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ANNUAL REPORT 1997-98



MAGNUM
FINCAP LIMITED

**BOARD OF DIRECTORS**

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

COMPANY SECRETARY

SHRI MADHUKAR N. PANDYA

AUDITORS

M/S. ASIM MEHTA & ASSOCIATES
CHARTERED ACCOUNTANTS
AHMEDABAD

BANKERS

INDUSIND BANK LIMITED, AHMEDABAD
DENA BANK, ELLISBRIDGE, AHMEDABAD

REGISTERED OFFICE

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

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NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the shareholders of the Company will be held on Monday, the 24th August, 1998 at 11.00 a.m. at the Meeting Hall, Ahmedabad Textile Mill Owners' Association (ATMA Hall), Ashram Road, Ahmedabad - 380 009 to transact the following business:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 1998, 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 Girish N Thaker who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Prabhudas S. Patel who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Registered Office :
3rd Floor, Smit Complex,
Choice Lane, Off. C. G. Road,
Navrangpura, Ahmedabad-380 009.
Place : Ahmedabad
Date : June 26, 1998

By order of the Board
Magnum Fincap Limited

MADHUKAR N PANDYA
Associate Vice President &
Company Secretary

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NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 14th August, 1998 to 24th August, 1998 (Both days inclusive).
4. Members are requested to bring their copies of Annual Report to the Meeting.



DIRECTORS' REPORT

To,

The Members of Magnum Fincap Ltd;

Your directors are pleased to present hereunder the Sixth Annual Report for the year ended 31st March, 1998.

Financial Performance :-

	(Rs. in lacs)	
	1997-98	1996-97
Income from operations	102.85	102.02
Other Income	3.50	8.30
	<u>106.35</u>	<u>110.32</u>
Profit Before Interest, Depreciation & Tax	37.48	32.47
Interest and Finance Charges	42.72	16.92
Depreciation	10.01	9.66
Profit/(Loss) before Taxation	<u>(15.25)</u>	<u>5.89</u>
Provision for Taxation	—	0.76
Profit/(Loss) after Tax	<u>(15.25)</u>	<u>5.13</u>
Surplus carried to Balance Sheet	<u>30.60</u>	<u>46.18</u>

In view of financial performance, your directors express their inability to recommend dividend on equity shares for the year under review.

Operations :-

During the year, the country as a whole faced recession in the economy. There has been negative growth in most of the parameters of the economy. Economic growth slowed down to 5%, industrial production slackened, food grain production reduced, exports reduced and capital market remained in doldrums.

Due to overall stagnation, the business became difficult. Most regular borrowers with sound track record, started defaulting and all sectors of economy faced depression.

The primary capital market was worst during this fiscal year. The country saw only 62 public issues mobilising just Rs. 2885 Crores, against 753 public issues during 1996-97, when Rs. 11648 Crores were raised. Out of these 62 public issues, your Company handled 3 public issues as Registrars to the Issue including the issue of Gujarat Mineral Development Corporation Ltd of Rs. 107.484 Crores and achieved the market shares of 4.83%. As per prime ranking, your company has attained 4th position all over India for the year ending 31/3/'98.

With the issuance of new guidelines by SEBI that Registration as Merchant Banker and Registration as Non-Banking Finance Company would not go together, your Company decided to continue as Non-Banking Finance Company (NBFC) registered with RBI and the Company has surrendered the registration as a Merchant Banker to SEBI.

The general economic slowdown coupled with the depressed capital market compelled the corporates to defer their expansion and diversification plan. Higher selectivity of borrowers was required because of the increased defaults. Your company also decided to go slow on the financing activities under hire-purchase facility. The gross assets created stood at Rs. 279.19 lacs as against Rs. 141.31 lacs as on 31/3/1997.

The secondary capital market also remained more or less standstill and there was no movement seen in B-2 group scrips almost throughout the year. The transfer division of the Company took up the transfer work of Gujarat Mineral Development Corporation Ltd, immediately after the work as Registrar

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to the issue in the public offer was successfully completed. At present the Company is acting as transfer agents of 22 Companies.

Magnum Software Management Services, the software division of your Company has now the sound footing and has achieved considerable progress in the software development for its various corporate clients. The division has procured the prestigious orders from various private sector and public sector companies. The Company has also given presentation to the various clients and is in the process of finalising the orders.

Projections Vs. Performance :-

The Company has achieved the performance as given below in 1997-'98 in comparison to the Projections given in the Company's Prospectus Dtd. 24-02-'95.

Description	Projection for 1997-'98	(Rs. in Lacs)
		Performance (Audited) 1997-'98
Income	702.00	106.35
Gross Profit	482.98	37.48
Net Profit / (Loss) before Tax	292.26	(15.25)
Profit / (Loss) after Tax	154.13	(15.25)

Due to depressed market conditions in the securities segment company could not achieve the projected figures.

Current year Prospects :-

The current year is no less daunting than the previous year. Expansion of assets and increasing the hire-purchase facility portfolio needs to be taken up with extreme care. Timely recovery is more important and each asset created has to be monitored more vigilantly. In the present times, the survival itself is a challenge.

The company shall concentrate more on the monitoring of the existing assets. The company would emphasise more on the fee based activities like acting as transfer agents of more companies, on the software development of more corporate client.

Though NBFC's have been very stringently regulated by the regulators, your company would not be severely dealt with as Company is not accepting Public Deposits.

In this Computer age, Indian Information Technology also has lot of potential for growth. Both, the Government and the entrepreneurs are thinking in terms of growth, development and globalisation and Information Technology is the route to achieve the same. The field of computers is also not only confined to research business and academic, but has now entered each and every aspect of our life from designing our clothes, homes, sports, defence, day to day business and providing education information and entertainment.

Looking to the potential in I.T. Industry, Magnum Software Management Services, one of our divisions has now turned full fledged and equipped itself with latest machines and well qualified and experienced personnel. At MSMS we develop custom made softwares which are user friendly and are having unique features like customisation, high speed in processing and printing. MSMS provides solutions in DBMS and RDBMS. MSMS has grabbed orders for software development from various Public and Private Sector organisations. We are also looking forward to get the assignments of Y2K.

We are also negotiating with other corporates for getting the orders and we have made presentations also for the purpose. Hence for your Company, the year 1998-'99 is going to be the year of Software Development and we are confident of tiding over the bad phase of economy which we all are passing through.

**NBFC Registration :-**

The Company is a NBFC-not accepting public deposits. The Company has been granted registration as NBFC by Reserve Bank of India vide No. 01.00101 Dtd. 11/03/1998.

Deposits :-

The Company has not accepted any deposits during the year to which the provisions of Section 58A of the Companies Act, 1956 and Non Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998 are applicable.

Conservation of Energy, Technology, Absorption and Foreign Exchange Earning and Outgo :-

The particulars regarding Conservation of Energy, Technology, Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217(1)(c) of the Companies Act, 1956 are NIL.

Particulars of Employees :-

As required by the provision of Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules 1975 as amended, the particulars of the employees are set out as under :

Name of the Employee	Age	Qualifications/ No. of years of Experience	Date of Employment	Designation & Nature of duties	Remuneration Received	Last Employment- Held
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dr. Gitesh K. Shah	36	M.Sc., Phd Practicing as an Industrial Advisor in the field of Chemicals and Pharmaceuticals. Also published a number of Research papers in National and International Journals. Experience of 9 Years.	01-10-'94	Vice Chairman & Managing Director	3,36,000/-	Nil

NOTES

1. Remuneration includes Salary, House Rent Allowances and other Perquisites received by the employee during the financial year.
2. None of the employee mentioned above is the relative of any of the Directors of the Company.
3. The nature of the employment is contractual.

Directors :-

Shri Girish N. Thaker and Shri Prabhudas S. Patel, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

You are requested to give your approval to the resolutions for the appointment of the Directors as set out in the notice.