

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



**Fifteenth
Annual Report
2007-2008**



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..

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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, Grant Road, Vile Parle), Bokaro, Dharmavaram, Mangalore Dhanbad, Surat and Bharuch.
Branch with NSE Terminals	: Mumbai (Bhayendar, Fort, Dahisar, Vidya Vihar, Vile Parle), Bokaro, Dhanbad, Surat, Mangalore and Baroda
Depository Branches	: Mumbai (Dadar, Fort), Ranchi, Ahmedabad, Anantpur, Kakinada, Mysore, Bokaro, Surat, Mangalore and Baroda
Listed At	: Mumbai

Action Financial Services (India) Ltd.

NOTICE

NOTICE is hereby given that the 15th ANNUAL GENERAL MEETING of ACTION FINANCIAL SERVICES (INDIA) LIMITED will be held on 26th September, 2008 at the registered office of the company at 31, Rajgir Chambers, 12/14, Sahid Bhagatsingh Road, 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, 2008 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 Sujir Nayak, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Bakul R. Parekh, 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."

Registered office:
31, Rajgir Chambers,
12/14, Sahid Bhagatsingh Road,
Mumbai - 400 001.

By order of the Board

MILAN R. PAREKH
Chairman & Managing Director

Date: 25th August, 2008

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) The Register of Members and Share Transfer Books of the company will remain closed from 23rd September 2008 to 26th September 2008 (both days inclusive).
- 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 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.

- 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.

DETAIL OF DIRECTORS SEEKING 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. Sujir R. Nayak	Mr. Bakul R. Parekh
Address	203, Laxminagar Apts., Kodiabail, Mangalore Pin - 575003	7, 3rd Flr, Ashish Bldg., Sion Matunga Main Rd., Sion, Mumbai-400022
Date of Birth	08-01-1953	30-03-1963
Date of Appointment	29-11-2006	01-10-2002
Qualification	Chartered Accountant	B. Com.
Experience	Over 25 Years of Capital Market Experience	Over 20 Years of Capital Market Experience
List of other companies in which director ships held	Nil	Action Securities Limited

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 15th Annual Report of your Company together with the Audited statement of accounts for the year ended 31st March, 2008.

1. FINANCIAL RESULTS:

Financial Results	Year Ended 31st March, 2008	Year Ended 31st March, 2007
Profit / (Loss) Before Interest & Depreciation	12,847,720	6,226,635
Interest	3,324,518	1,955,993
Depreciation	2,018,415	1,903,640
Profit / (Loss) Before Tax	7,504,787	2,367,003
Taxation		
- Current Year	3,585,000	77,000
- Earlier Years	358,441	-
- Deferred Tax (written back)	(239,557)	(2,583,631)
Profit / (Loss) After Tax	3,800,903	4,873,634
Profit/(Loss) brought forward from Previous Year	14,849,156	12,128,230
Profit available for appropriations	18,650,059	17,001,864
Appropriation as under:		
Transfer to Capital Redemption Reserve	10,120,000	-
Dividend on preference Shares	1,809,585	1,840,000
Tax on Dividend	307,539	312,708
Profit/(Loss) carried forward to the Balance Sheet	6,412,935	14,849,156
Paid Up Equity Share Capital	8,390,000	8,000,000
Earning Per Share Re 10/- Paid up – Basic EPS	0.21	0.34
- Diluted EPS	0.19	0.31

During the financial year 2007-2008 company earned operating profit of Rs. 12,847,720/- against the operating profit of Rs. 6,226,635/- previous year while the net profit stood at Rs. 3,800,903/- against Rs. 4,873,634/- in the previous year. During the year under review the company had sold some shares of BSE Ltd. and BGSE Ltd., which has resulted in higher profitability.

2. DIVIDEND:**2.1 On Preference Shares:**

Directors are glad to recommend a Dividend @ 10% p.a. on 184,000 Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up for the year ended 31st March, 2008 on pro-rata basis.

2.2 On Equity Shares:

With a view to conserve resources, your Directors do not recommend any dividend for the year under review.

3. OPERATIONS:**OVERVIEW:**

During the financial year 2007-08 due to high market volumes and boom in share market activities, company's gross receipt was very high compare to previous year. Company has started business at various new places and created a large clientele base. Further company has recently got the membership of Currency Derivatives with NSE, operation of which is scheduled to commence from 29th August 2008. Management predicts a huge growth in business due to increase in retail and institutional clients.

REVIEW Of BUSINESS DIVISIONS :**3.1 Broking Division:**

Company has opened 9 New branches / sub-brokers all over the country, for the purpose of access to wide business opportunities available in remote areas. This has resulted into increase in clientele base of the company. During the year company had taken an additional office on lease in Mumbai to boost its broking activities. During the year Company has made a gross turnover of Rs. 2075 crores in cash segment and Rs. 1,126 crores in F&O Segment as compared to Rs. 1591 crores in cash segment and 428 crores in F&O segment (in the previous year.)

3.2 Depository Division:

Company has completed 11 years as a Depository Participant. Company is holding approximately Rs.1,200 Crores worth stock on behalf of clients as on 31st March 2008.

Company has registered with NSDL for Internet based IDeAS facility for the convenience of the Investor to view latest holding with valuation as well as transactions. Company has also its own website through which client can view previous day holding, transaction and ledger balances.

Company has introduced various tariff Schemes for clients as per their requirement & convenience. As a result of flexible working hours, experienced staff, timely information to clients regarding failure of instructions, acceptance of last minute Pay-In instructions, less processing time, etc. clients of other Brokers also prefer to open their Demat Accounts with us. Key areas of service are retail clientele, clearing members and promoters of various companies. DP Division caters to 28 Clearing Members Pool Account and maintains 62 Promoters Accounts.

The company has started branches at Surat & Bokaro.

3.3 PRIMARY MARKET & MUTUAL FUND DISTRIBUTION:

During the year there was huge rush for various Initial Public Offering, which also received good response from public. As our company has a good distribution channels set up across the country, it had given us chance to make good profit.

4. FUTURE OUTLOOK & EXPANSION PLAN:

Year 2007-08 was a very memorable year for the country as well as the Indian Capital Markets. India's GDP growth for the year was around 8.7%, though slightly lower previous year, but was on a growth track. Indian capital markets had achieved new heights during the year with benchmark indices climbing upto new highs every month. Despite the robust growth, the last quarter of the financial year was a set back for stock market where the indices fell almost 35%.

The start of the current financial year 2008-09 was not very encouraging with the indices making new lows every month during the first half of the year. It was prompted by heavy withdrawals by foreign funds coupled with worldwide slowdown and rising inflation. The company expects this slump may continue for few more weeks, but it forecast a bright days ahead in the capital market. We expect the Bull Run to resume in the second half of this financial year

Your company has got registration for trading in currency derivatives, operations of which would have commenced by the time you get this annual report. This segment is expected to open up new avenues in the capital market.

We have in pipeline various braches, awaiting the legal formalities to be completed and we expect these to start operation in next few months. This will generate good revenue over the coming period and enhance the profitability of the company. We are further planning to launch online trading facilities for the ease of clients, expected to bring more clientele base.

5. BOARD OF DIRECTORS

Mr. Sujir R. Nayak and Mr. Bakul R. Parekh retire by rotation at ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

You are requested to appoint them.

6. 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 standard had been followed along with proper explanation relating to material departure;
- b. The directors had selected such accounting policies and applied them consistently and made judgment and estimates

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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 profit or loss of the company for that period;

- c. The directors had 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 had prepared the annual accounts on a going concern basis.

7. SHARE CAPITAL:

During the financial year 2007-08 the Equity Share Capital of the Company has increase from Rs. 80,000,000/- to Rs. 83,900,000/- pursuant to conversion of 390,000 convertible warrants into 390,000 fully paid equity shares of Rs. 10/- each to the promoters.

During the financial year 2007-08 due to the redemption of 101,200 Preference Shares of Rs. 100/- each, the Preference share capital of the company has reduced from Rs.18,400,000/- to Rs. 8,280,000/-.

8. CORPORATE GOVERNANCE:

The Company has been following the principles and practices of good Corporate Governance and has ensured due compliance of the requirements stipulated under clause – 49 of the Listing Agreement with the stock Exchanges. A separate detailed report on Corporate Governance is given in 15th Annual Report.

A Certificate dated 25th August, 2008 issued by the company's Statutory Auditors in terms of clause – 49 of the Listing Agreement with Stock Exchanges is annexed to the said Corporate Governance Report.

9. SECRETARIAL AUDIT:

As directed by Securities and Exchange Board of India (SEBI) secretarial audit is being carried out at the specified periodicity by practicing Company Secretary. The findings of the secretarial audit were entirely satisfactory.

10. FIXED DEPOSITS

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

11. MANAGEMENT DISCUSSIONS AND ANALYSIS:

A Report on Management discussion and analysis given in the Annual Report is forming part of this report and it deals with the Operations & Business Performance, Expansion & Diversification, Research & Development etc.

12. AUDITORS & AUDITORS' REPORT:

M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Mumbai, the Company's Statutory Auditors, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. M/s. Ford, Rhodes, Parks & Co. have sought re-appointment and confirmed that their re-appointment shall be within the limits of Section 224(1B) of the Companies Act, 1956. The necessary eligibility certificate under Section 224(1B) of the Companies Act, 1956, has been received from them. The Audit Committee and Board of Directors recommend the appointment of M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, as the Auditors of the Company.

The notes to the accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

13. DECLARATION:

The Board has formulated a code of conduct for the Board members and senior management of the Company. All Board members and senior management personnel have affirmed their compliance with the code.

14. PARTICULARS OF EMPLOYEES:

Your Company had a compliment of 36 staff members. Your company continues its efforts to strengthen its human-resource base by arranging requisite training and varied exposure to its existing staff to enable to keep their skills updated. Since None of the employee is in receipt of remuneration for whole/ part of the year exceeding the limit prescribed u/s. 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the particulars have not been given.

15. Information Required Under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988:**15.1 Conservation of Energy:**

Company's operation involves no manufacturing or processing activities. The Company utilizes energy for lighting, air-conditioning and other office equipments at its offices. The Company's operations involve low energy consumption and wherever possible, energy conservation measures have already been implemented and there are no major areas where further conservation measures appear necessary. However, efforts to conserve and optimize the use of energy through improved operational methods and other mean will continue on an on-going basis.

15.2 Form of Disclosure of particulars with respect to absorption of Technology, research & Development (R & D):**FORM – B**

1. Specific areas in which R & D carried out by the Company	Nil
2. Benefits derived as a result of the above R & D	Nil
3. Future Plan of Action	Nil
4. Expenditure on R & D	Nil

15.3 Technology Absorption, Adaptation & Innovation:

There is no imported technology involved in the operations of the Company. The Company continues to focus its attention towards the rapid technological changes in the fields of its activity and trains the manpower continuously to improve the productivity. The technologies being used are VPN / CTCL.

15.4 Foreign exchange earning and out go:

Foreign Exchange Earned	Nil
Foreign Exchange Used	Nil

16. ACKNOWLEDGEMENT:

Your Directors wish to express their gratitude for the continuous assistance and support received from the investors, clients, bankers, regulatory and government authorities, during the year. Your Directors also wish to place on record their deep sense of appreciation for the contributions made and committed services rendered by the employees of the Company.

For and on behalf of the Board of Directors

Place: Mumbai

Milan R. Parekh

Date : 25th August, 2008

Chairman & Managing Director

'ANNEXURE I' TO DIRECTORS' REPORT**A. CORPORATE GOVERNANCE:**

The detailed report on corporate governance in the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

Mandatory Requirements:

1. Company's Philosophy:

The Company remains committed to the core aspect of Corporate Governance, viz. fairness, transparency, accountability and responsibility.

2. Board of Directors:**i. Composition and category of Directors:**

The Board of Directors comprises of Managing Director, Joint Managing Director and Four 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:

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 in other Domestic Companies as at the year ended
1. Mr. Milan R. Parekh	Chairman & Managing Director	20	Yes	1	1
2. Mr. Bakul R. Parekh	Jt. Managing Director	20	Yes	1	1
3. Mr. Pranav M. Doshi	Non-Executive Independent Director	20	Yes	Nil	Nil
4. Mr. Nirav K. Sanghavi	Non-Executive Independent Director	12	Yes	Nil	Nil
5. Mr. Sujir R. Nayak	Non-Executive Independent Director	12	No	Nil	Nil

A total of 18 Board meetings and 5 Audit Committee meetings were held during the year 2007-2008. The maximum interval between any two meetings was not more than 3 months. The Board meetings were held on 12.04.07, 19.04.07, 01.06.07, 05.07.07, 11.07.07, 26.07.07, 31.07.07, 09.08.07, 05.09.07, 29.09.07, 04.10.07, 12.10.07, 30.10.07, 13.11.07, 26.12.07, 30.01.08, 04.02.08, 25.02.08, 20.03.08, 25.03.08. All the Board meetings were held in Mumbai.

ii. Board's Responsibilities:

The Board's mandate is to oversee the company's strategic direction, review and monitor corporate performance, ensure regulatory compliance and safeguard the interest of shareholders.

iii. Role of Independent Directors:

The independent Directors play an important role in deliberation at the Board and Committee Meetings and bring to the company their expertise in the field of finance, management, law and public policy.

In terms of the Clause 49 of the Listing Agreement, the Audit Committee and shareholders/Investors Grievance Committee are chaired by an Independent Director and said committee's functions are within the defined terms of reference. The minutes of committee meetings are circulated and discussed in Board meetings.

iv. Relationship of Directors with each other, if any:

Mr. Milan R. Parekh, Chairman & Mg. Director and Mr. Bakul R. Parekh, Joint Managing Director are Brothers.

v. Notes on Directors seeking re-appointment:

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Bakul R. Parekh and Mr. Sujir R. Nayak Directors, retire by rotation at the ensuing annual general meeting to be held on 26th September 2008 and being eligible, they are seeking re-appointment at this meeting.