

ACTION FINANCIAL SERVICES (INDIA) LTD.



**Fourteenth
Annual Report
2006-2007**

Action Financial Services (India) Ltd.

**THE ACTION TEAM**

Mr. Milan R. Parekh	- Chairman & Managing Director
Mr. Bakul R. Parekh	- Jt. Managing Director
Mr. Pranav M. Doshi	- Director
Mr. Nirav K. Sanghavi	- Director
Mr. Sujir R. Nayak	- Director

**AUDIT, REMUNERATION &
SHAREHOLDERS / INVESTORS' GRIEVANCE COMMITTEE**

Mr. Pranav M. Doshi

Mr. Nirav K. Sanghavi

Mr. Sujir R. Nayak

ACTION'S BELIEF

- "If we don't take care of the customer...
somebody else will."*
- "The customer is our reason for being here."*
- "A satisfied customer is the business
strategy of all."*
- "There is only one boss. The customer and
he can fire everybody in the company from
the chairman on down, simply by spending
his money somewhere else."*
- "It takes less effort to keep an old
customer satisfied than to get new
customer interested."*
- "Your most unhappy customers are your
greatest source of learning."*

..Anonymous..

CONTENTS**Pages**

Notice	3
Director's Report	11
Corporate Governance Report	21
Management Discussion & Analysis	22
Auditor's Report	23
Balance Sheet	25
Profit & Loss Account	26
Schedules	27
Cash Flow Statement	36
Proxy Form	38

Auditors	: Ford, Rhodes, Parks & Co. Chartered Accountants
Bankers	: Bank of India Citibank N.A. HDFC Bank Ltd. ICICI Bank Ltd. ING Vysya Bank Ltd. Progressive Co-op. 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.: 25963838 Fax : 25672693
Registered Office & Broking Division	: 31, 4th Floor, Rajgir Chambers, 12/14, Shahid Bhagatsingh Road Fort, Mumbai- 400 001. Tel. 4062 4444 Fax : 4062 4445 / 46
Securities Banking Cell (Depository Participant of NSDL)	: 46/47 and 54, Rajgir Chambers, 6th Floor, 12/14, Shahid Bhagatsingh Road, Fort, Mumbai- 400 001. Tel. 4062 4444 Fax : 4062 4447
Branch with BSE Terminals	: Mumbai (Borivali, Fort, Matunga) Bokaro, Dharmavaram, Dhanbad and Surat.
Branch with NSE Terminals	: Mumbai (Bhayendar, Fort), Bokaro and Dhanbad
Depository Branches	: Mumbai (Dadar, Fort), Ranchi, Ahmedabad Kakinada, Mysore and Bokaro
Listed At	: Mumbai

Action Financial Services (India) Ltd.

NOTICE

NOTICE is hereby given that the 14th ANNUAL GENERAL MEETING of ACTION FINANCIAL SERVICES (INDIA) LIMITED will be held on 29th September, 2007 at the registered office of the company at 31, Rajgir Chambers, 12/14, Sahid 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 year ended 31st.March, 2007 and the Balance Sheet as on that date together with the Report of the Directors and Auditors thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Shri Pranav M. Doshi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Nirav K. Sanghavi, who retires by rotation and being eligible offers himself for re-appointment.
5. 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:

6. To consider and if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:
" RESOLVED THAT pursuant to the provisions of section 198, 269,309 read with the provisions of schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such other approval as may be required, the consent 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 with effect from 1st October, 2007, on the remuneration, perquisites, benefits and other terms and conditions as given below:

SALARY:

Gross Salary Rs. 1,00,000/- (Rupees One lakh only) per month inclusive of all perquisites. The Board may review the salary on completion of each year of tenure.

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.

Minimum Remuneration:

In the event of loss or inadequacy of profits in any year during the term of office of the Managing Director, the same remuneration as stated above shall be payable to him as minimum remuneration subject to the limits prescribed under the provisions of the Companies Act, 1956 read with Schedule XIII thereof.

RESOLVED FURTHER THAT the Board of Director or any committee thereof, be and is hereby authorised to do all such acts, deeds, matters and things including revising the remuneration, perquisites and other terms as may be necessary, within the limit prescribed under the provisions of the Companies Act, 1956 read with Schedule XIII thereof, for giving effect to this resolution."

7. 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 read with the provisions of schedule XIII and

other applicable provisions of the Companies Act, 1956 and subject to such other approval as may be required, the consent 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 with effect from 1st October, 2007, on the remuneration, perquisites, benefits and other terms and conditions as given below:

SALARY:

Gross Salary Rs. 95000/- (Rupees Ninety Five Thousand only) per month. The Board may review the salary on completion of each year of tenure.

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.

Minimum Remuneration:

In the event of loss or inadequacy of profits in any year during the term of office of the Joint Managing Director, the same remuneration as stated above shall be payable to him as minimum remuneration subject to the limits prescribed under the provisions of the Companies Act, 1956 read with Schedule XIII thereof.

RESOLVED FURTHER THAT the Board of Director or any committee thereof, be and is hereby authorised to do all such acts, deeds, matters and things including revising the remuneration, perquisites and other terms as may be necessary, within the limit prescribed under the provisions of the Companies Act, 1956 read with Schedule XIII thereof, for giving effect to this resolution."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as Special Resolution: "RESOLVED THAT out of unissued portion of the Authorised preference share capital of the company consisting of 2,00,000 (Two Lakhs) Preference shares of Rs. 100/- (Rupees One Hundred only) each aggregating Rs. 2,00,00,000 (Rupees Two Crores only) be reclassified into and as 20,00,000 (Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten 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."
9. 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 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be altered by addition thereto the following new Article 4A immediately after the existing Article 4 of the Articles of Association of the company:
- 4A. The company shall have the powers to issue all kinds of warrants and other financial instruments, whether tradable or not, and whether convertible into equity / preference shares at the option of the holders of such warrants / other financial instruments or not, as may be approved / decided / modified by the company in general meeting or special meeting of the holders of such warrants / other financial instruments, and subject to such other terms and conditions governing the said issue, as may be permitted by the Act and other applicable laws for the time being in force and subject to such other guidelines of appropriate body / authority, being in force for the time being and governing such issue. And the equity shares or Preference shares arising out of such conversion of warrants / other financial instruments shall have the same meaning as defined in these presents and all the provisions in these presents applicable to equity share and preference shares, as the case may be, shall in the same manner shares shall apply to equity shares or preference shares arising out of conversion as stated herein.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as may be required to put the resolution in force.

Action Financial Services (India) Ltd.

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:
- “RESOLVED THAT in accordance with and subject to the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the company and Listing Agreement entered into by the company with the stock exchanges where the shares of the company are listed, the subsisting rules, regulations, guidelines and clarifications issued by the Securities and Exchange Board of India (SEBI) or any other relevant authorities and further subject to approvals of all other concerned institutions and authorities, if any, to the extent necessary, and such other approvals, permissions and sanctions, as may be necessary, and subject to the conditions and modifications as may be imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the 'Board') and/or any duly authorised committee thereof for the time being exercising the powers conferred by the Board in that behalf, consent and approval be and same are hereby accorded to the Board to issue/offer and allot up to 910000 warrants of Rs.19.25 each, convertible, at the option of the warrant holders within the aggregate period of 18 months from the date of allotment of the warrants into 910000 Equity shares of Rs. 10/- each at a premium of Rs. 9.25 per share, as determined in accordance with the relevant Guidelines issued by the SEBI, to promoters of the Company, (hereinafter referred to as 'promoters') Mr.Milan R. Parekh (3,10,000 warrants) and Mr. Bakul R Parekh (6,00,000 warrants) on preferential basis, subject to the following:
- the Warrants and the equity shares to be offered and allotted upon conversion shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
 - the 'relevant date' within the meaning of the Explanation 13.1.1.1. of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 for the purpose of determination of applicable price for the issue of above mentioned warrants and equity shares arising out of their conversion is 31.08.2007.
 - the equity shares to be allotted on conversion of the Warrants shall rank pari passu with the existing equity shares of the Company in all respects.
 - the said 910000 warrants to be issued to the promoters would qualify for conversion in the following manner, into equivalent number of equity shares of Rs. 10/- each at a premium of Rs. 9.25 per share in one or more tranches, however, subject to the condition that no conversion of warrants issued under the sanction of this resolution shall be admissible after a period of 18 months from the date of allotment.
 - the first option of conversion of 450000 warrants into equity shares shall be exercised before the closure of the current financial year ended on 31st March, 2008 and
 - the second option of conversion of balance 460000 warrants into equity shares shall be exercised after the current financial year ending on 31st March, 2008 but before the completion of 18 months from the date of allotment.
 - an amount equal to 10% of the price fixed under Clause 13.1.1.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 in relation to each of the warrant shall be paid upfront by the promoters at the time of allotment of the warrants and the same shall be adjusted against the price payable for the subsequent allotment of equity shares, as and when made, against the warrants. Further in the event the option of conversion of warrants into equity shares is not exercised by the warrant holders in terms of this resolution, the up front payment of 10% shall be forfeited.
 - In no case such conversion of warrants into the equity shares shall be in violation of any of the provisions of the SEBI's (Substantial Acquisition of Shares and Take over) Regulation

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as the Board or Committee thereof may deem fit.”

11. To consider and, if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:-
- “RESOLVED THAT in accordance and subject to with the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association

of the company and Listing Agreement entered into by the company with the stock exchanges where the shares of the company are listed, the subsisting rules, regulations, guidelines and clarifications issued by the Securities and Exchange Board of India (SEBI) or any other relevant authorities and further subject to approvals of all other concerned institutions and authorities, if any, to the extent necessary, and such other approvals, permissions and sanctions, as may be necessary, and subject to the conditions and modifications as may be imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the 'Board') and/or any duly authorised committee thereof for the time being exercising the powers conferred by the Board in that behalf, consent and approval be and same are hereby accorded to the Board to issue/offer and allot up to 10,90,000 warrants of Rs. 19.25 each, convertible, at the option of the warrant holders within the aggregate period of 18 months from the date of allotment of the warrants into 10,90,000 Equity shares of Rs. 10/- each at a premium of Rs. 9.25 per share, as determined in accordance with the relevant Guidelines issued by the SEBI, of which 7,00,000 warrants to be issued to Hemant J. Ashar HUF, 1,50,000 warrants to be issued to Mr. Biren V. Savla, 75,000 warrants to be issued to Mr. Virendra b. Gala, 75,000 warrants to be issued to Mrs. Jigna V. Gala and 90,000 warrants be issued to Mr. Janak B. Bhalaria,, (hereinafter referred to as 'investors') on preferential basis, subject to the following:

- a. the Warrants and the equity shares to be offered and allotted upon conversion shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- b. the 'relevant date' within the meaning of the Explanation 13.1.1.1. of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 for the purpose of determination of applicable price for the issue of above mentioned warrants and equity shares arising out of their conversion is 31.08.2007..
- c. the equity shares to be allotted on conversion of the Warrants shall rank pari passu with the existing equity shares of the Company in all respects
- d. the said 10,90,000 warrants to be issued to the investors would qualify for conversion into equivalent number of equity shares of Rs. 10/- each at a premium of Rs.9.25 per share in one or more tranches, however, subject to the condition that no conversion of warrants issued under the sanction of this resolution shall be admissible after a period of 18 months from the date of allotment.
- e. an amount equal to a minimum of 10% of the price fixed under Clause 13.1.1.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 in relation to each of the warrant shall be paid upfront by the investors at the time of allotment of the warrants and the same shall be adjusted against the price payable for the subsequent allotment of equity shares, as and when made, against the warrants. Further in the event the option of conversion of warrants into equity shares is not exercised by the warrant holders in terms of this resolution, the up front payment shall be forfeited
- f. in no case such conversion of warrants into the equity shares shall be in violation of any of the provisions of the SEBI's (Substantial Acquisition of In no case such conversion Shares and Take over) Regulation 2000. RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as the Board or Committee thereof may deem fit."

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

By order of the Board

MILAN R. PAREKH
Chairman & Managing Director

Date: 5th September, 2007

Action Financial Services (India) Ltd.

Notes:

- 1) A 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 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 28th September 2007 to 29th September 2007 (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 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.

DETAIL OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT BY THE SHAREHOLDERS OF THE COMPANY AT THE ENSUING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF LISTING AGREEMENT)		
Name of the Director	Mr. Pranav M. Doshi	Mr. Nirav K. Sanghavi
Address	Flat No. 25, 9th Floor, 1st Bldg., Navjivan Soc., Lemington Road, Mumbai – 400 008.	Block No. 5, Prem Nagar, A-305, Near Vijaya Bank, Mumbai- 400 092
Date of Birth	29/10/1978	04/01/1981
Date of Appointment	21/08/2002	21/08/2002
Qualification	B.Com	---
Experience	10 Years	7 years
List of other companies in which directorships held	NIL	NIL

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

ITEM NO. 6 & 7:

The terms of appointment of Mr. Milan R. Parekh as Managing Director and Mr. Bakul R. Parekh as Joint Managing Director expire on 30th September, 2007. As you are aware that Mr. Milan R. Parekh is the main promoter of the company and because of his continuous efforts the company has reached to this stage. He has been instrumental in getting recognition and status that the company enjoys today in capital market. While Mr. Bakul R. Parekh is also one of the promoters and first Directors of the company. Mr. Bakul R. Parekh has got the vast experience of more than a decade in the secondary market in Mumbai Stock exchange. Because of his vast experience in the capital market and especially his expertise in the secondary market the Board has decided to entrust him the overall administration of secondary market operation.

In view of the increasing activities and future expansion programme of the company, your Board of Directors have proposed to re-appoint Mr. Milan R. Parekh as Managing Director and Mr. Bakul R. Parekh as Joint Managing Director, subject to approval of members and other authorities as may be required, with effect from 1st October, 2007 for a further period of Five years, on the such remuneration and other terms as embodied in the resolution of their respective appointment. 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.

Except Mr. Milan R. Parekh and Mr. Bakul R. Parekh no other Directors of the company are deemed to be concerned or interested in the resolution at item No. 6 and 7 of the accompanying notice.

ITEM No.8:

Presently the authorized capital of the company consist of 80,00,000 equity shares of Rs. 10/- each and 4,00,000 Preference shares of Rs. 100 /- each aggregating Rs. 12,00,00,000/- of which the equity share capital has been fully paid up. While out of the Preference share capital of Rs. 4,00,00,000/- the company has issued and allotted only 1,84,000 preference shares of Rs. 100/- each aggregating Rs. 1,84,00,000/-.

Out of the unissued preference share capital it is proposed to re-classify 2,00,000 Preference shares of Rs. 100/- each aggregating Rs. 200 Lakhs into 20 Lakhs Equity Shares of Rs. 10/- each so as to enable the company to issue the Warrants convertible into equity shares in terms of SEBI's guidelines or such other equity shares or equity linked instruments at appropriate time.

Consequent upon such re classification of unissued preference shares into equity shares the Article 3 of the Articles of Association and Clause V of the Memorandum stand altered so as to give effect to such re classification. Hence it is also proposed to alter the Memorandum and Articles of Association of the company.

Your Directors, therefore, recommend 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.

ITEM NO. 9:

To finance the long term financial requirement, it is proposed to issue and allot warrant convertible into equity shares of the company, subject to necessary approvals. To enable the company to issue said securities it is proposed to alter the Articles of Association by inserting a new Article 4A in the Articles of Association.

Your Directors, therefore, recommend 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.

ITEM NO. 10 & 11:

In view of increase in level of operations, the company needs induction of long term funds to meets its ongoing capital expenditure plans and working capital requirements. It is to mobilize a sum of Rs3,85,00,000 in stages through issue of 20,00,000 fully convertible warrants of Rs 19.25 each in the manner and on the terms and conditions mentioned in the resolution and hereinbelow. The disclosures in terms of 13.1A of SEBI (Disclosures and Investor Protection) Guidelines, 2000 are given as under:

1. The objects of the issue through preferential offer
Financing of the capital expenditure and working capital required to meet with the substantially increased operations. The proposed preferential allotment will strengthen the financial position of the Company.
2. Intention of Promoters/Directors/Key Management Persons to subscribe to the offer
Mr. Milan R. Parekh and Mr. Bakul R. Parekh, the promoters, would be subscribing in full to the proposed issue. While Hemant J. Ashar HUF, Mr. Biren V. Savla, Mr. Virendra B. Gala, Mrs. Jigna V. Gala and Mr. Janak B. Bhalaria, being investors, have indicated that they would be subscribing in full to the proposed issue.
3. Shareholding Pattern of the Company before and after the offer

Action Financial Services (India) Ltd.

The shareholding pattern pre and post allotment of warrants (assuming conversion of all warrants into equity shares) based on present capital structure is as under

Capital Structure :

Sr. No.	Category	Pre issue No. of Shares	%	Post Issue No. of Shares	%
A	PROMOTERS HOLDING				
1.	Indian Promoters	3434345	42.93	4344345	43.44
B.	NON- PROMOTER HOLDING				
2.	Institutional Investors				
a.	Mutual Funds	2500	00.03	2500	00.03
3.	Others				
a.	Private Corporate Bodies	631503	7.89	631503	6.32
b.	Indian Public	3776332	47.21	4866332	48.66
c.	NRI's / OCBs	155320	1.94	155320	1.55
	TOTAL:	8000000	100.00	10000000	100.00

The existing promoters will continue to be in control of the Company and there will not be any change in the management control of the company as a result of the proposed preferential allotment.

The shareholding pattern mentioned above would undergo changes to the extent of the equity shares allotted pursuant to the exercise of option by the warrant holder.

The Shareholding pattern will undergo changes twice, that is to say, once at the time of exercising the option for the first time before the closure of current financial year ended on 31st March, 2008 and secondly at the time of exercising the option of conversion by the promoters after the closure of current financial year but before the end on 18 months from the date of allotment of the warrants. The shareholding pattern will undergo change as well when the investor exercises the option to convert the warrant into equity shares in terms of the present issue.

4. Proposed time within which the allotment shall be completed
The proposed issue and allotment of the warrants shall be completed within a period of 15 days from the date of approval of the issue by the shareholders of the company or where any other approval is required from Stock Exchanges, regulatory authorities or the Central Government, 15 days from the date of the receipt of such approval, whichever is later. The exercise of the option of conversion of the warrants into equity shares shall be completed within a period of 18 months from the date of allotment of warrants.
5. The identity of the proposed allotment and the percentage of pre and post Preferential issue Capital that may be held by them is as under (Base on the present capital structure)
It is proposed to issue and allot
 - (i) 3,10,000 convertible warrants to Mr. Milan R. Parekh (promoter of the company)
 - (ii) 6,00,000 convertible warrants to Mr. Bakul R. Parekh, (promoter of the company)
 - (iii) 7,00,000 convertible warrants to Hemant J. Ashar (HUF) (Investor)
 - (iv) 1,50,000 convertible warrants to Mr. Biren V. Savla (Investor)
 - (v) 75,000 convertible warrants to Mr. Virendra B. Gala (Investor)
 - (vi) 75,000 convertible warrants to Mrs. Jigna V. Gala (Investor)
 - (vii) 90,000 convertible warrants to Janak B. Bhalaria (Investor)

Mr. Milan R. Parekh, promoter and the Chairman and Managing Director of the company presently holds 20,24,256 equity shares in the paid up capital of the company constituting 25.30% of the total voting capital while Mr. Bakul R. Parekh promoter and the Joint Managing Director of the company presently holds 13,66,489 equity shares in the paid up capital of the company constituting 17.08% of the total voting capital, putting both together they hold 33,90,745 equity shares in the paid up capital of the company constituting 42.38 % of the total voting capital.

Presently, the promoters, alongwith the persons acting in concert, hold 42.93% of the total voting capital and after exercising full option of conversion of warrants into equity shares the promoters holding shall stand at 43.44 % of the total voting capital of the company.

The holding of Mr. Milan R. Parekh and Mr. Bakul R. Parekh, after the proposed allotment of convertible warrants and equity shares arising out of exercising the option of first conversion prior to the closure of the current financial year ending on 31st March, 2008 thereof would be 38,40,745 equity shares constituting 40.26 % of the voting capital of