Advances are shown as appearing in the accounts and are subject to confirmation.

4) Borrowing Cost:

"NIL" amount of borrowing cost is capitalized during the year.

5) In the opinion of the Board, all the Current Assets, Loans and Advances are approximately of the values stated, if realized in the ordinary course of business.

6) The Company has obtained the registration as a Non-Banking Finance Company from Reserve Bank of India duly approved through its letter dated 16<sup>th</sup> May, 1998 having registration number as 13.00685

7) Managerial Remuneration to Directors: For 2005-2006 for 2006-2007

Rs. NIL	Rs.	540000/=
---------	-----	----------

8) Statement under Section 217(2A) of the Companies Act, 1956:

There was no employee in receipt of remuneration at a rate of Rs.24,00,000/- per annum for the whole year, nor was there an employee in receipt of remuneration of Rs.2,00,000/- or more per month for any part of the year.

No. of Employees: 0

Amount: NIL

9) Deferred Tax:

As per Accounting Standard (AS-22) on accounting for taxes on income issued by the Institute of Chartered Accountants of India, the provision for deferred tax Income for the year 2006-07 has been computed at Rs 0.40 Lacs (Previous Year expenses of Rs 0.13 Lacs) and is credited to Profit & Loss A/c. The Deferred Tax Assets as at 31st March, 2007 comprises of the following:

(Rs. In Lacs)

Particulars	2006-07	2005-06
<b>a. Deferred Tax Assets</b>		
-- Related to Fixed Assets	0.22	--
-- Disallowances under Income Tax Act, 1961	0.05	--
<b>b. Deferred Tax Liabilities</b>		
-- Related to Fixed Assets	--	0.13
-- Disallowances under Income Tax Act, 1961	--	--
<b>c. Provision for Deferred Tax Assets/ (Liabilities) (0.13)</b>	----- 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	2006-2007	2005-2006
1	Amount used as the numerator Profit after taxation	Rs. In Lacs	60.93	191.79
2	Weighted average number of equity shares used as the denominator	In Lacs	69.246	68.77
3	Nominal Value of shares (average)	In Lacs	692.46	692.46
4	Earning per share	Rupees	0.88	2.79

14) The Company, vide its resolution passed in the Meeting of Board of Directors held on 18<sup>th</sup> April 2006 has resolved for not to accept any deposit from the public for the Financial Year 2006-2007.

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.

16) Previous year's figures have re-grouped and re-arranged wherever necessary.

For BRV & Associates

For Abhinav Capital Services Ltd.

Chartered Accountants

Bhavesh Vora  
K. Jain Partner

Chetan Karia Kamlesh Kotak Amar  
Chairman Director Director

M. No. 43908  
Mumbai, Dated: 30.06.2007

Mumbai, Dated: 30.06.2007

### **Abhinav Capital Services Limited**

Registered Office:  
Athena House, Row House No. 4, Rajnigandha, Gukulddham,  
Goregaon (E.), Mumbai-400063.

#### **PROXY FORM**

**Regd. Folio No./DP ID/ Client ID**

I / We \_\_\_\_\_ of \_\_\_\_\_ in  
the district of \_\_\_\_\_ being a member  
/members of the company hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ or  
failing him / her \_\_\_\_\_ of  
\_\_\_\_\_ in the district of \_\_\_\_\_ as  
my / our proxy to vote for me / us on my / our behalf at the ANNUAL GENERAL MEETING of  
the Company to be held at Athena House, Row House No. 4, Rajnigandha, Gukulddham,  
Goregaon (E.), Mumbai-400063 at 11.00 a.m. on Wednesday, 29<sup>th</sup> August, 2007 and at  
any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

Signature \_\_\_\_\_

Note: This form Duly completed should be deposited at the Registered office of the  
Company not later than 48 hours before the commencement of the meeting.

### **Abhinav Capital Services Limited**

Registered Office:  
Athena House, Row House No. 4, Rajnigandha, Gukulddham,  
Goregaon (E.), Mumbai-400063.

#### **ATTENDANCE SLIP**

**Regd. Folio No./DP ID/ Client ID**

**No. of Shares Held**

I Certify that I am a member / proxy for the member of the company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the company at Athena  
House, Row House No. 4, Rajnigandha, Gukulddham, Goregaon (E.), Mumbai-400063 at  
11.00 a.m. on Wednesday, 29<sup>th</sup> August, 2007.

\_\_\_\_\_  
Name of the member / proxy

\_\_\_\_\_  
Signature of the member / proxy

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