

Certified True Copy
Action Financial Services (I) Ltd.
Vaiden Khosla
Director

ACTION FINANCIAL SERVICES (INDIA) LTD.

Report  Junction.com



**Ninth
Annual Report
2001-2002**



THE ACTION TEAM

Mr. Milan R. Parekh	- Chairman & Managing Director
Mr. Bakul R. Parekh	- Jt. Managing Director
Mr. Haresh D. Vora	- Director
Mr. Pranav M. Doshi	- Director
Mr. Nirav K. Sanghavi	- Director

AUDIT COMMITTEE

Mr. Haresh D. Vora

Mr. Pranav M. Doshi

Mr. Nirav K. Sanghavi

REMUNERATION COMMITTEE

Mr. Haresh D. Vora

Mr. Pranav M. Doshi

Mr. Nirav K. Sanghavi

CONTENTS	Pages
Notice	3
Director's Report	7
Auditor's Report	10
Balance Sheet	13
Profit & Loss Account	14
Schedules	15
Proxy Form	25

Auditors	: Ford, Rhodes, Parks & Co. Chartered Accountants
Bankers	: Andhra Bank Bank of India Central Bank of India Progressive Co-op. Bank Ltd. Citibank N.A. UTI Bank Ltd.
Registrar & Share Transfer Agent	: Intime Spectrum Registry Pvt. Ltd . 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai-400 080. Tel.: 5923837 / 5923773
Registered Office & Broking Division	: 31, Rajgir Chambers, 4th Floor, 12/14, Shahid Bhagatsingh Road Fort, Mumbai- 400 023. Tel. 265 8984/85/87
Securities Banking Cell (Depository Participant of NSDL)	: 46/47 and 54, Rajgir Chambers, 6th Floor, 12/14, Shahid Bhagatsingh Road Fort, Mumbai- 400 023. Tel. 270 4446 / 4447
Securities Banking Branches	: Mumbai & Bangalore,
Branch with BSE Terminals	: Mumbai (Masjid Bunder, Fort, Borivali), Ranchi, Jamshedpur, Prodattur, Solapur, Dhanbad, Belgaum, Anantpur and Bharuch.
Branch with NSE Terminals	: Mumbai (Fort), Bokaro and Dharmavaram
Listed At	: Mumbai, Bangalore, Delhi & Mangalore.

NOTICE

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of ACTION FINANCIAL SERVICES (INDIA) LIMITED will be held on Saturday, 28th September, 2002 at the registered office of the company at 31, Rajgir Chambers, 12/14, Shahid Bhagat Singh Road, Fort, 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 year ended 31st March, 2002 and the Balance Sheet as on that date together with the Report of the Director's and Auditor's thereon.
2. To appoint a Director in place of Shri Bakul R. Parekh, 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 BUSINESS :

4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as Special Resolution :

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the ‘Act’) read with schedule XIII to the Act, as amended, the approval of the company be and is hereby accorded to the re-appointment of Mr. Milan R. Parekh, as Managing Director of the Company, for a period of five years, on such remuneration, perquisites and other terms and conditions as set out in the letter of re-appointment placed before the meeting and initialed by the chairman for the purpose of identification, with effect from 1st October, 2002.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the company, the Managing Director be paid the same remuneration during the remaining period of his office, as specified in the letter of his appointment, including perquisites as minimum remuneration in accordance with the applicable provisions and subject to the ceiling limits specified under Section II of part II of Schedule XIII to the Act, as amended.

RESOLVED FURTHER THAT the Board of Director of the company be and is hereby authorised to vary and increase the remuneration and perquisites as they may consider appropriate, which is within the ceiling limits laid down under the applicable provisions of the Act or any statutory amendment in the law for the time being in force and members hereby approve such variation or increase as may be determined by the Board from time to time.”

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as special Resolution :

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the ‘Act’) read with schedule XIII to the Act, as amended, the approval of the company be and is hereby accorded to the re-appointment of Mr. Bakul R. Parekh, as Joint Managing Director of the Company, for a period of five years, on such remuneration, perquisites and other terms and conditions as set out in the letter of re-appointment placed before the meeting and initialed by the chairman for the purpose of identification, with effect from 1st October, 2002.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the company, the Joint Managing Director be paid the same remuneration during the remaining period of his office, as specified in the letter of his appointment, including perquisites as minimum remuneration in accordance with the applicable provisions and subject to the ceiling limits specified under Section II of part II of Schedule XIII to the Act, as amended.

RESOLVED FURTHER THAT the Board of Director of the company be and is hereby authorised to vary and increase the remuneration and perquisites as they may consider appropriate, which is within the ceiling limits laid down under the applicable provisions of the Act or any statutory amendment in the law for the time being in force and members hereby approve such variation or increase as may be determined by the Board from time to time.”

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as special Resolution :

“RESOLVED THAT Mr. Pranav M. Doshi, who was appointed as an additional Directors of the Company by the Board of Directors and who shall be holding the office upto the date of Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as special Resolution :

“RESOLVED THAT Mr. Nirav K. Sanghavi, who was appointed as an additional Directors of the Company by the Board of Directors and who shall be holding the office upto the date of Annual General Meeting pursuant to Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

By order of the Board,

MILAN R. PAREKH
Chairman & Managing Director

Date : 30th August, 2002

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. .

Action Financial Services (India) Ltd.

- 2) Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Special business of the Notice is annexed herewith.
- 3) The Register of Members and Share Transfer Books of the company will remain closed from Thursday, 26th September, 2002 to Saturday, 28th September, 2002 (both days inclusive).
- 4) All matters connected to shares transfers and other related matters be addressed to the company's Share Transfer Agents M/S Intime Spectrum Share Registry Private Limited at 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai – 400 080.
- 5) 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.
- 6) Members are requested to bring their copies of Annual Report at the time of attending the Annual General Meeting.
- 7) 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.
- 8) 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**

For Item No. 4 and 5 :

Meeting of the Board of Director of the company was convened on 30th August, 2002 to consider the re-appointment of Mr. Milan R. Parekh as Managing Director and Mr. Bakul R. Parekh as Joint Managing Director, for a period of five years with effect from 1st October, 2002 and they have been re-appointed subject to your approval. The proposed remuneration would be as follows:

- 1) **SALARY** :

To Mr. Milan R. Parekh	:	Rs. 12,500/- per month
To Mr. Bakul R. Parekh	:	Rs. 14,375/- per month
- 2) **PERQUISITE** : Perquisites are classified under following categories :

CATEGORY 'A' :

- 1) **HOUSING** :
The company shall not provide any accommodation but in lieu of that they will be entitled for the House Rent Allowances which shall not exceed 60% of the salary,
In addition gas, electricity, water and furnishings or allowances in lieu thereof will be provided, the expenditure on which will be valued as per Income Tax Rules, 1962.
- 2) **MEDICAL REIMBURSEMENT** :
Medical expenses incurred by the Managing Director/Joint Managing Director for self and family including dependent mother and father subject to a ceiling of one month salary per year or three months salary in a block of three years, will be reimbursed.
- 3) **LEAVE TRAVEL ALLOWANCE** :
For self and family including dependent mother and father, once in a year in accordance with the rules of the company.
- 4) **CLUB FEES** :
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- 5) **PERSONAL ACCIDENT INSURANCE** :
Of an amount the annual premium of which does not exceed Rs. 4,000/-.

CATEGORY 'B' :

The following perquisites shall not be included in the computation of remuneration for deciding the ceiling specified for minimum remuneration under schedule XIII to the Companies Act, 1956:

- 1) Contribution to provident fund, superannuation fund or annuity fund will not included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income Tax Act.
- 2) Gratuity payable will not exceed half a month's salary for each completed year of services.
- 3) Encashment of leave at the end of the tenure.

CATEGORY 'C' :

- 1) Car :

Free use of the company's car with driver for company's business. Use of car for private purpose shall be billed by company.

- 2) Telephone :

Provision of telephone at residence of the Managing Director/Joint Managing Director at company's cost shall not be considered as perquisite. Personal long distance calls shall be billed by the company.

OTHER BENEFITS :

Leave as per rules in force in the company from time to time.

Provided however that in the event of loss or inadequacy of profits in any year during the term of office of the Managing Director and Joint Managing Director, the same remuneration as stated above shall be payable to them subject to the limits prescribed under the Companies act, 1956 or Schedule XIII thereof, as amended. The above may be treated as an abstract of the terms of Appointment of Mr. Milan R. Parekh and Mr. Bakul R. Parekh pursuant to Section 302 of the Companies Act, 1956.

Copies of the draft Letter of Appointment will be available for inspection by the Members at the Registered Office of the company any time between 11.00 A.M. and 1.00 P.M. on all working days upto the date of Annual General Meeting.

Except Mr. Milan R. Parekh and Mr. Bakul R. Parekh no other Directors of the company are deemed to be concerned interested in the resolution at item no. 4 & 5 of the accompanying notice.

For Item: 6

Mr. Pranav M. Doshi was co-opted as the additional Director at the Board Meeting held on 21.08.2002 and shall be holding the Office upto the date of A.G.M. Mr. Pranav M. Doshi is a businessman. Mr. Pranav M. Doshi has consented to be the Director of your Company.

None of the Directors other than Mr. Pranav M. Doshi is interested in the said resolution.

For Item: 7

Mr. Nivar K. Sanghavi was co-opted as the additional Director at the Board Meeting held on 21.08.2002 and shall be holding the Office upto the date of A.G.M. Mr. Nirav K. Sanghavi is a businessman. Mr. Nirav K. Sanghavi has consented to be the Director of your Company.

None of the Directors other than Mr. Nirav K. Sanghavi is interested in the said resolution.

Registered Office :

**31, Rajgir Chambers,
12/14, Shahid Bhagat Singh Road,
Fort, Mumbai - 400 023.**

By order of the Board,

**MILAN R. PAREKH
Chairman & Managing Director**

Date : 30th August, 2002

DIRECTORS' REPORT

Dear Members,

Your Directors present herewith the NINTH ANNUAL REPORT together with the Audited Statement of Accounts for the year ended 31st March, 2002.

Financial Results	Year Ended 31st March, 2002	Year Ended 31st March, 2001
Profit / (Loss) Before Interest & Depreciation	(24,51,954)	48,12,895
Interest	17,94,050	21,42,752
Depreciation	23,85,524	21,10,401
Profit Before Tax	(66,31,528)	5,59,742
Tax	11,06,579	70,000
Profit After Tax	(77,38,107)	4,89,742
Profit/(Loss) brought forward from Previous Year	85,05,895	80,16,153
Profit/(Loss) carried forward to the Balance Sheet	7,67,789	85,05,895
Paid Up Equity Share Capital	8,00,00,000	8,00,00,000

FINANCIAL :

Your Directors regret to inform that during the year under review the company incurred a loss of Rs.77,38,107/- compared to profit of Rs. 4,89,742/- in the last year. The net loss incurred by the company was the direct result of money crisis prevailed in the market and the lower volume mainly because of persistent bearing trend prevailing in the capital and finance market. As a measure of risk management the company had to close down its NSE operations for almost six months in during the year under review.

DIVIDEND :

In view of loss incurred by the company in the year under review your directors regret their inability to declare any dividend.

OPERATIONS:**Depository Division :**

The operation during the year under review, of the Depository Division was satisfactory, in spite of the fact that the company is facing stiff competition from the well established institutions and banks.

Your company is privileged to be one of very few depositories in the country to have more than 10,000 accounts and the growth was maintained during the year. Since all most all the scripts are being traded on the bourses in electronic form (DMAT form), which has resulted in substantial increase in the volume.

Depository division was remained the major source of income during the year under review

Stock Broking Division :

During the year under review, the performance of broking division was not satisfactory, couple of scams which rocked the market were responsible for substantial reduction in the volume and sentiments. Due to the prevalent money crisis in the market the company thought it prudent to shut down its NSE operation for couple of months and minimised its exposure in BSE also which have substantially affected the income form broking division.