

**ACTION
FINANCIAL
SERVICES
(INDIA)
LIMITED**



**Nineteenth
Annual Report
2011-2012**

Action Financial Services (India) Limited



THE ACTION TEAM

| | |
|------------------------------------|--------------------------------|
| Mr. Milan R. Parekh | - Chairman & Managing Director |
| Mr. Bakul R. Parekh | - Jt. Managing Director |
| Mr. Harbhajan Singh Dhillon | - Director |
| Mr. Atul A. Zatakia | - Director |
| Mr. Ketan H. Mehta | - Director |

AUDIT, REMUNERATION & SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Mr. Harbhajan Singh Dhillon
Mr. Atul A. Zatakia
Mr. Ketan H. Mehta

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 HDFC Bank Ltd. ICICI Bank Ltd. |
| REGISTRAR & SHARE TRANSFER AGENT | : M/s. Link Intime India Private Limited. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078. Tel.: 2596 3838 Fax : 2567 2693 |
| REGISTERED OFFICE & BROKING DIVISION | : 31, 4th Floor, Rajgir Chambers, 12/14, Shahid Bhagatsingh Road, Fort, Mumbai- 400 001. Tel. 4062 4444 Fax: 4062 4446 / 47 Email ID : actionfin@actionfin.com Website : www.actionfin.com |
| SECURITIES BANKING CELL (Depository Participant of NSDL) | : 31, 4th Floor, Rajgir Chambers, 12/14, Shahid Bhagatsingh Road, Fort, Mumbai- 400 001. Tel. 4062 4444 Fax: 4062 4446 |
| BRANCH WITH BSE TERMINALS | : Mumbai (Fort, Matunga, Borivali), Surat, Bokaro, Dharmavaram & Valsad |
| BRANCH WITH NSE TERMINALS | : Mumbai (Fort), Mumbai Central, Vaslad, Bokaro, Dhanbad, Surat, & Dharmavaram |
| DEPOSITORY BRANCHES | : Mumbai (Fort), Ahmedabad, Bokaro, Kakinada & Valsad |
| LISTED AT | : Mumbai |

Action Financial Services (India) Limited

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of Action Financial Services (India) Limited will be held at the Registered Office of the Company at 31, Rajgir Chambers, 12/14, Sahid Bhagat Singh Road, Fort, Mumbai - 400 001 on 29th September, 2012 at 10.00a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Statement of Profit & Loss Account for the year ended as on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Atul A. Zatakia, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ketan H. Mehta, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

Appointment of Mr. Harbhajan Singh Dhillon as a Director

"RESOLVED THAT Mr. Harbhajan Singh Dhillon who was appointed as Additional Director of the Company by the Board of Directors, who holds office under Section 260 of the companies Act, 1956, until the date of the Annual General Meeting and in the respect of whom the company has received notice in writing under section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, who has given his consent to act as Director and declaration in Form DD-A, be and is hereby appointed as a Director of the company liable to retire by rotation."

6. Re-appointment of Mr. Milan R. Parekh, Managing Director

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 198, 269, 309 and other provisions, as applicable of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the Company hereby accord its approval to the re-appointment of Mr. Milan R. Parekh, as Managing Director of the Company for a period of Three years effective from 1.10.2012 to

30.09.2015, on the terms and conditions including remuneration as set out herein below with power to the Board of Directors/ Committee authorized by the Board to alter or determine the conditions thereof from time to time:

(a) Salary:

Rs. 1,75,000/- (Rupees One Lakh Seventy Five Thousand only) per month with annual increment not exceeding 25%.

(b) Perquisites: -

In addition to the salary as above, he will also be entitled to the following perquisites:

Fully Furnished Accommodation, Leave Travel Concession, Medical Reimbursement, Club Fees, Personal Accident Insurance, Key man insurance, Car with Driver, Telephone at Residence, Mobile, internet etc.

He shall also be eligible to following benefits:

* Contribution to provident fund, superannuation fund or annuity fund to the extent, that these either singly or put together are not taxable under the Income Tax Act, 1961.

* Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

* Leave Encashment at the end of the tenure.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, in any financial year, the remuneration payable to the Managing Director shall be within the limits stated in sub Section II (B) of the Part II of the Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

RESOLVED FURTHER THAT the Board of Directors/ Committee authorized by the Board of the Company be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this resolution as may be deemed fit or expedient or proper, from time to time, which may have the effect of increasing the remuneration or perquisites or benefits and for the purpose of giving effect to this resolution the Board of Directors/ Committee authorized by the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company."

7 Re-appointment of Mr. Bakul R. Parekh, Jt. Managing Director

To consider and, if thought fit, to pass with or without modification(s) the

Action Financial Services (India) Limited

following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 198, 269, 309 and other provisions, as applicable of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the Company hereby accord its approval to the re-appointment of Mr. Bakul R. Parekh, Jt. Managing Director of the Company for a period of Three years effective from 1.10.2012 to 30.09.2015, on the terms and conditions including remuneration as set out herein below with power to the Board of Directors/ Committee authorized by the Board to alter or determine the conditions thereof from time to time:

(a) Salary:

Rs. 1,75,000/- (Rupees One Lakh Seventy Five Thousand only) per month with annual increment not exceeding 25%.

(b) Perquisites: -

In addition to the salary as above, he will also be entitled to the following perquisites:

Fully Furnished Accommodation, Leave Travel Concession, Medical Reimbursement, Club Fees, Personal Accident Insurance, Key man insurance, Car with Driver, Telephone at Residence, Mobile, internet etc.

He shall also be eligible to following benefits:

* Contribution to provident fund, superannuation fund or annuity fund to the extent, that these either singly or put together are not taxable under the Income Tax Act, 1961.

* Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

* Leave Encashment at the end of the tenure.

RESOLVED FURTHER THAT notwithstanding anything contained herein above, in any financial year, the remuneration payable to the Jt. Managing Director shall be within the limits stated in sub Section II (B) of the Part II of the Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

RESOLVED FURTHER THAT the Board of Directors/ Committee authorized by the Board of the Company be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this resolution as may be deemed fit or expedient or proper, from time to time, which may have the effect of increasing the remuneration or perquisites or benefits and for the purpose of giving effect to this resolution the Board of Directors/ Committee authorized by the Board be and is

hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

Increase in the Authorised Share Capital and alteration of Capital Clause in the Memorandum & Articles of Association of the Company:

"RESOLVED THAT pursuant to provisions of Section 94 of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force), and as authorised by Article No. 3 of Articles of Association, the authorised capital of the company be and is hereby increased from Rs. 13,00,00,000/- (Rupees Thirteen Crores Only) divided into 1,20,00,00 equity shares of Rs. 10/- (Rupees Ten Only) and 1,00,000 preference shares Rs.100/- each to Rs.15,00,00,000 (Rupees Fifteen Crores Only) divided into 1,40,00,000 equity shares of Rs.10/-(Rupees Ten Only) each and 1,00,000 preference shares Rs.100/- each."

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

Alteration Clause V of Memorandum of Association due to increase in authorized share capital:

"RESOLVED that pursuant to the provisions of section 16 and other applicable provisions of the Companies Act, 1956, in the existing Clause V of the Memorandum of Association of the Company, for the existing words and figures:

"Rs.13,00,00,000/- (Rupees Thirteen Crores Only) divided into 1,20,00,000 equity shares of Rs. 10/- (Rupees Ten Only) and 1,00,000 preference shares of Rs.100/- each." The following words and figures & hereby substituted i.e.

Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,40,00,000 equity shares of Rs.10/- (Rupees Ten Only) each, and 1,00,000 preference shares of Rs.100/- each.

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

Alteration Articles no. 3 of Articles of Association due to increase in authorized share capital

"RESOLVED that pursuant to the provisions of section 31 and other applicable provisions of the Companies Act, 1956, in the existing Articles

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No. 3 of the Articles of Association of the Company, be altered for the existing words and figures:

"Rs. 13,00,00,000/- (Rupees Thirteen Crores Only) divided into 1,20,00,000 equity shares of Rs. 10/- (Rupees Ten Only), and 1,00,000 preference shares of Rs.100/- each." The following words and figures be and are hereby substituted i.e.

Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,40,00,000 equity shares of Rs.10/- (Rupees Ten Only) each and 1,00,000 preference shares of 100 each."

11. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

Issue of Further shares

"RESOLVED THAT in accordance with the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, SEBI, (including any statutory modification or re-enactment thereof, for the time being in force), of the prevailing Guidelines governing the preferential issue of shares, and in the terms of the Memorandum and Articles of Association of the company and the Listing Agreement entered into by the company with the Stock Exchange/s and further subject to approvals of all other concerned institutions and authorities, if any, and to the extent 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 authorized committee thereof, for the time being exercising the powers conferred by the Board) in that behalf, the consent and approval of the members be and are hereby accorded to the Board to issue/offer 23,24,800 Equity Shares of Rs. 10/- and 12,30,000 warrants of Rs. 10/- each entitling one fully paid equity share against one warrant for cash at a price not less than price to be calculated with reference to Regulation 76 of SEBI (ICDR), 2009 as the Board in its sole discretion may at any time or time hereafter decide to selected persons as stated below on preferential issue, in one or more trenches on such terms and conditions as the Board or Committee thereof may in its absolute discretion think fit on the following terms and conditions

- (i) The equity shares to be issued shall be subject to Memorandum and Articles of Association of the Company;
- (ii) The equity shares to be issued shall rank *pari passu* in all respects with the existing equity shares of the company including right to dividend; and.

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- (iii) An amount equivalent to at least twenty five per cent of the price to be calculated as above shall become payable for the warrants on or before the date of the allotment and balance amount shall be paid before the exchange of warrants for equity shares otherwise the said amount be forfeited, in case the option to acquire Equity Shares is not exercised within period of 18 months from the date of issue of warrants.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or Committee thereof be and is hereby authorized 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."

For and on Behalf of the Board

Registered Office:

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

Sd/-

MILAN R. PAREKH

Date: 28th August, 2012

Chairman & Managing Director

Action Financial Services (India) Limited

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 proxy so appointed need not be a member of the company. In order to be effective, proxy form must be lodged with the company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statements Pursuant to Section 173 (2) of the Companies Act 1956, relating to the special business is annexed herewith.-
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
4. The register of members and the share transfer books of the Company will remain closed from 26.9.2012 to 29.9.2012 (both days inclusive).
5. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are requested to bring their copies of Annual Report at the time of attending the Annual General Meeting.
8. Members who hold shares in electronic form are requested to write their DP ID and client ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilities identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting. As copies of Annual Report will not be distributed at the meeting.
9. Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.
10. At the ensuing Annual General Meeting Mr. Atul A. Zatakia and Mr. Ketan H. Mehta retire by rotation and are being proposed for re appointment as Directors, and Mr. Harbhajan Singh Dhillon is being appointed as Director, the detail as required under Clause 49 (IV)(v) of the Listing Agreement is given below: