

Certified True Copy
Action Financial Services (I) Ltd.

J. P. Singh
Director

ACTION FINANCIAL SERVICES (INDIA) LTD.



Tenth
Annual Report
2002-2003



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, REMUNERATION & SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE

Mr. Haresh D. Vora

Mr. Pranav M. Doshi

Mr. Nirav K. Sanghavi

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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	: M/S Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West) Mumbai – 400 078. Tel.: 25923837 Fax : 25672693
Registered Office & Broking Division	: 31, 4th Floor, Rajgir Chambers, 12/14, Shahid Bhagatsingh Road Fort, Mumbai- 400 001. Tel. 2265 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. 2270 4446 / 4447
Branch with BSE Terminals	: Mumbai (Fort, Borivali, Bhayendar, Wadala), Ranchi, Jamshedpur, Prodattur, Solapur, Dhanbad, Belgaum, Anantpur, Bharuch, Surat and Dharmavaram.
Branch with NSE Terminals	: Mumbai (Fort, Bhayendar, Goregaon), Bokaro and Dhanbad
Listed At	: Mumbai, Bangalore, Delhi & Mangalore.

Action Financial Services (India) Ltd.

NOTICE

NOTICE is hereby given that the TENTH ANNUAL GENERAL MEETING of ACTION FINANCIAL SERVICES (INDIA) LIMITED will be held on Saturday, 27th September, 2003 at the registered office of the company at 31, 4th Floor, Rajgir Chambers, 12/14, Shahid Bhagatsingh Road, Fort, Mumbai - 400 001 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, 2003 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 Haresh 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 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 applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "delisting guidelines") and subject to the provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), Securities Contract (Regulation) Act, 1956 and the rules framed thereunder, listing agreements, and all other applicable rules, regulations and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchanges where the shares of the company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed by granting such approvals, permission and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as "the Board", which terms shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company from the Bangalore Stock Exchange Ltd., Delhi Stock Exchange Association Ltd. and Mangalore Stock Exchange, at such time or times as the Board may decide".

Registered office:
31, 4th Floor, Rajgir Chambers,
12/14, Shahid Bhagatsingh Road,
Fort, Mumbai - 400 001.

By order of the Board

MILAN R. PAREKH
Chairman & Managing Director

Date: 28th August, 2003

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 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 Wednesday, 24th September, 2003 to Saturday, 27th September, 2003 (both days inclusive).
4. All matters connected to shares transfers and other related matters be addressed to the company's Share Transfer Agent M/S Intime Spectrum Registry Limited at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West) Mumbai - 400 078.
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 :**

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as "delisting guidelines") incorporating amongst other provisions for delisting of securities of a body corporate voluntarily by promoter or an acquirer or any other person other than the stock exchange .

The equity shares of the company are currently listed on the Stock Exchange, Mumbai, Delhi Stock Exchange Association Ltd., Bangalore Stock Exchange and Mangalore Stock Exchange. The company's shares are being traded in electronic forms and with the extensive networking of stock exchange, Mumbai in other cities has facilitated the investors to have access to online dealing in Equity Shares of the company.

Since the company's shares are hardly traded and further to reduce the cost as the company is not in operation,

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the company has proposed the resolution to delist its shares from the Bangalore Stock Exchange, Delhi Stock Exchange Association Ltd. and Manglore Stock Exchange. However, the shares of the company will remain listed on Mumbai Stock Exchange. The proposed delisting, as and when takes place will not affect the investors adversely.

In line with SEBI regulations members' approval is being sought by special resolution for enabling voluntarily delisting of its equity shares from the above Stock Exchanges.

Your Directors, therefore, recommends the resolution for your approval.

None of the Directors of the company is in way deemed concerned or interested in way in the proposed resolution.

Registered office:
31, 4th Floor, Rajgir Chambers,
12/14, Shahid Bhagatsingh Road,
Fort, Mumbai - 400 001.

By order of the Board,

MILAN R. PAREKH
Chairman & Managing Director

Date: 28th August, 2003



DIRECTORS' REPORT

Dear Members,

Your Directors present herewith the TENTH ANNUAL REPORT together with the Audited statement of accounts for the year ended 31st March,2003.

FINANCIAL RESULTS:

Financial Results	Year Ended 31st March, 2003	Year Ended 31st March, 2002
Profit / (Loss) Before Interest & Depreciation	38,72,561	(24,51,954)
Interest	12,07,930	17,94,050
Depreciation	24,07,990	23,85,524
Extra Ordinary Item (SEBI Turnover Fees)	16,77,859	-
Profit / (Loss) Before Tax	(14,21,217)	(66,31,528)
Tax	-	11,06,579
Deferred Tax	33,09,671	-
Profit / (Loss) After Tax	(47,30,888)	(77,38,107)
Profit/(Loss) brought forward from Previous Year	7,67,789	85,05,895
Profit/(Loss) carried forward to the Balance Sheet	(39,63,099)	7,67,789
Paid Up Equity Share Capital	8,00,00,000	8,00,00,000

FINANCIAL:

In spite of the bearish trend prevailed in the capital and financial market through-out the year under review your company earned operating profit of Rs.38,72,561/- (before charging interest and depreciation) against the operating loss of Rs.24,51,954/- incurred in the previous year. The same was made possible by implementation of various cost-cutting measures by the management at all levels of management hierarchy. However the company incurred a net loss of Rs. 47,30,888 which is mainly on account of the extra ordinary items of SEBI Turnover Fees and deferred tax liability, being the liability of earlier years provided as per Accounting Standard 22 of the institute of Chartered Accountants of India applicable to your Company.

DIVIDEND:

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

OPERATIONS:**Stock Broking Division:**

During the year under review, the performance of broking division was satisfactory as the company was able to improve the revenue from broking division inspite of bearish trend prevailing in the capital market.

The threat of market driven risks reduced substantially due to introduction of Rolling Settlement by the SEBI

Depository Division:

The operation during the year under review, of Depository Division was satisfactory, in spite of the fact that company is facing stiff competition from the well-established institutions and banks including other depositories. Due to the introduction of transaction based charges in place of value based charges by NSDL the receipts have been adversely affected. However, due to substantial increase in volume in depository, the company has been able to achieve the expected performance.

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Further, during the year under review the company introduced new concept of issuing pre-paid instruction slips so as to over-come the difficulties of delay in collection of charges and prevent the likely bad debts. The said new system of issuing pre-paid instruction slips has been well received by the company's customers and the same has helped the company in saving on the collection cost substantially.

DIRECTORS

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

STATEMENT OF DIRECTORS' RESPONSIBILITY:

Pursuant to the requirement of section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

- a. in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- b. the directors had selected such accounting policies and applied them consistently and made judgement 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 loss of the company for that period;
- c. the directors have 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 frauds and other irregularities;
- d. the directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of Listing Agreement, a Report on Corporate Governance is given in Annexure A.

FIXED DEPOSITS

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

DELISTING OF SHARES:

It is proposed to delist the equity shares of the company from the Delhi Stock Exchange Association Ltd., Bangalore Stock Exchange Ltd. and The Mangalore Stock Exchange subject to necessary permissions.

AUDITORS :

Messrs. Ford, Rhodes, Parks & Co., Chartered Accountants, retire as Auditors of the company at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

DISCLOSURES :**a) Employees:**

Since the company does not have any employees drawing remuneration in excess of Rs. 24,00,000/- p.a. or Rs. 2,00,000/- per month the information required pursuant to provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, have not been given.

b) Conservation of Energy and Technology Absorption:

The information required under Rule 2 of the Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988 in respect to above matters is not given as the company is not engaged in manufacturing activities.

Foreign Exchange Earning and Outgo:

During the period under review the Company did neither earn nor spend anything in foreign exchange.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their gratitude to the Company's Bankers especially Bank of India, Stock Exchanges, Securities and Exchange Board of India, NSDL and other Government Departments for their continued support and guidance.

Your Directors also wish to record their appreciation of the dedicated services of the employees of the company.

For and on behalf of the Board of Directors

Place: Mumbai

Date : 28th August, 2003

Milan R. Parekh

Chairman & Managing Director

'ANNEXURE A' TO DIRECTORS' REPORT**CORPORATE GOVERNANCE:****COMPANY'S PHILOSOPHY**

The Board of Directors of the company is firmly committed to the adoption of fair business practice in the pursuit of its corporate goal of protection of the interest of its stakeholders. The Board of Directors acknowledge it is primarily responsible for devising and implementing good business practices that meets the above objective. Towards this it has adopted corporate policies, which are in harmony with the guidelines prescribed in the listing agreement.

Board of Directors:

The Board of Directors comprises of Managing Director, Joint Managing Director and three non-executive Directors. The composition of the Board, the attendance of Directors at the Board meetings during the last financial year , attendance at the last annual general meeting and directorship in other companies are listed below:

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Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorship	No. of other committees Membership/ Chairmanship
1. Mr. Milan R. Parekh	Chairman & Managing Director	9	Yes	Nil	No
2. Mr. Bakul R. Parekh	Jt. Managing Director	9	Yes	Nil	No
3. Mr. Haresh D. Vora	Non – Executive Independent Director	8	Yes	Nil	Member in 3 Committees, including Chairman in 1
4. Mr. Pranav M. Doshi	Non – Executive Independent Director	6	Yes	Nil	”
5. Mr. Nirav K. Sanghavi	Non – Executive Independent Director	5	Yes	Nil	”

A total of 9 Board meetings and 3 Audit Committee meetings were held during the year 2002-2003. The maximum interval between any two meetings was 3 months. The Board meetings were held on 30th April, 2002, 3rd May, 2002, 30th July, 2002, 16th August, 2002, 21st August, 2002, 30th August, 2002, 30th October, 2002, 30th January, 2003 and 25th February, 2003

All the Board meetings were held in Mumbai.

Details of Director, if any, co-opted on the Board. : During the year under report two directors namely, Mr. Pranav M. Doshi and Mr. Nirav K. Sanghvi were appointed as additional directors in the meeting of the Board of Directors of the company held on 21st August, 2002 to hold the office until the conclusion of the forthcoming annual general meeting. Their appointment were regularized in the last Annual General Meeting held on 28th September, 2002.

Relationship of Directors with each other, if any. Mr. Milan R. Parekh, Chairman & Mg. Director and Mr. Bakul R. Parekh, Joint Managing Director are related to each other.

No loans or advances were given to any of the directors of the company.

AUDIT COMMITTEE:

Terms of reference:

The role and terms of reference of the Audit committee covers the areas mentioned in the clause 49 of the Listing Agreement with stock exchange and section 292A of the Companies Act, 1956, which among other things include:

1. A periodical reviews of efficacy of the internal control systems and procedures and suggests improvement therein.
2. Review of operating results on a quarterly basis, prior to their submission to the Board for its consideration and adoption.
3. Advise the Board on appointment / removal of statutory auditors and fix their remuneration.
4. Review with the statutory auditors their audit findings and suggest measures to address any areas of concern cited by them.