

**ACTION
FINANCIAL
SERVICES
(INDIA) LTD.**



**Sixth
Annual Report
1998-99**



THE ACTION TEAM

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

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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 N.A.
Registrar & Share Transfer Agent	:	Intime Spectrum Registry Pvt. Ltd. 260, A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai-400 080.
Registered Office & Securities Banking Cell	:	31, Rajgir Chambers, 4th Floor, 12/14, Shahid Bhagatsingh Road Fort, Mumbai- 400 023. Tel. 266 4505/18/270 2666/67.
Securities Banking Branches	:	Mumbai (Masjid, Santacruz, Dadar, Matunga) Thane, Bangalore, Dharmavaram, Gorakhpur, Guntur, Jamshedpur, Jaigaon, Kurnool, Mysore, Kakinada, Nagpur, Pradattur, Ranchi, Rajkot
Administrative Office	:	72/74 Kazi Sayeed Street, Sujeer House, 4th Floor, Masjid, Mumbai - 400 003. Tel : 340 2222.
Branch with BSE Terminals	:	Mumbai (Masjid), Surat, Ranchi, Jamshedpur, Kurnool, Pradattur, Guntur & Gottigere Village
Branch with NSE Terminals	:	Mumbai (Masjid), Bangalore & Dharmavaram, Rajkot.
Listed At	:	Mumbai, Bangalore, Delhi & Mangalore.

Action Financial Services (India) Ltd.

ACTION FINANCIAL SERVICES (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the **SIXTH ANNUAL GENERAL MEETING** of **ACTION FINANCIAL SERVICES (INDIA) LIMITED** will be held on Thursday, the 30th September, 1999 at the registered office of the company at 31, Rajgir Chambers, 12/14 Shahid Bhagatsingh Road, Mumbai - 400023 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 year ended 31st March 1999 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 Mr. Haresh D. Vora, 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 as 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 to delist the equity shares of the company from Delhi Stock Exchange and Manglore Stock Exchange.

RESOLVED FURTHER THAT the Board of Directors of 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."

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as SPECIAL RESOLUTION :

"RESOLVED THAT the unissued portion of the Authorised capital of the company consisting of 20,00,000

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(Twenty Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each aggregating Rs. 2,00,00,000 (Rupees Two Crores only) be reclassified as 2,00,000 (Two Lakh) preference shares of Rs. 100/- (Rupees One Hundred only) each aggregating Rs. 2,00,00,000 (Rupees Two Crores only). AND THAT Article 3 of the Articles of Association of the company and Clause V of the Memorandum of Association of the company be altered accordingly."

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as SPECIAL RESOLUTION :

" RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, permissions, consents and sanctions as may be necessary from appropriate authorities or bodies, the Articles of Association of the company be and is hereby altered in the following manner:

Insert the following Heading and Article as Articles 142A after Article 142:

142A. DEMATERIALISATION OF SECURITIES

- (1) For the purpose of this Article:-

" **Beneficial Owner**" means a person whose name is recorded as such with a Depository.

" **SEBI**" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

" **Depositories Act** " means the Depositories Act, 1996 including any statutory modifications or thereof for the time begin in force.

"**Bye-Laws**" means bye-laws made by Depository under section 26 of the Depositories Act.

"**Depository** " means a company formed and registered under the Companies Act, 1956, and which has been granted a certification of registration under sub section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.

"**Member**" means the duly registered holder from time to time of the shares of the company and includes every person whose name is entered as Beneficial Owner in the records of the Depository.

"**Debentureholder**" means the duly registered holders from time to time of the Debentures of the company.

"**Participant**" means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

"**Record**" includes the records maintained in the form of books or stored in computer or in such other form as may be determined by the regulations made by SEBI in relation to the Depository Act.

"**Regulations**" mean regulations made by the SEBI.

"**Security**" means such security as may be specified by the SEBI.

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Words imparting the singular number only include the plural number and vice versa. Words imparting persons include corporations.

Words and expressions used and not defined in the Act defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

COMPANY TO RECOGNISE INTEREST IN DEMATERIALISED SECURITIES UNDER DEPOSITORIES ACT.

- (2) Either the company or investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

DEMATERIALISATION OF SECURITIES :

- (3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the depositories Act and rules framed thereunder, if any.

OPTION TO RECEIVE SECURITY CERTIFICATES OR HOLD SECURITIES WITH DEPOSITORY :

- (4) Every person subscribing to holding securities of the company shall have option to receive security certificates or to hold the securities with a depository.

If a person opts to hold security with a Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM :

- (5) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of securities held by it on behalf of Beneficial Owners.

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS :

- (6) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.
- (c) Every person holding securities of the company and whose name has entered as Beneficial Owner in the records of the Depository shall be deemed to be a member of the company. The Beneficial Owner of the securities shall be entitled all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by Depository.

BENEFICIAL OWNER DEEMED AS ABSOLUTE OWNER :

- (7) Except as ordered by a Court of competent jurisdiction or as required by law, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as Beneficial Owner of shares in record of depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

DEPOSITORY TO FURNISH INFORMATION :

- (8) Every depository shall furnish to the company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the company in that behalf.

CANCELLATION OF CERTIFICATES UPON SURRENDER BY A PERSON :

- (9) Upon receipt of certificates of securities on surrender by a person who has entered into an agreement with Depository through a participant, the company shall cancel such certificates and substitute in its record the name of Depository as the registered owner in respect of said securities and shall also inform the Depository accordingly.

OPTION TO OPT OUT IN RESPECT OF ANY SECURITY :

- (10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the company.

The Company shall within Thirty (30) days or such other period as may be specified, of receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or transferee as the case may be.

SERVICE OF DOCUMENTS :

- (11) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the company by means of electronic mode or by delivery of floppies or discs.

PROVISIONS OF ARTICLES TO APPLY TO SHARES HELD IN DEPOSITORY:

- (12) Except as specifically provided in these Articles, provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of Depository Act.

ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY :

- (13) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository,

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the company shall intimate the details thereof to Depository immediately on allotment of such securities.

DISTINCTIVE NUMBER OF SECURITIES HELD IN DEPOSITORY :

- (14) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the company which are dematerialised or may be dematerialised or issued in dematerialised form in future. Except in the manner hereinbefore mentioned, no shares shall be sub divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

REGISTER AND INDEX OF BENEFICIAL OWNER :

- (15) The shall cause to be kept a Register and Index of Member and Debenture holders, if any in accordance with section 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register of Index of Debenture holders, as the case may be, for the purpose of the Act. The company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

REGISTER OF TRANSFER :

- (16) The company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form."

By order of the Board

Place: Mumbai
Date : 6th September, 1999.

Milan R. Parekh
Chairman & Mg. Director

Notes :

1. Member 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 the 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 Spectrum Registry Pvt. Ltd. at 260A, 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 Manglore Stock Exchanges. Considering the fact that the shares of the company are not being actively traded at the exchanges other than Mumbai Stock Exchange as more than 90% of the shares out of the issued capital are held by the persons residing in and around Mumbai and the Non- Resident Indian.

In view of the above and to reduce the administrative and financial burden on the company, the board has considered it advisable to delist the shares of the company from Delhi stock exchange and Manglore stock exchange subject to necessary permission of the respective stock exchange and other appropriate authorities. Further in opinion of the Board of Directors of the company, the share holders who are stationed in other part of the country will not have any difficulty in dealing with the shares of the company after the introduction of on-line system of trading.

To effect the delisting the shares as stated above the following basic norms formulated by the SEBI will be adhered to by the company:

1. Necessary special resolution is being moved in this Annual General Meeting seeking prior approval of the equity shareholders for voluntary delisting of equity shares from Delhi stock exchange and Manglore stock exchange.
2. Special notice in the news papers with the detail explanation and justification for the proposed delisting is being published simultaneously.
3. To provide the exit opportunity to the shareholders in the region of Delhi and Haryana (being regional area connected to Delhi stock exchange), the promoters/ Directors 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 Mumbai stock exchange where the highest volume was recorded.
4. To provide an exit opportunity to the shareholders, Record Date will be fixed at the appropriate time and for that purpose necessary prior intimation will be given to the members and the stock exchanges.
5. The company will remain listed at Bangalore and Mumbai stock exchanges and hence the exit opportunity to the shareholders in the region of Karnataka is not proposed to be given inspite of the fact that delisting of equity shares is proposed from Manglore stock exchange.

Board recommend the resolution for your approval.

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

Item No. 5:

Presently, the authorised capital of Rs. 10 Crores consist of only equity shares of which 80 lakhs shares of Rs. 10/- each aggregating Rs. 8 Crore have already been issued. Now to part finance the requirement of the company's Depository Division and Broking Division and to increase the company's net own fund,