

ACTION FINANCIAL SERVICES (INDIA) LTD.

MD	✓		BKC	—
CS	NA		DTY	NA
RO	✓		DTY	NA
TRA	✓	✓	AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		—



**Fifth
Annual Report
1997-98**



THE ACTION TEAM

Milan R. Parekh - Chairman & Managing Director
Bakul R. Parekh - Managing Director
Haresh D. Vora - Executive Director
Vinay K. Seksaria - Director

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Action Financial Services (India) Ltd
ACTION FINANCIAL SERVICES (INDIA) LTD.

Auditors	Ford, Rhodes, Parks & Co. Chartered Accountant
Bankers	Andhra Bank Bank of India Central Bank of India Canara Bank Progressive Co-op. Bank Ltd. IndusInd Bank Ltd. CITIBANK
Registrar & Transfer Agent	Intime Share Services Pvt. Ltd. 260, A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai - 400 080.
Registered Office & Depository Division	31, Rajgir Chambers, 4th Floor, 12/14, Shahid Bhagatsingh Road, Fort, Mumbai - 400 023. Tel : 266 4505 / 5918 / 270 2666 / 2667
Administrative Office	72/74 Kazi Sayeed Street, Sujeer House, 4th Floor, Masjid, Mumbai - 400 003. Tel : 340 2222
Branch with BSE Terminals	Mumbai (Ghatkopar, Sion, Matunga, Masjid), Surat, Ranchi, Jamshedpur, Kurnool, Pradattur, Guntur & Gutigere Village
Branch with NSE Terminals	Mumbai (Sion, Masjid), Bangalore & Dharmavaram
Listed At	Mumbai, Bangalore, Delhi & Mangalore.



Action Financial Services (India) Ltd

NOTICE

NOTICE is hereby given that the **FIFTH ANNUAL GENERAL MEETING** of ACTION FINANCIAL SERVICES (INDIA) LIMITED will be held on **Wednesday, 30th December, 1998** at the registered office of the company at 31, Rajgir Chambers, 12/14 Shahid Bhagatsingh Road, Mumbai - 400 023 at 10.00 A. M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the period ended 31st March 1998 and the Balance Sheet as on that date together with the Report of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri Vinay K. Seksaria, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Ford, Rhodes, Parks & Company, Chartered Accountants, Fort, Mumbai be and are hereby re-appointed Auditors of the company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be fixed by the Board of directors plus reimbursement of all out of pocket expenses."

SPECIAL RESOLUTION

4. To consider and if thought fit to pass with or without modification the following resolution as special resolution:

"RESOLVED THAT subject to the permission of Stock Exchanges, and subject to such other consent, permission and approval as may be required of any authorities and pursuant to norms for desisting of securities formulated by the Securities and Exchange Board of India, the consent of the Company be and is hereby granted to the Board of Directors of the Company from Delhi Stock Exchange and Mangalore Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to make necessary application to Stock Exchanges and other requisite authorities as may be required for getting the shares of the company delisted from both of the aforesaid Stock Exchanges and further they be authorised to do all such acts, deeds, matters and things, including the appointment of various agencies, as may be required from time to time, on behalf of the company, to give effect to the above resolution."

Registered Office:
31, Rajgir Chambers,
12/14, Shahid Bhagatsingh Road,
Mumbai - 400 023.

Date : 30th December, 1998

By order of the Board,

MILAN R. PAREKH
Chairman & Managing Director



Action Financial Services (India) Ltd

NOTES:

1. Members entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be lodged/received at the Registered office of the company not less than 48 hours before the time fixed for this Annual General meeting.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is attached hereto.
3. All matters connected to shares transfers and other related matters be addressed to the company's Share Transfer Agent M/s Intime Share Services Private Limited at 260 A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W) Mumbai - 400 080.
4. Members while corresponding with the company are requested to quote their respective Folio No. in the correspondence and also notify the change of address, if any, to the company.
5. Members are requested to bring their copies of Annual Report at the time of attending the Annual General Meeting.
6. Members seeking any information/clarification with regard to accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
7. Members/ Proxy holders are requested to produce attendance slip, at the entrance of the Hall of the meeting duly completed and signed.

ANNEXURE TO NOTICE :

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4 :

The shares of the company are presently listed at Mumbai, Bangalore, Delhi and Mangalore Stock Exchange, Due to the persistent bearish trend in the capital market since long the shares of the company are not being actively treaded at the exchanges other than Mumbai Stock Exchange, Further as on 30th November, 1998, as per the report of the company's Registrar and Transfer Agent M/S Intime Share Services Pvt. Ltd. more than 90% of the shares out of the issued capital are held by the persons residing in Mumbai and Non Resident Indians.

In view of the above and to reduce the administrative and financial burden on the company, the Board has considered at advisable to delist the shares of the company from Delhi Stock Exchange and Mangalore Stock Exchange subject to necessary permission of the respective stock exchange and other appropriate authorities. Further in opinion of the board of Directors the share holders, who are stationed in other part of the country will not face any problem in dealing in the shares of the company as the Mumbai Stock Exchange, after introduction on on-line system of trading, is expanding its wing in other parts of the country.

Further please note that since the company proposes to voluntarily delist its equity shares from the abovementioned stock exchanges, the following basic norms formulated by the SEBI will be adhered to by the company:

**Action Financial Services (India) Ltd**

1. Necessary special resolution is being moved in this Annual General Meeting seeding prior approval of the equity shareholders for voluntary delisting of equity shares form Delhi Stock Exchange and Mangalore Stock Exchange.
2. Special Notice in news papers with detailed explanation and Justification for the proposed delisting is being published simultaneously.
3. To provide an exit opportunity for the equity share holders in the region of Delhi and Harayana (this being regional area concerning the Delhi Stock Exchange), the promoters of the company who are in control of the management of the company have agreed to buy the equity shares of such holders at such price not being less than the weighted average of the traded price of the equity shares in the preceding six months at the Stock Exchange Mumbai where highest volume war recorded.
4. To provide an exit opportunity to the shareholder Record date will be fixed at the appropriate time and for that necessary prior intimation will be given to the members and the stock exchange.
5. The company will remain listed at Bangalore Stock Exchange and hence the exit opportunity to the share holders in the region of Karnataka is not being given inspite of the fact that delisting of equity shares is proposed from the Mangalore Stock Exchange.

Board recommends the resolution for your approval.

None of the Directors of the company is in any way concerned or interested in the said resolution.



Action Financial Services (India) Ltd

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting herewith the Fifth Annual Report, together with the Audited Statement of Accounts for the period ended March 31st, 1998.

Financial Results	Current Period ended 31st March, 1998 (9 Months)	Previous Year ended 30th June, 1997 (15 Months)
Profit/(Loss) before interest, Depreciation & Tax	3,188,068	(598,477)
Interest	682,925	617,341
Depreciation	1,025,587	573,480
Profit/(Loss) Before Tax	1,479,556	(1,789,298)
Tax	242,000	NIL
Profit/(Loss) after tax	1,237,556	(1,789,298)
Profit/(Loss) brought forward from previous year	1,767,902	21,396
Profit/(Loss) carried forward to the Balance Sheet	(530,346)	(1,767,902)
Paid Up Equity Share Capital	80,000,000	80,000,000

FINANCIAL

During the period under review the company has made profit of Rs. 31.94 lakhs. The same is the direct result of restructuring efforts put in by the management team in achieving the established goals.

DIVIDEND

With the view to conserve the resources for long term period and also to strengthen liquidity position it has been considered advisable not to recommend any dividend for the period under review.

OPERATIONS

Stock Broking Division:

During the period under review the company has generated higher income from this division by acquiring of M/s Milan R. Parekh's Mumbai Stock Exchange Membership, opening of new branches with BOLT Terminals in different parts of the country, substantial improvement in institutional business, your company's profitability has improved considerably. Company expects to continue the same trend in the current year with new branch and more institutional clients to be brought in the company's clientele portfolio.



Action Financial Services (India) Ltd

Depository Division:

India's first depository has been set up by National Securities Depository Ltd. (NSDL). Depository is an organisation concerned with handling and holding of securities on behalf of the investors, both large & small. Your company being a broker was eligible to enter into Depository Services as a Depository Participant and after receiving the approval from NSDL, started operations from 30th April, 1997. As more and more investors are becoming aware about advantage of holding shares in dematerialised form and with recent announcement from SEBI for settlement of 12 companies shares compulsory in demat form w.e.f. 4th January 1999, it is expected that in the coming year we will see substantial activity in Depository Division

Your company has the privilege of being one of the first twenty Depository Participants registered with the National Securities Depository Limited in India. Company has received good response in Depository Division in the current year from the retail investors due to competitive Price Structure compared to other DPs.

Directors

Mr. Sujir R Nayak and Mr. Dinesh R. Shah have resigned from the Board during the period. The Board places on record its deep sense of appreciation for the service rendered by them and for their guidance extended to the board during the tenure of their office.

Board of Directors regret to note the sad demise of Mr. Ramniklal B. Parekh, a whole time director and one of the promoters of the company.

Mr. Vinay Sekseria retires by rotation at ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Fixed Deposits

During the year under review the company has not accepted any deposit within the meaning of section 58A of the companies Act, 1956 read with the companies (Acceptance of Deposit) Rules, 1975 as amended.

Projections V/s Performance

Your Directors give hereunder, the comparison of the Projections made during the company's Public Issue with the Actual Performance. (Required as per clause 43 of the listing agreement)

For the period 1997-98	Projections for the year 1997 -98 as per Prospectus dated 12/12/94 (Rs. in Lacs)	Performance for the period of 9 months ended on 31/03/1998 (Rs. in Lacs)
Total Income	713.00	106.59
Profit After Tax	365.00	12.44
Earning Per Share (Annualised)	7.30	0.15

The company could not achieve the projected performance due to the persistent sluggish trend in the Capital Market, cut throat competition prevailing in the secondary market, overall liquidity crunch and absence of primary market.