



MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	file		AC	✓
AGM	✓	✓	Stt	✓
YE	✓	✓		✓

## ANNUAL REPORT 1996 - '97



**MAGNUM**  
**FINCAP LIMITED**

**BOARD OF DIRECTORS :**

DR. GITESH K. SHAH	VICE-CHAIRMAN & MANAGING DIRECTOR
MRS. SUHASINI J. VYAS	DIRECTOR
SHRI MUKESH M. PATEL	DIRECTOR
SHRI GIRISH N. THAKER	DIRECTOR
SHRI PRABHUDAS S. PATEL	DIRECTOR
SHRI ANIL G. PATEL	DIRECTOR
SHRI PARESH N. PATEL	(Alternate to Anil G. Patel)

**COMPANY SECRETARY**

SHRI MADHUKAR N. PANDYA

**AUDITORS :**

M/S.ASIM MEHTA & ASSOCIATES,  
CHARTERED ACCOUNTANTS,  
AHMEDABAD

**BANKERS :**

INDUSIND BANK LTD.  
AHMEDABAD

DENA BANK  
AHMEDABAD

**REGISTERED OFFICE :**

3RD FLOOR, SMIT COMPLEX,  
CHOICE LANE, OFF C.G.ROAD,  
NAVRANGPURA,  
AHMEDABAD-380 009



MAGNUM FINCAP LIMITED

## MAGNUM FINCAP LIMITED

REGD.OFFICE: 3RD FLOOR, SMIT COMPLEX, CHOICE LANE, OFF C.G. ROAD,  
NAVRANGPURA, AHMEDABAD - 380 009

## NOTICE

NOTICE is hereby given that an Extra Ordinary General Meeting of the Company will be held on Thursday, the 28th day of August, 1997 at 11.30 a.m. or immediately after conclusion of the Fifth Annual General Meeting of the Company whichever is later at the Meeting Hall of Ahmedabad Textile Mill Owners' Association, Ashram Road, Ahmedabad - 380 009 to transact the following business :

## SPECIAL BUSINESS :

1. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each to Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 20,00,000 (Twenty Lacs) Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each by creation of 20,00,000 Redeemable Preference Shares subject to the terms and conditions laid down in Section 80 of the Companies Act, 1956."

2. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in place and instead thereof the following as new Clause V :

V : The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 20,00,000 (Twenty Lacs) Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 4 of the Articles of Association of the Company be and is hereby amended by deleting the same and substituting in place and instead thereof the following as new Article 4 :

4 : The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 20,00,000 (Twenty Lacs) Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) each capable of being increased or decreased in accordance with the Company's regulations and legislative provisions for the time being in that behalf."

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

"RESOLVED THAT pursuant to Section 80, 81(1A), 94 and other applicable provisions, if any, of the Companies Act, 1956 and relevant provisions of the Memorandum and Articles of Association of the Company and subject to necessary approval, consent, permission and/or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, the Board of Directors of the Company be and is hereby authorised to issue and offer 20,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each on private placement basis to any person(s), bodies corporate, Mutual Funds, Banks, Financial Institutions, Development Financial Institutions, Non-resident Indians, Foreign Institutional Investors, Overseas Corporate Bodies carrying a dividend not exceeding 18% on the following terms and conditions

- (i) The Preference shares shall carry a dividend not exceeding ~~thirteen~~ <sup>eighteen</sup> per cent (18%).
- (ii) The preference shares shall be cumulative and the right of dividend shall be accumulated for a maximum period of three years.
- (iii) No preference shares shall be redeemed unless they are fully paid-up at the time of redemption.
- (iv) No such preference shares, when due for redemption, shall be redeemed except out of profits of the Company which would otherwise be available for dividend, that is, out of General Reserves created by ploughing back of distributable profits.
- (v) Such redemption may be made out of the proceeds of the fresh issue of shares made for the purpose of redemption.

## MAGNUM FINCAP LIMITED



(vi) The redemption shall be made at any time as may be decided by the Board of Directors of the Company after three years from the date of allotment but not later than 10 years, by giving three months notice in writing by the Company.

(vii) The preference shall be non-participative in the profits of the Company and be entitled only to the right to dividend as stated above."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be necessary for giving effect to this resolution."

BY ORDER OF THE BOARD OF  
MAGNUM FINCAP LIMITED

PLACE : AHMEDABAD

DATED : 26TH JUNE, 1997

DR. GITESH K. SHAH

VICE-CHAIRMAN & MANAGING DIRECTOR

### Notes :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A Proxy in order to be valid should be received at the Registered Office of the Company not later than 48 hours of the time of the Extra Ordinary General Meeting of the Company.

### EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

#### Item Nos. 1 to 3

As the members are aware, the Company is engaged in fund-based and non fund-based financial activities. The money being the raw-material for the operations of the Company, the Company is always in need of more funds and has to continue exploring the possibilities of raising resources through the best possible instrument(s). In light of above, the Company proposes to issue preference shares on private placement basis to select group of persons. The Capital clause of the Memorandum of Association does not provide for preference share capital. The Board proposes to raise the authorised share capital of the Company from Rs.500 lacs to Rs.700 lacs by creation of 20 lacs Redeemable Preference Shares for which the capital clause is required to be altered. Resolution set-out at item No. 1 shall authorise the Company to increase the authorised capital by adding redeemable preference shares. Resolutions as set-out at Item Nos. 2 and 3 are consequential amendments in the Capital Clause of the Memorandum of Association and the relevant article of the Articles of Association of the Company.

A copy of the existing Memorandum and Articles of Association is available for inspection to the members of the Company on any working day between 11 a.m. and 1 p.m. at the Registered Office of the Company.

None of the Directors of the Company is in any way concerned or interested in the aforesaid resolutions.

#### Item Nos. 4

Your Company is engaged in the fund and non-fund based financial activities. Money being the raw-material, the Company is always in need of more and more funds to cater to the working capital requirements and for capital expenditure purposes. Keeping in view the future development and such fund requirements, the Board of Directors consider that it would become necessary to raise finance at appropriate time by issue of Redeemable Preference Shares to the extent of Rs. 200 Lacs on private placement basis.

Consent of the shareholders is sought to authorise the Board of Directors for issue of Redeemable Preference Shares, as stated in the resolution set-out at Item No. 4. The Directors recommend the aforesaid resolution for your approval.

All the directors of the Company may be deemed to be concerned or interested to the extent they individually or jointly subscribe to the Preference shares in the said issue.

BY ORDER OF THE BOARD OF  
MAGNUM FINCAP LIMITED

PLACE : AHMEDABAD

DATED : 26TH JUNE, 1997

DR. GITESH K. SHAH

VICE-CHAIRMAN & MANAGING DIRECTOR



## NOTICE

NOTICE is hereby given that the FIFTH Annual General Meeting of the Company will be held on Thursday, the 28th day of August, 1997 at 11 a.m. at the Meeting Hall of Ahmedabad Textile Mill Owners' Association, Ashram Road, Ahmedabad - 380 009 to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 1997, the Balance-Sheet as on that date and the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri Mukesh M. Patel who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Smt. Suhasini J. Vyas who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS :**

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

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, (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 the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or in force 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 a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer non-convertible debentures of an amount not exceeding Rs.10 crores, all or any of the aforesaid with or without detachable or non-detachable warrants, and/or warrants of any nature, and/or secured premium notes and/or floating rate notes/bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide, to the members, employees, Non-Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, companies, other entities and to such other persons whether through Public Issue, Rights Issue, private placement, exchange of securities, conversion of loans or otherwise and for general corporate purposes including capital expenditure, working capital requirements, strategic investments as the Board may deem fit and/or by any one or more or a combination of the above methods or otherwise and in one or more tranches, with or without security at such price or prices as the Board of Directors may in its absolute discretion think fit in consultation with the Lead Managers, Underwriters, Advisors and such other persons and on such terms and conditions including the number of Securities to be issued, face value, rate of interest, redemption period, manner of redemption, fixing of Record Date or Book Closure and related or incidental matters."

"RESOLVED FURTHER THAT such of these Securities to be issued, as are not subscribed may be disposed off by the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/or charging all or any of the movable or immovable properties, both present and future, or the whole or substantially





## MAGNUM FINCAP LIMITED

the whole of the undertaking or the undertakings of the Company for securing Non-convertible Debentures with or without detachable or non-detachable warrants or secured premium notes, floating rate notes/bonds or other secured debt instruments together with interest, further interest thereon, compound interest in case of default, accumulated interest, remuneration of the Trustees, premium (if any) on redemption, all other costs, charges and expenses payable by the Company in terms of the Trust Deed/other documents to be finalised and executed between the Company and the Agents and Trustees/Lenders and containing such specific terms and conditions and covenants in respect of enforcement of Security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Agents and Trustees/Lenders."

"RESOLVED FURTHER THAT for the purpose of giving effect to his resolution, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of the issue of the Securities and further to do all such acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit."

BY ORDER OF THE BOARD OF

MAGNUM FINCAP LIMITED

PLACE : AHMEDABAD

DR.GITESH K. SHAH

DATED : 26TH JUNE, 1997

VICE-CHAIRMAN & MANAGING DIRECTOR

#### Notes :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A Proxy in order to be valid should be received at the Registered Office of the Company not later than 48 hours of the time of the Annual General Meeting of the Company.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 20th August, 1997 to 28th August, 1997 (both days inclusive).
5. Members are requested to bring their copies of Annual Report at the meeting.

#### EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

##### Item Nos. 5 & 6

Your Company is engaged in the fund and non-fund based financial activities. Money being the raw-material, the Company is always in need of more and more funds to cater to the working capital requirements and for capital expenditure purposes. Keeping in view the future development and such fund requirements as the Board may decide, the Board of Directors consider that it would become necessary to raise finance at appropriate times by issue of Non-Convertible Debentures (NCDs) at such price, to such persons and in such manner as stated in the resolution. Consent of the shareholders is sought to authorise the Board of Directors for issuing Securities as stated in the resolution at an appropriate time. The resolution set-out at Item No.6 is an enabling resolution conferring authority on the Board of Directors to secure such issue, if need arises, by the assets of the Company.

The Directors recommend both the resolutions for approval of the shareholders for the proposed issue of securities.

All the directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the securities that may be offered to them or applied for and allotted.

BY ORDER OF THE BOARD OF

MAGNUM FINCAP LIMITED

PLACE : AHMEDABAD

DR.GITESH K. SHAH

DATED : 26TH JUNE, 1997

VICE-CHAIRMAN & MANAGING DIRECTOR

**DIRECTORS' REPORT**

To,

The Member of / **MAGNUM FINCAP LTD.**

Your Directors are pleased to present hereunder the Fifth Annual Report for the year ended 31st March, 1997.

**FINANCIAL PERFORMANCE :**

	(Rs.in lacs)	
	1996-97	1995-96
Income	110.32	144.75
Profit Before Interest		
Depreciation & Tax	32.47	68.42
Profit Before Depreciation & Tax	15.55	63.72
Profit Before Tax	5.89	59.03
Profit After Tax	5.13	38.03

**OPERATIONS :**

Since last one and a half years, the Capital Market is facing unprecedented depressed conditions. Small investors have fled from the Primary Market and hence, there was a very cold response to the Issues which entered the Capital Market. Therefore, even the good Issues did not materialise. Even those who entered the market faced tough time in getting their Issues subscribed. Some Issues did not enter the market eventhough they had the clearance from SEBI. Reduction in the number of issues is evident from the following table :

(Rs. in lacs)

Year	RIGHTS		PUBLIC		TOTAL	
	No.	Amt.	No.	Amt.	No.	Amt.
1994-95	351	6793.40	1343	13311.60	1694	20105.00
1995-96	291	6519.69	1428	11822.00	1719	18341.69
1996-97	131	2724.43	753	11648.20	884	14372.63

(Source: Prime Data)

Under such circumstances, your Company's working as Registrars to the Issue was also affected. However, your Company attained the 11th position all over India by managing 16 Issues during 1996-97 and thus contributing to 2% of the market share.

Your Company got itself registered as Category-1 Merchant Banker with effect from 15th May, 1996. A few assignments on hand did not materialise because of unfavourable market conditions which resulted into their postponement for good.

Share Transfer Division is now functioning full-fledged and has the state-of-art technology to cope-up with any quantum of work. At present the Company is acting as Transfer Agents for 20 Companies.

The Company's Software Division is making slow but steady progress and has developed Softwares for various industries like construction, finance, tours & travels, etc., which are user-friendly, menu-driven,

**CATEGORY-1 - REGISTRARS TO THE ISSUE AND TRANSFER AGENTS**