

# 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, Gokuldham, 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.

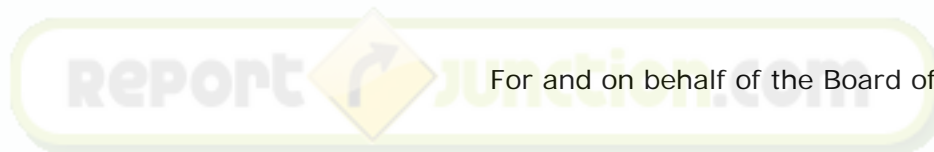
### **FULFILMENT OF RBI NORMS AND STANDARDS**

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 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.