



Board Of Directors : 1. Mr. Chetan Karia - Chairman
2. Mr. Kamlesh Kotak – Independent Director
3. Mr. Girish Desai - Independent Director

Bankers : **Bank of India**
Stock Exchange Branch, Mumbai-400023.

Auditors : **M/s B Y & Associates**
Chartered Accountants
510-513 Appeejay House,
130, Mumbai Samachar Marg,
Fort, Mumbai - 400 023.

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
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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 Saturday 29th September, 2012 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 2012 and Balance Sheet as on that date.
2. To appoint a Director in place of Mr. Girish Desai who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint M/s. B Y & 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 8th August, 2012

SD/-
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 27.09.2012 to 29.09.2012 (both days inclusive)

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Annual Report of **ABHINAV CAPITAL SERVICES LIMITED** with the Audited Statement of Accounts for the year ended on March 31, 2012.

Financial Highlights:

The financial performance of the Company for the year ended 31st March 2012 is summarized below:

(Rupees in Lakhs)

	Current Year	Previous Year
Gross Total Income	84.16	333.58
Total Expenditure	23.48	38.33
Profit : (Loss) before taxation	60.67	295.25
Loss: (Loss) on sale of Investments	–	–
Profit before taxation	60.67	295.25
Provision for Taxation/Deferred Taxation	10.61	56.73
Fringe benefit Tax	--	--
Profit After Taxation	50.06	238.52

Performance of the Company

During the year under review, the Company has earned profit of Rs.50.06 lakhs in compared to last year profit of Rs 238.52 lakhs. Last year Company has liquidated certain long term Investment and gained good returns. This year Company has started making investment in good scripts and Companies. Your Directors expects good turnaround in current financial year.

Future Prospects

Faced with global uncertainty, cyclical and structural factors, India's growth slowed down to less than 7 per cent for the Financial Year 2011-12. While the services continued to grow at a rapid pace (8.7 per cent growth), there was a sharp slowdown in industrial growth to 2.8 per cent. During the year, inflation continued to be a key concern for the Reserve Bank of India (RBI).. The slowdown in growth coupled with high interest rates has led to a decline in Investment rates. It is expected that the scenario of tight liquidity and high interest rates will continue in the Financial Year 2012-13.

Directors

Mr Girish Desai 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

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. B Y & 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, and SEBI and Stock Exchange officials.

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

SD/-
Chetan Karia
Chairman

Place: Mumbai
Date: 23rd May 2012

**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 liberalization 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.

After a major slowdown during most of 2011, the Global Economy showed some feeble signs of stabilization, towards the end of the year. The US Economy which grew at 1.7% during the quarter ended 31st Dec 2011, improved further, to 2.2% during the quarter ended 31st March 2012. However, the escalation of the euro zone problems continues to exert severe pressures on European banks. The economic growth of India dropped to 6.1% in the third quarter of last year from 7.7% and 6.9% in the first and second quarters respectively. The overall GDP growth for the Financial Year 2011-12 is estimated to be significantly lower than the originally forecast 6.9%. This reduction in GDP growth is mainly due to deceleration in industrial growth from 8.1% in the previous year to around 3 % in the current year. Growth in the services sector at 8.9% and in the agricultural sector at 2.7% held up relatively well. Reserve Bank's baseline projection of GDP growth for the current year 2012-13 is 7.3%.

Liquidity management remained a major challenge for the RBI during the year. In order to redress the liquidity deficit, Reserve Bank of India injected liquidity through open market operations. RBI revised its policy rates four times, raising Repo rates from 7.25% to 8.50% and Reverse Repo rates from 6.25% to 7.50%. However, in April 2012, RBI reduced the said rates by 0.50% in order to provide impetus for growth.

The continuous high levels of inflation through FY 11-12, the Reserve Bank of India (RBI) has no option but to tighten monetary policies. This has resulted in an increase in domestic interest rates..The environment of high interest rates has a negative impact on sentiments of industries

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.

FOREIGN TRADE

India's trade deficit touched a record high at \$184.9 billion for 2011-12 as imports which grew at 29.41% outpaced exports (21.42% growth) by a huge margin. This higher-than-expected trade deficit is about 10.6% of GDP and is mainly on account of bloating oil imports. On the back of heavy demand for dollars by oil companies and gold importers, the rupee which stood at ` 44.40 per USD in April 2011, slid to an all time low of ` 55.73 per USD on 25th May 2012. In spite of the constant intervention measures of RBI Sectors like services, construction, housing and real estate, telecommunication and agricultural services are the ones where investment flows have slowed down considerably.

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.

**Economy Overview**

Faced with global uncertainty, cyclical and structural factors, India's growth slowed down to less than 7 per cent for the Financial Year 2011-12. While the services continued to grow at a rapid pace (8.7 per cent growth), there was a sharp slowdown in industrial growth to 2.8 per cent. During the year, inflation continued to be a key concern for the Reserve Bank of India (RBI).. The slowdown in growth coupled with high interest rates has led to a decline in Investment rates. It is expected that the scenario of tight liquidity and high interest rates will continue in the Financial Year 2012-13.

The combined effect of lower tax and disinvestment receipts and higher expenditure, mainly on account of subsidies, has pushed the fiscal deficit to 5.9% of GDP in the Revised Estimates for 2011-12 as against the original estimate of 4.6%. Revenue deficit for the financial year 2011-12 has been revised to 4.4% of the GDP owing to higher outgo on subsidies and lower tax collections. The current account deficit as a proportion of GDP for 2011-12 is likely to be around 3.6%. This, along with the reduced net capital inflows has exerted tremendous pressure on the exchange rate.

OPPORTUNITIES AND THREATS

The performance of capital market in India has a direct correlation with the prospect of economic growth and political stability. Though the growth projections for FY 2012-13 appear reasonable, there are certain downside risks such as pace and shape of global recovery, effect of withdrawal of fiscal stimulus and hardening of commodity prices. There is lot of opportunities for investment in capital market. Your Company is having separate research department, which analyze the market and advice the management in building good portfolio. Our business performance may also be impacted by increased competition from local and global players operating in India, regulatory changes and attrition of employees. With growing presence of players offering advisory service coupled with provision of funds for the clients' needs, we would face competition of unequal proportion. We continuously tackle this situation by providing increasingly superior customized services.

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 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.

While the current year started with a lot of optimism & hope- both globally & in the Indian Market - there have been fears of a second recession since the credit rating of US was downgraded. Global stock markets- a barometer of sentiments-have not done that well.

Review Of Operations

During the year under review, the Company has earned profit of Rs.50.06 lakhs in compared to last year profit of Rs 238.52 lakhs.. Last year Company has liquidated certain long term Investment and gained good returns. This year Company has started making investment in good scripts and Companies. The Company is reconstructing its entire business activities . Your Directors expects good turnaround in current financial year

SEGMENT-WISE PERFORMANCE

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

During the year under review, the Company has earned profit of Rs.50.06 lakhs in compared to last year Profit of



Rs 238.52 lakhs. The Company's total investments made by the company were Rs12.78 Crores. All Investments are made in listed and non-listed securities (As annexed to Note 7 attached with Balance sheet)

During the year the Company has mainly concentrated on Investment in Stock Market & Capital Market. 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

With virtually every macroeconomic indicator trending negatively, the road ahead appears rather bumpy. Of particular concern is the fact that GDP growth has fallen successively for nine quarters.. Various Business Confidence surveys reveal a consistently pessimistic outlook for the current financial year. While inflation has come off its double digit highs, it is still well above RBIs zone of comfort, resulting in high interest rates. A large fiscal deficit, a widening current account deficit, a marked slowdown in infrastructure spending and policy in decision are issues that need to be addressed urgently, if India's dream of double digit economic growth is to be realized. As always, the progress of the Southwest monsoon will also have a bearing on India's growth prospects. The management is of the view that the company will be able to reasonably perform in the context of given economic environment by continuing its efforts to reach new client segment with the service capability.

RISK MANAGEMENT

While current year started with a lot of optimism and hope- both globally and in the Indian market. There have been fears of a second recession since the credit rating of US was downgraded. The stock market the barometer of Economy is not done well. Further it seems that retail investors are not investing in capital market. In today's complex business environment, almost every business decision requires executives and managers to balance risk and reward. Effective risk management is therefore critical to an organization's success. Today's operating environment demands a rigorous and integrated approach to risk management. Timely and effective risk management is of prime importance to our continued success 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.

INTERENAL CONTROL SYSTEMS AND THEIR ADEQUENCY

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit department reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal control is managed by highly qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the, an Information Security Assurance Service is also provided by independent external professionals. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures.

**FULFILMENT OF RBI NORMS AND STANDARDS**

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

CAUTIONARY STATEMENT

This report describing the company's activities, projections about future estimates, assumptions with regard to global economic conditions, government policies, etc may contain "forward looking statements" based on the information available with the company. Forward-looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the company's operations are affected by the many external and internal factors, which are beyond the control of the management. Hence the company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

Company follows all Mandatory Accounting Standards.

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

Place: Mumbai
Date: 23rd May, 2012

SD/-
Chetan Karia
Chairman

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

The Company considers Corporate Governance as an important process for conducting & managing its business activities in a transparent & visible manner in the interest of all its stakeholders, besides keeping important segment of the society adequately informed. Abhinav Capital Services Limited adopted good corporate practices all through its existence & oriented its actions in consonance with them. It has been the endeavor of Abhinav Capital Services Limited to give fair & equitable treatment to all its stakeholders including employees, customers, & shareholders as also to comply with applicable rules & regulations.

Board of Directors

The company has non-executive chairman and number of non-executive directors is more than 50% of 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 the clause 49 of listing agreement. Necessary disclosures regarding committee positions have been made by the directors.

The strength of the board of directors is 3 directors. The board comprised of non-executive chairman, executive director/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	1	-	-	-
Mr. Chetan Karia	Executive	-	-	-	-
Mr. Kamlesh Kotak	Executive	-	-	-	-

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

The board met 4 times during the year i.e. 1st June 2011, 29th July 2011, 24th October 2011 and 3rd February 2012

The following table gives the attendance record of the directors at the board as well as Annual General 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	04	Yes
Mr. Kamlesh Kotak	04	04	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
3. None of the Directors received any loans or advances from Company during the year.

Committees of the Board

The Committee of the Board Constituted when 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 company has constituted an audit committee in the year 2006. The role, powers and functions of the audit