

**ACTION  
FINANCIAL  
SERVICES  
(INDIA)  
LIMITED**



**Eighteenth  
Annual Report  
2010-2011**

## Action Financial Services (India) Limited



### THE ACTION TEAM

<b>Mr. Milan R. Parekh</b>	- Chairman & Managing Director
<b>Mr. Bakul R. Parekh</b>	- Jt. Managing Director
<b>Mr. Nirav K. Sanghavi</b>	- Director
<b>Mr. Atul A. Zatakia</b>	- Director
<b>Mr. Ketan H. Mehta</b>	- Director

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

**Mr. Nirav K. Sanghavi**  
**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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<b>AUDITORS</b>	: Ford, Rhodes, Parks & Co. Chartered Accountants
<b>BANKERS</b>	: Bank of India HDFC Bank Ltd. ICICI Bank Ltd. N. A. Citibank
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	: 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
<b>REGISTERED OFFICE &amp; BROKING DIVISION</b>	: 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
<b>SECURITIES BANKING CELL</b> (Depository Participant of NSDL)	: 31, 4th Floor, Rajgir Chambers, 12/14, Shahid Bhagatsingh Road, Fort, Mumbai- 400 001. Tel. 4062 4444 Fax: 4062 4446
<b>BRANCH WITH BSE TERMINALS</b>	: Mumbai (Fort, Matunga, Borivali), Bharuch, Surat (3), Bokaro (2), Dhanbad, Dharmavaram, Valsad Varanasi and Mangalore.
<b>BRANCH WITH NSE TERMINALS</b>	: Mumbai (Fort), Mumbai Central, Vaslad, Varnasi, Bharuch, Baroda, Bokaro (1), Dhanbad (2), Dharmavaram, Valsad & Mangalore.
<b>DEPOSITORY BRANCHES</b>	: Mumbai (Fort), Mumbai Central, Ahmedabad, Baroda, Bokaro, Kakinada, Bharuch, Valsad, Varanasi, Dhanbad and Mangalore
<b>LISTED AT</b>	: Mumbai

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**Action Financial Services (India) Limited**

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**NOTICE**

NOTICE is hereby given that the 18<sup>th</sup> ANNUAL GENERAL MEETING of ACTION FINANCIAL SERVICES (INDIA) LIMITED will be held on 29<sup>th</sup> September, 2011 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, 2011 and the Balance Sheet as on that date together with the Report of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri Bakul R. Parekh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Nirav K. Sanghavi, who retires by rotation and being eligible offers himself for re-appointment.
4. 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 bearing Membership No. 11549 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,  
Fort, Mumbai - 400 001.

By order of the Board

**MILAN R. PAREKH**  
Chairman & Managing Director

Date: 26<sup>th</sup> August, 2011

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### Notes:

- 1) Members 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 26<sup>th</sup> September, 2011 to 29<sup>th</sup> September, 2011 (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. Link Intime India Pravite Limited, at Agent M/s. Link Intime India Pravite 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.

<b>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)</b>		
<b>Name of the Director</b>	Mr. Bakul R. Parekh	Mr. Nirav K. Sanghavi
<b>Address</b>	Flat No. 7, 3 <sup>rd</sup> Floor, Ashish Bldg., Sion-Matunga Raod, Sion, Mumbai - 400 022.	Block No. 5, Prem Nagar, A-305, Near Vijaya Bank, Mumbai - 400 092
<b>Date of Birth</b>	30-03-1963	04-01-1981
<b>Date of Appointment</b>	01-10-2008	01-10-2009
<b>Qualification</b>	Graduate	-----
<b>Experience</b>	Over 20 Years of Capital Market Experience	Over 10 Years of Market Experience
<b>List of other companies in which director ships held</b>	Action Securities Ltd. Action Commodities Ltd.	None

## Action Financial Services (India) Limited

### DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 18<sup>th</sup> Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31<sup>st</sup> March 2011.

#### 1. FINANCIAL RESULTS :

Financial Results	Year Ended 31st March, 2011		Year Ended 31st March, 2010	
	Consolidated	Standalone	Consolidated	Standalone
<b>Profit/(Loss) Before Interest &amp; Depreciation</b>	<b>10,111,584</b>	<b>10,598,765</b>	<b>9,583,410</b>	<b>9,938,962</b>
Interest	6,827,008	6,827,008	6,148,186	6,148,186
Depreciation	2,780,642	2,647,148	2,377,297	2,328,951
<b>Profit / (Loss) Before Tax</b>	<b>503,934</b>	<b>1,124,609</b>	<b>1,057,927</b>	<b>1,461,825</b>
<b>Taxation</b>				
- Current Year	107,052	107,052	-	-
- Earlier Years	-	-	25,656	25,656
- Deferred Tax (written back)	476,381	565,462	189,172	284,504
- Fringe Benefit Tax	-	-	-	-
<b>Profit / (Loss) After Tax</b>	<b>(79,499)</b>	<b>452,095</b>	<b>843,099</b>	<b>1,151,666</b>
Profit/(Loss) brought forward from Previous Year	(8,366,130)	(7,734,305)	(9,209,229)	(8,885,971)
<b>Profit available for appropriations</b>	<b>(8,445,626)</b>	<b>(7,282,210)</b>	<b>(8,366,130)</b>	<b>(7,734,305)</b>
Appropriation as under:				
Transfer to Capital Redemption Reserve	-	-	-	-
Dividend on preference Shares	-	-	-	-
Tax on Dividend	-	-	-	-
<b>Profit/(Loss) carried forward to the Balance Sheet</b>	<b>(8,445,626)</b>	<b>(7,282,210)</b>	<b>(8,366,130)</b>	<b>(7,734,305)</b>
Paid Up Equity Share Capital	99,81,000	99,81,000	88,10,000	88,10,000
Earning Per Share Re 10/- Paid up – Basic EPS	(0.08)	(0.04)	0.10	0.13
- Diluted EPS	(0.08)	(0.04)	0.10	0.13

#### CONSOLIDATED RESULTS:

The audited Standalone and consolidated Financial Statements of the Company along with its subsidiary companies are attached herewith and form part of this annual report. These have been prepared in accordance with the provisions of the Companies Act, 1956, the Listing Agreement, the Accounting Standard 21 (AS-21) on Consolidated Financial Statements and Accounting Standard 23 - (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements based on Audited Financial Results for the ended 31<sup>st</sup> March, 2011.

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## 18th Annual Report 2010-11

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### **SUBSIDIARIES:**

As on 31st March, 2011 your company has two wholly owned subsidiary companies namely Action Securities Limited and Action Commodities Limited.

In terms of section 212 of the Companies Act, 1956, the company has attached the Director's Report, Balance sheet and Profit and Loss account of its subsidiaries to the Annual Report.

### **INCOME:**

During the financial year 2010-2011 company earned operating profit of Rs.10,598,765/- against the operating profit of Rs.9,938,962/- incurred in the previous year, while the net profit (after tax) stood at Rs.452,095/- against the net profit Rs.1,151,666/- in the previous year.

### **2. DIVIDEND:**

#### **2.1 On Preference Shares:**

In view of carried forward loss of previous years your Directors regret their inability to recommend Dividend on Cumulative Redeemable Preference Shares for the year ended 31<sup>st</sup> March, 2011.

#### **2.2 On Equity Shares:**

In view of carried forward loss of previous years your Directors regret their inability to recommend Dividend on Cumulative Redeemable Preference Shares for the year ended 31<sup>st</sup> March, 2011.

### **3. OPERATIONS:**

#### **OVERVIEW:**

During the year the company carried out capital market operations at moderate level. The growth in the Indian economy together with the boom on the capital markets resulted in a better year for the company. Due to the current uncertain capital market situation where the risk factors appear to be high the company is taking a cautious view and will formulate its investment policies accordingly.

#### **REVIEW of BUSINESS DIVISIONS:**

##### **3.1 Broking Division:**

Our Services under the Broking Business comprising of Equity, Currency & Derivatives Services, we offer retail and Institutional broking services in Equity to a large institutional and retail clientele in India. During the year under review the total turnover was increased to Rs.7469.53 crores as compared to Rs. 4952 crores in the previous financial year.

## **Action Financial Services (India) Limited**

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Action offers personalized services and complete transaction support through our website to our client for investment in primary market through Mutual fund and IPO's.

The Company has expanded its retail network, branches continued to be opened on a selective basis and physical presence was enhanced through increase in the Sub broker network and also search of new retail clientele in remote and rural area to explore the wide business available opportunities This has resulted into increase in clientele base of the company.

Action offers platform for trading in Equity Market in BSE and NSE and Derivatives Market in NSE

### **3.2 Depository Division:**

Company has completed 14 years as a Depository Participant. Company is holding approximately Rs.1251.56 Crores worth stock on behalf of clients as on 31<sup>st</sup> March 2011.

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 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 30 clearing Members Pool Account and maintains 100 Promoters Accounts.

### **4. FUTURE OUTLOOK & EXPANSION PLAN:**

The Company is planning to Commence the business in Commodities Exchange and United Stock Exchanges and launching new broking product and has various branches in pipeline which will be expected to start operation to generate good revenue over the coming period and enhance the profitability of the company.

The Company is focused on building a long-term stable business with emphasis on retail brokerage that does not rely on highly leveraged trading clients. The Company predicts a huge growth in business due to increase in retail and institutional clients.

The financial year 2011-12 has commenced on a positive note. However, as in some other emerging economies, inflation remains a key concern for India. Market crashes on a day or even weeks not have an immediate impact but if it persists and the sentiment gets affected. As investor starts adjusting his purchase and order sizes get reduce. If US go into recession again, other like Europe country will follow suit.

Indian economy has slow down compare to last year, and this year growth rate may be around 8%. The Indian Market will remain attractive because of structural factor such as improve economies polices and other factor. FII Investments in India continue and have had a positive impact Indian market.



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### 5. BOARD OF DIRECTORS

During the year under review there was no change in the constitution of the Company.

Mr. Bakul R. Parekh, Jt. Managing Director of the Company and Mr. Nirav K. Sanghavi, Director, retire by rotation at ensuing Annual General Meeting and being eligible, they have offered himself for re-appointment.

Retirement of Jt. Managing Director by rotation will not amount to any break in his services as Jt. Managing Director.

Your Directors recommend the above appointments in the ensuing Annual General Meeting.

### 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 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 2010-11 the Paid up Equity Share Capital of the Company increased from Rs. Rs. 8,81,00,000 to Rs. 9,98,10,000/- on account of issue of 11,71,000 Equity Shares of Rs. 10/- each at a premium of Rs. 19/- per share issued to various allottees in terms of Special Resolution passed in the last Annual Gneral Meeting.

During the year under review, as approved in previous Annual General Meeting, the unissued preference share capital was re-classified into equity shares share capital and the Authorised Share Capital of the Company was increased to Rs. 1300 Lakhs.

### 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 18th Annual Report.

## **Action Financial Services (India) Limited**

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A Certificate 15th July, 2011 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:**

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 25 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.

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### 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  
Date: 15th July 2011

**Milan R. Parekh**  
Chairman & Managing Director

## **Action Financial Services (India) Limited**

### **'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 Three 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:

S. No	Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorship	No. of committees Membership/ Chairmanship in other domestic companies as at the year ended
1.	Mr. Milan R. Parekh	Chairman & Managing Director	19	Yes	Action Securities Ltd. Action Commodities Ltd.	None
2.	Mr. Bakul R. Parekh	Jt. Managing Director	19	Yes	Action Securities Ltd. Action Commodities Ltd.	None
3.	Mr. Nirav K. Sanghavi	Non-Executive Independent Director	18	Yes	Nil	None
4.	Mr. Atul Zatakia	Non-Executive Independent Director	19	Yes	Ketul Enterprises Pvt. Ltd.	None
5.	Mr. Ketan Mehta	Non-Executive Independent Director	11	Yes	Nil	None

A total of 19 Board Meetings, 10 Audit Committee Meetings and 1 Remuneration Committee Meeting, were held during the year 2010-2011. The maximum interval between any two meetings was not more than 3 months. The Board meetings were held on 30.04.2010, 23.06.2010, 14.05.2010, 28.06.2010, 30.07.2010, 12.08.2010, 20.08.2010, 26.08.2010, 30.08.2010, 04.09.2010, 27.09.2010, 13.10.2010, 28.10.2010, 3.12.2010, 21.12.2010, 04.01.2011, 21.01.2011, 17.02.2011, 26.02.2011, 16.03.2011, 31.03.2011. All the Board meetings were held in Mumbai.

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### **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. Details of Director, if any, co-opted on the Board. :**

During the year under review there was no change in the constitution of the Board of Directors of the Company.

### **v. 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.

### **vi. 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, Jt. Managing Director, and Mr. Nirav K. Sanghavi, Director, retires by rotation at the ensuing annual general meeting to be held on 29<sup>th</sup> September, 2011 and being eligible, he is seeking re-appointment at this meeting.

### **vii. CEO/CFO Certification**

CEO/CFO certificate pursuant to clause 49(v) of the listing agreement is enclosed at the end of this section.

## **3. Committees of the Board**

### **i. Audit Committee:**

The role and terms of reference of the Audit committee covers the areas mentioned in the clause 49 of the Listing Agreement with stock exchanges and section 292A of the Companies Act, 1956, which among other things include:

1. A periodical reviews of efficacy of the internal control systems and procedures and suggests improvement therein.
2. Review of operating results on a quarterly basis, prior to their submission to the Board for its consideration and adoption.
3. Advise the Board on appointment / removal of statutory auditors and fix their remuneration.
4. Review with the statutory auditors their audit findings and suggest measures to address any areas of concern cited by them.

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5. Assure the Board on the adequacy of company's risks management measures and implementation of financial policies and procedures.

### **Composition:**

The Audit committee comprises of 3 Independent Non-Executive Directors. The committee met 10 times during the year i.e. 30.04.2010, 14.05.2010, 28.06.2010, 30.07.2010, 20.08.2010, 26.08.2010, 27-09-2010, 28-10-2010, 21.12.2010 and 21.01.2011.

<b>Name of the Member</b>	<b>Status</b>
Mr. Atul Zatakia	Chairman
Mr. Nirav K. Sanghavi	Member
Mr. Ketan Mehta	Member

### **ii. Remuneration Committee:**

#### **Terms of Reference:**

The Remuneration committee comprises of 3 independent non-executive directors with Mr. Ketan Mehta being its chairman, to suggest remuneration that may be paid to the Managing Director / Joint Mg. Director. The committee met 1 time during the year i.e 20.08.2010

#### **COMPOSITION OF REMUNERATION COMMITTEE:**

<b>Name of the Member</b>	<b>Status</b>
Mr. Ketan Mehta	Chairman
Mr. Nirav K. Sanghavi	Member
Mr. Atul Zatakia	Member

#### **Remuneration Policy:**

Remuneration of employees largely consists of salary and perquisites. The objectives of remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit.

#### **Details of Remuneration paid to the Directors during the financial year:**

<b>Name</b>	<b>Position</b>	<b>Sitting Fees Rs.</b>	<b>Salary + Perquisites Rs.</b>	<b>Commission Rs.</b>	<b>Stock option</b>
Mr. Milan R. Parekh	Chairman & Mg. Director	Nil	1,612,500/-	Nil	Nil
Mr. Bakul R. Parekh	Jt. Managing Director	Nil	15,52,500/-	Nil	Nil

### **iii. Shareholders / Investors Grievance Committee**

#### **Terms of Reference:**

To address shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of other dues.

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### Composition

The Shareholders / Investors Grievance Committee was reconstructed, which comprises of 3 independent non-executive directors, Mr. Nirav Sanghavi being its chairman.

Name of the Member	Status
Mr. Nirav K. Sanghavi	Chairman
Mr. Atul Zatakia	Member
Mr. Ketan Mehta	Member

There were 5 investor's complaints pending at the beginning of the year, the company received and disposed off all the 5 complaints during the year and no complaints were pending unresolved at the end of year.

### 4. Subsidiary :

Though providing Stock Broking and Depository Services to be the prime business activity of the Company, the Company promoted two Unlisted subsidiary companies viz. Action Securities Limited (ASL) and Action Commodities Limited (ACL) ASL and ACL have not yet started its operation. The Company monitors the performance of its subsidiaries, interalia, by the following means:

- The financial statements, investments, are reviewed by the Audit Committee and the Board.
- The minutes of Board Meetings of the subsidiary are noted at the Board Meeting of the Company.

### 5. General Body Meeting:

#### i. Particulars of last three Annual General Meetings:

Financial Year	Date	Time	Location
2007-2008	26 <sup>th</sup> September, 2008	10.00 a.m.	Regd. office
2008-2009	30 <sup>th</sup> September, 2009	10.00 a.m.	Regd. office
2009-2010	30 <sup>th</sup> September, 2010	10.00 a.m.	Regd. office

#### ii. Details of special resolutions passed in the previous three AGMs:

Sr. No.	Resolution	Meeting	Date
1.	Special resolution in terms of the Companies Act, 1956 authorising the preferential allotment of 2,50,000 (Two Lakhs Fifty Thousand) warrants convertible in to 2,50,000 equity shares of Rs. 10/- each at a conversion price of Rs. 19.25 per equity shares to the promoters / directors, investors, shareholders, etc.	16 <sup>th</sup> AGM	30 <sup>th</sup> September, 2009
2.	Extension of period of redemption of Preference Shares	16 <sup>th</sup> AGM	30 <sup>th</sup> September, 2009

## Action Financial Services (India) Limited

3.	For Re-appointment of Managerial person and payment of Remuneration	17 <sup>th</sup> AGM	30 <sup>th</sup> September, 2010
4.	For modification in authorized share capital	17 <sup>th</sup> AGM	30 <sup>th</sup> September, 2010
5.	For reclassification of unissued authorized preference share capital Into equity share capital	17 <sup>th</sup> AGM	30 <sup>th</sup> September, 2010
6.	Special resolution in term of the Companies Act, 1956 authorising the preferential allotment of 1,521,000 equity shares of Rs. 10/- each at a premium of Rs.19/- per equity shares to the promoters, investors, etc.	17 <sup>th</sup> AGM	30 <sup>th</sup> September, 2010
7.	Special resolution in term of the Companies Act, 1956 authorising the preferential allotment of 77,200 warrants convertible into 77,200 equity share equity shares of Rs. 10/- each at a premium of Rs.19/- per equity shares to the promoters.	17 <sup>th</sup> AGM	30 <sup>th</sup> September, 2010

### iii. Postal Ballot:

No special resolutions were passed through postal ballot at any of the general meetings of the members.

### 6. Disclosures:

The company has not entered into any transactions of material nature with any of its Promoters, Directors, their relatives, management or its subsidiaries that may have potential conflict of interest during the last financial year.

The Company has complied with the requirements of the Listing Agreements with the Stock Exchanges and the Regulations and Guidelines of SEBI. No Penalties and strictures have been imposed by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets listing norms during the Last Three years.

The Company has in place a high effective Whistle Blower Policy. The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees may report violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified person. The Audit Committee reviews the reports received from employees. The Directors and management personnel are obliged to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices. No employee is denied access to the audit Committee.

The company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in appropriate places in this Report. The Status on compliance with Non-mandatory requirements are given at the end of the report.



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### DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE FORTHCOMING AGM:

**Brief profile of Mr. Bakul R. Parekh, Jt. Managing Director, who retires by rotation and is eligible for re-election**

**Name of Director** Mr. Bakul Parekh  
**Address** Ashish Bldg., Flat – 7,  
3<sup>rd</sup> Floor,  
Sion- Matunga  
Main Road  
Mumbai – 400 022  
**Date of Birth** 30<sup>th</sup> March 1963  
**Date of Appointment** 01/10/2008  
**Qualification** B.Com  
**Experience** 27 years

**Brief profile of Mr. Nirav Sanghvi, who retires by rotation and is eligible for re-election**

**Name of Director** Mr. Nirav K. Sanghvi  
**Address** Prem Nagar, Bldg. No.5,  
A-305, Near Vijaya Bank  
Borivali,  
Mumbai- 400 092  
**Date of Birth** 04/01/1981  
**Date of Appointment** 01/10/2009  
**Qualification** -  
**Experience** 11 years

#### 7. Means of Communication:

The company communicates its Quarterly/Half yearly and annual results by publishing them in 2 leading newspapers in Mumbai Free Press Journal (English) and Navshakti (Local Marathi language). The company has no system of mailing such results to its shareholders.

#### 8. General Shareholders Information:

##### i. Annual General Meeting:

Date and time	:	29 <sup>th</sup> September, 2011 at 10.00 a.m.
Venue	:	31, 4 <sup>th</sup> Floor, Rajgir Chambers, 12/14, Shahid Bhagat Singh Road, Fort, Mumbai – 400 001
Financial Calendar	:	April to March
Date of book closure	:	Monday, 26 <sup>th</sup> September, 2011 to Thursday 29 <sup>th</sup> September, 2011. (both days inclusive)
Listing on stock Exchange	:	Bombay Stock Exchange Ltd.
Stock code- physical shares	:	Bombay Stock Exchange Ltd., Mumbai Security Code No. 511706
Demat ISIN in NSDL and CDSL for Equity Shares	:	INE357A01032

## Action Financial Services (India) Limited

### ii. Delisting of Equity Shares:

Not Applicable

### iii. Market price data - High / low during each month in the last Financial year (Equity Shares of Face value Re. 10/- each)

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
April, 2010	20.95	22.50	18.60	19.45	78,216
May, 2010	18.70	23.50	18.00	20.85	104,504
June, 2010	19.25	22.80	18.10	20.70	83,082
July, 2010	20.80	24.75	19.00	21.00	80,752
August, 2010	21.50	32.70	19.35	27.50	410,626
September, 2010	27.00	39.70	21.00	39.70	585,684
October, 2010	43.65	48.00	36.15	37.10	632,664
November, 2010	38.10	41.45	36.25	38.05	122,484
December, 2010	38.00	40.40	36.35	38.00	52,983
January, 2011	37.10	42.90	33.15	34.40	61,423
February, 2011	36.00	38.90	31.95	36.10	274,914
March, 2011	36.50	53.85	34.5	41.95	727,204

Source: BSE Data base

### iv. Policy on Insider Trading:

The Company has adopted the Code of Conduct for prevention of Insider Trading in accordance with the Guidelines specified under the SEBI (Prohibition of Insider Trading) Regulations, 1992 and amended from time to time. The object of the code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, insiders (Directors, Designated Employees and other concerned persons) are prevented to deal in the Company's Shares beyond specified limits and are required to disclose related information periodically as defined in the Code. The Board has appointed Joint Managing Director as the Compliance officer under the Code. All data are process, monitor, complied and store at M/s Link Intime India Private Limited a Registrar and Share Transfer Agent.

### v. Registrar and Share Transfer Agents of the Company are:

M/s Link Intime India Private Limited is the Registrar and Share Transfer Agent. M/s Link Intime India Private Limited is registered with SEBI as a Registrar and Share Transfer Agent for processing the transfer of securities issued by the Company and is located at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. M/s Link Intime India Private Limited acknowledges and executes transfer of securities and also accepts, deals with and resolves complaints of shareholders.

R&TA's performance in servicing shareholders has been satisfactory. All the investor grievances have been promptly attended to.

## 18th Annual Report 2010-11

### vi. Share Transfer System:

The Company's shares are traded in the stock exchanges compulsorily in demat mode as per Stock Exchange Regulations. Physical shares, which are lodged for transfer, are processed at the M/s Link Intime India Private Limited and returned to the shareholders within a period of 30 days from the receipt subject to documents being valid and complete in all respects.

Dematerialization requests are normally confirmed within an average of 15 days from the date of receipt.

The company's R&TA is empowered to effect the transfer pursuant to power of attorney executed in their favour as per the SEBIs' guidelines/instruction with reference to transfer of shares so as expedite the said work in the interest of the members of the company.

### vii. Distribution of Shareholding:

#### a. Distribution of Shares according to size, of holding as on March 31, 2011

##### Equity Shares:

Shares of Nominal Value of Rs. 10/-	No. of shareholders	% of shareholders	No. of shares held	% of total
1 – 500	1635	78.7572	236764	2.3721
501-1000	134	6.4547	117045	1.1727
1001-2000	67	3.2274	102040	1.0223
2001-3000	59	2.8420	154128	1.5442
3001-4000	14	0.6744	49969	0.5006
4001-5000	22	1.0597	108310	1.0852
5001-10000	46	2.2158	395102	3.9585
10001 & above	99	4.7688	8817642	88.3443
<b>Grand Total</b>	<b>2076</b>	<b>100.0000</b>	<b>9981000</b>	<b>100.0000</b>

##### Preference Shares:

No. Shares of Nominal Value of Rs. 100	No. of shareholders	% of shareholders	No. of shares held	% of total
1 – 5000	3	60.00	3,780	4.57
5001-10000	-	-	-	-
10001-20000	1	20.00	14,193	17.14
20001-30000	-	-	-	-
30001-40000	-	-	-	-
40001-50000	-	-	-	-
50001-100000	1	20.00	64,827	78.29
100001 & above	-	-	-	-
<b>Grand Total</b>	<b>5</b>	<b>100.00</b>	<b>82,800</b>	<b>100.00</b>

## Action Financial Services (India) Limited

### b. Share Holding Pattern as on 31st March, 2011

Sr. No.	Category	No. Of Equity shares held	% Of Share Holding	No. Of Preference Shares Held	% Of Share Holding
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
1	<b>Indian</b>	-	-	-	-
(a)	Individuals/ Hindu Undivided Family	4,705,622	47.15	80,100	96.74
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>4,705,622</b>	<b>47.15</b>	<b>80,100</b>	<b>96.74</b>
2	<b>Foreign</b>				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>4,705,622</b>	<b>47.15</b>	<b>80,100</b>	<b>96.74</b>
<b>(B)</b>	<b>Public shareholding</b>				
1	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	2,500	0.03	-	-
(b)	Financial Institutions/ Banks	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Insurance Companies	-	-	-	-
(e)	FIs	-	-	-	-
(f)	Foreign Venture Capital	-	-	-	-
(g)	Any Other (specify)	-	-	-	-
	1) Foreign Financial Instn	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>2,500</b>	<b>0.03</b>	<b>-</b>	<b>-</b>
2	<b>Non-institutions</b>				
(a)	Bodies Corporate	441,574	4.42	-	-
(b)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1,038,459	10.40	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	3,653,890	36.61	-	-
(c)	Any Other (Specify) 1.Directors/Relative				
	2.Clearing Member	11,914	0.12	-	-
	3.Trust	-	-	-	-
	4. NRIs	125,887	1.26	2700	3.26
	5. NRN	1,154	0.01	-	-
	6. Foreign Company	-	-	-	-
	<b>Sub-Total (B)(2)</b>	<b>5,272,878</b>	<b>52.83</b>	<b>2700</b>	<b>3.26</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>5,275,378</b>	<b>52.85</b>	<b>82,800</b>	<b>100.00</b>
	<b>TOTAL (A)+(B)</b>	<b>9,981,000</b>	<b>100.00</b>	<b>82,800</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>				
		-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>9,981,000</b>	<b>100.00</b>	<b>82,800</b>	<b>100.00</b>

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## 18th Annual Report 2010-11

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### viii. Dematerialization:

As of March 31, 2011, 96.73% of the Company's shares were in dematerialized form, 3.27% in Physical form. The Company's shares are frequently traded on The Stock Exchange, Mumbai.

7,408,956 shares representing 74.22% of the total shares have been dematerialized under NSDL Depository whereas 2246799 shares representing 22.51% of the total shares have been dematerialized under CDSL Depository.

### ix. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

The board of directors of the company in its meeting held on 13<sup>th</sup> October 2010, issued 77,200 convertibles warrants on preferential basis to one of the promoter at Rs.29/- per warrant with an option to convert the same into equivalent number of equity shares of nominal value of Rs.10/- each at a premium of Rs.19/- per share. The option of conversion shall be valid for a period of 18 months from the date of allotment of the warrants. The company has received full subscription of Rs.29/- per warrant. Pending receipt of option from warrant holder amount is shown under as Subscription Money towards warrants.

### x. Address for Communication:

Company	Registrar and Share transfer Agents
M/s Action Financial Services (India) Ltd. 31, 4 <sup>th</sup> Floor, Rajgir Chambers, 12/14, Shahid Bhagat Singh Road, Fort, Mumbai – 400 001	M/s Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078

#### Note:

Shareholders holding Shares in electronic mode should address all correspondence to their respective depository participants.

### Adoption of Mandatory and Non Mandatory Requirement of Clause 49:

**The Company has complied with all the mandatory requirements of clause 49. The Company has adopted the following Non- mandatory requirements stipulated under Clause 49 :**

- Non –Executive Chairman :** The Company has an Executive Chairman and hence the requirements recommended as to a non-executive chairman under the clause 49, are not required to be adopted by the Company.
- Remuneration Committee :** The Company has setup a remuneration Committee pursuant to the provisions of the Schedule XIII of the Companies Act 1956.
- Shareholder Rights :** The Company is getting its quarterly and Annual Financial results published in leading newspapers with the wide distribution across the country and regularly update the same in its public domain website, the same are not separately forwarded to the Members as a measure of economy.

### **Action Financial Services (India) Limited**

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- d. **Unqualified financial statements:** The Auditors Report on the audited annual accounts of the Company does not contain any qualification from the Statutory Auditors and it shall be the endeavor of the Company to continue the trend by building up accounting systems and controls which ensure complete adherence to the applicable accounting standards and practices obviating the possibility of Auditors qualifying their report as to the audited accounts.
- e. **Whistle Blower Policy:** The Company has a Whistle Blower mechanism wherein the Employees are free to report violations of law, rules regulations or unethical conduct to their immediate supervisor or such other person as may be notified by the management to the workgroups. Such reports received will be reviewed by the Audit Committee of Directors from time to time. The confidentiality of those reporting violations shall be protected and they shall not be subjected to any discriminatory practice.
- f. **Secretarial Audit:** A qualified Practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted and advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL.
- g. **Capital Integrity Audit:** The Audit Report, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A Copy of the Audit Report is submitted to the Stock Exchanges where the shares of the Company are listed.
- h. **Fees to Statutory Auditors:** The fees (exclusive of Service Tax) to the Statutory Auditors for the year was Rs.1.23 Lac (previous year Rs.1.00 Lac) including Rs.0.53 Lac (previous year Rs.0.30 Lac) as fee for Certification in finance and tax matters.

At present the company has not adopted the non mandatory requirements as to any of the other matters recommended under Annexure 1 D to the Clause 49 of the Listing Agreements with the Stock Exchange.

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**CERTIFICATE TO THE BOARD BY CHIEF EXECUTIVE OFFICER (CEO)  
AND CHIEF FINANCIAL OFFICES (CFO)**

15<sup>th</sup> July, 2011

To,  
The Board of Directors,  
Action Financial Services (India) Ltd.  
Mumbai,

We, Milan R. Parekh, Chairman & Managing Director and Bakul R. Parekh, Jt. Managing Director & Head-Finance & Accounts (CFO) of Action financial Services (India) Ltd. both certify to the Board that we have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2011 and to the best of our knowledge and belief we certify that –

1. The Statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; that the Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws regulations;
2. There are no fraudulent or illegal transactions;
3. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's internal Audit Team, the effectiveness of the internal control systems of the Company and have reported to the Auditors and the Audit Committee, the deficiencies, if any, in the internal controls;
4. We have indicated to the Auditors and the Audit Committee significant changes, if any in the internal controls, accounting policies and the same have also been disclosed in the notes to the financial statements; and
5. There have been no instances of frauds, of which we are aware during the year.

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director and Head  
of Finance & Accounts.

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**Action Financial Services (India) Limited**

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**Auditors' Certificate on Corporate Governance**

To,  
The Members of Action Financial Services (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Action financial Services (India) Ltd. for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that based on the records maintained by the Company and confirmation received from the Registrars of the Company, no investor grievances are pending for a period exceeding one month against the company as at March 31, 2011.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**A.D.Shenoy**  
(Partner)  
Membership No.11549

Place : Mumbai  
Date : 15<sup>th</sup> July 2011.



**MANAGEMENT DISCUSSION AND ANALYSIS :**

**Market Scenario:**

Last year started with a high level of expectation on the economy as well as capital markets. But in the middle of the year saw continuously rising inflation, rising interest rate and range bound market with a low volume will continue to hinder performance and growth in the short term.

The Government has taken steps to bring inflation under control and experts feel that inflation is near its peak. There is growing optimism that the country is heading for more transparent and open governance following the crack down on the telecom 2G scam, the role of the judiciary and the Lokpal Bill.

A Down grade of US economy by the credit rating agency standard and poor, sovereign debt coupled with fears of another bout of recession in the world's largest in Europe has sent shivers down the spines of investors across global stock markets and the like hood of a demand slow down is gaining strength. The current global economic situation, which is full of uncertainties, will have worst impact on Indian capital market.

We are hopeful that the government and the regulators will bring about the necessary reforms in order to make the market a vibrant one.

**Opportunities and Threat:**

Being a broking company, its opportunities and threat would be more specific to the ones, which apply to the companies operating in the capital market as brokers. But as it is known a healthy competition is always good for the industry we expect various new sources of revenues in coming future from financial and capital markets.

**Segment wise Performance:**

Your company is mainly engaged in Capital Market Related Activities i.e. Broking & Depository Participant, which are under one broad segment of capital market, so segment reporting is not applicable to it.

**Outlook:**

Review of the Operation of the Company has been given in detail in Directors' Report.

**RISK AND CONCERNS:**

Your company ensures adherence to best practice and has necessary internal system and control in place to manage the risk.

## **Action Financial Services (India) Limited**

Further the strict regulations and guidelines imposed by the regulatory authorities like SEBI, Stock exchange and NSDL with reference to capital market operation and Depository functions are sufficient in controlling the market related financial and technical risks. All these guidelines of the regulatory authorities whether it for margin money in capital market transaction or otherwise are being strictly adhered to by your company.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Your company has appropriate and adequate internal control systems. The existing systems and procedures help in identifying the potential issues and problems, if any. Company had appointed skilled employees to monitor the regulatory compliance work, to avoid any shortfall in compliance related issues.

### **FINANCIAL PERFORMANCE:**

Financial performance with the financial data and figures, have been given in detail in Directors' Report.

### **HUMAN RESOURCES:**

ACTION has a set of experienced and qualified staff to look offers its operations, it offers a challenging work and growth-oriented culture to its employees with a people oriented philosophy to deploy right person at right place. ACTION allows its employees to learn all kind of work to educate them properly about the industry. Action lays tremendous emphasis on building and strengthening its human resources capital and accordingly existing employees undergo specific training and exams conducted by stock exchanges on their own assessment and the feedback received in their appraisal. The objective of learning and training process is to enable the employees to reach higher levels of performance and responsibility. Company encourages employees to clear NCFM exams for Capital market, Derivatives and Depository module.

### **CAUTIONARY STATEMENT:**

Certain statements in the Management Discussion and Analysis describing the company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the company's business as well as its ability to implement the strategy. The company does not undertake to update these statements.

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**18th Annual Report 2010-11**

**AUDITORS' REPORT TO THE MEMBERS OF ACTION FINANCIAL SERVICES (INDIA) LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

1. We have audited the attached Balance Sheet of Action Financial Services (India) Limited as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

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**Action Financial Services (India) Limited**

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- e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.
5. In our opinion, and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2011
- ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration No.102860W

**A.D. Shenoy**  
Partner  
Membership No.11549

Place : Mumbai  
Date : 15<sup>th</sup> July, 2011

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### **Annexure referred to in paragraph (3) of our report of even date for the period 31<sup>st</sup> March, 2011.**

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.  
c) During the year the Company has not disposed off any substantial part of fixed assets so as to affect the going concern.
2. The Company does not have any stock of raw materials, store, spare parts and finished goods. However the Company has stock of shares on hand. The management has conducted physical verification of shares on hand at reasonable intervals. The procedure of physical verification of stock on hand followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of stock on hand and no discrepancies were noticed on physical verification.
3. As informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clause iii (a) (b) (c) of the order is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of shares and fixed asset and for providing services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 has been so entered.
6. The Company has not accepted any deposits from the public during the year.
7. The Company has no internal auditor. However in our opinion, the Company has an adequate internal control system commensurate with the size and nature of its business.

### **Action Financial Services (India) Limited**

8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the records and information and explanations obtained from the management, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employee State Insurance, Income Tax and other statutory dues applicable to it with appropriate authorities. However in some cases there has been delay in depositing the government dues. According to the information and explanations given to us undisputed amounts payable in respect of Income Tax outstanding at the end of the year for a period of more than six months from the date they became payable amounted to Rs.21.66 lakhs (previous year Rs.21.23 lakhs).

(b) In our opinion and according to information and explanations obtained, there are no disputed dues outstanding in respect of Sales tax, Wealth tax, Income tax, Service tax and Cess that have not been deposited on account of dispute except the following:

(Rupees in Lac)

Sr. No.	Nature of Dues	Forum where Dispute is Pending	Period to which amount relates	Amount Involved (Rs.)
1	Income Tax	Commissioner of income Tax (Appeals) Less: Amount deposited <b>Balance</b>	A.Y. 2008-09	101 <u>36</u> <u>65</u>

10. The Company has accumulated losses at the end of the financial year of Rs.70.04 Lakhs (previous year Rs.77.34 Lakhs) and it has not incurred any cash losses in the current as well as in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that Company has not defaulted in repayment of dues to banks. The Company does not have any borrowing by way of debentures.
12. Based on our examination of documents and records the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statutes applicable to chit fund and nidhi/mutual benefit fund/ societies.

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14. The Company has dealing/trading in shares and debentures during the year. In respect of dealing in securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us the Company has not given any guarantees for loans taken by associates from banks.
16. The Company has taken term loans from ICICI Bank Limited and the outstanding balance as at 31<sup>st</sup> March, 2011 is Rs.68.87 lakhs (previous year Rs.84.31 Lakhs). The term loans have been applied for the purpose for which they were obtained.
17. We have been informed by the management that the funds raised on short term basis have not been used for long term investment.
18. During the year has issued 11,71,000 Equity shares to its promoters and other investors at a rate of Rs.29/- (Face value Rs.10/- plus Premium Rs.19/-) and has issued 77,200 Warrants to the promoters at a rate of Rs.29/- (Face value Rs.10/- plus Premium Rs.19/-), the price at which the warrants and shares have been issued are not prima facie prejudicial to the interest of the company.
19. The Company did not have any debentures issued during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration No.102860W

**A.D. Shenoy**  
Partner  
Membership No.11549

Place : Mumbai  
Date : 15<sup>th</sup> July, 2011

**Action Financial Services (India) Limited**

**ACTION FINANCIAL SERVICES (INDIA) LTD.  
BALANCE SHEET AS AT 31st MARCH 2011**

	Schedule No.	Rupees	31.03.2011 Rupees	Rupees	31.03.2010 Rupees
<b>I. Sources of Funds</b>					
<b>1 Shareholders Fund</b>					
a. Share Capital	1	108,090,000		96,380,000	
b. Subscription Money Towards Warrants		2,238,800		625,000	
c. Reserves & Surplus	2	<u>46,136,500</u>		<u>23,262,500</u>	
			<b>156,465,300</b>		<b>120,267,500</b>
<b>2. Loan Funds</b>					
a. Secured Loans	3	19,269,584		19,044,496	
b. Unsecured Loans	4	<u>19,875,580</u>		<u>16,954,333</u>	
			<b>39,145,164</b>		<b>35,998,829</b>
<b>TOTAL</b>			<b><u>195,610,464</u></b>		<b><u>156,266,329</u></b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a. Gross Block	5	35,541,931		35,520,458	
b. Less : Depreciation		<u>20,267,990</u>		<u>18,885,590</u>	
c. Net Block			<b>15,273,941</b>		<b>16,634,868</b>
<b>2. Deferred tax Asset (Net)</b>			<b>2,905,048</b>		<b>3,470,510</b>
<b>3. Investments</b>	6		<b>59,311,002</b>		<b>53,188,353</b>
<b>4. Current Assets , Loans and Advances</b>					
a. Stock in trade	7	88,228,616		78,575,801	
b. Sundry Debtors	8	52,114,432		30,104,516	
c. Cash and Bank balances	9	16,784,151		15,553,965	
d. Loans and Advances	10	<u>19,547,761</u>		<u>15,891,674</u>	
(A)		<b><u>176,674,961</u></b>		<b><u>140,125,956</u></b>	
<b>Less : Current Liabilities and Provisions</b>					
a. Current Liabilities		59,425,311		58,090,713	
b. Provisions		<u>6,411,386</u>		<u>6,796,950</u>	
(B)		<b><u>65,836,697</u></b>		<b><u>64,887,663</u></b>	
Net Current Assets (A) - (B)			<b>110,838,263</b>		<b>75,238,293</b>
<b>5. Profit and Loss Account (Debit Balance)</b>			<b>7,282,210</b>		<b>7,734,305</b>
<b>Total</b>			<b><u>195,610,464</u></b>		<b><u>156,266,329</u></b>

The Schedules 1 to 15 annexed hereto forms part of the Balance Sheet and Profit and Loss Account

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 15th July 2011

For and on behalf of the Board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director



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**ACTION FINANCIAL SERVICES (INDIA) LTD.  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule No.	For the Half Year Ended 31.03.2011 Rupees	For the Year 31.03.2010 Rupees
<b>INCOME</b>			
Income from Broking Activities		16,214,759	15,725,015
Income from Depository Services		3,839,608	4,302,545
Other Income	12	<u>12,009,614</u>	<u>14,870,850</u>
		<b>32,063,981</b>	<b>34,898,410</b>
<b>EXPENDITURE</b>			
Employees Remuneration and Benefits	13	9,122,664	7,660,966
Administrative and Other Expenses	14	<u>12,342,552</u>	<u>17,298,482</u>
		<b>21,465,216</b>	<b>24,959,448</b>
		<b>10,598,765</b>	<b>9,938,962</b>
<b>OPERATING PROFIT</b>			
Interest and Financial Charges		6,827,008	6,148,186
Depreciation		<u>2,647,148</u>	<u>2,328,951</u>
		<b>9,474,156</b>	<b>8,477,137</b>
		<b>1,124,609</b>	<b>1,461,825</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>			
Provision for Taxation (MAT)		107,052	-
Earlier Years Tax and FBT		-	25,656
Deferred Tax		<u>565,462</u>	<u>284,504</u>
		<b>672,514</b>	<b>310,160</b>
		<b>452,095</b>	<b>1,151,666</b>
<b>PROFIT / (LOSS) AFTER TAX</b>			
<b>Adds: Profit Brought forward from Previous year</b>		<b>(7,734,305)</b>	<b>(8,885,971)</b>
<b>Profit / (Loss) Available for appropriations</b>		<b><u>(7,282,210)</u></b>	<b><u>(7,734,305)</u></b>
<b>Appropriations</b>			
Profit / (Loss) Balance Carried to Balancesheet		<b>(7,282,210)</b>	<b>(7,734,305)</b>
		<b><u>(7,282,210)</u></b>	<b><u>(7,734,305)</u></b>
<b>Earning Per Share (Per Equity Share of Rs.10/- each)</b>			
- Basic		(0.04)	0.13
- Diluted		(0.04)	0.13
The Schedules 1 to 15 annexed hereto forms part of the Balance Sheet and Profit and Loss Account			

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 15th July 2011

For and on behalf of the Board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director

## Action Financial Services (India) Limited

### ACTION FINANCIAL SERVICES (INDIA) LTD. Cash Flow Statement For The Yearly Ended on 31st March, 2011

Particulars	2010-11	2009-10
	Rs.	Rs.
<b>A. Cash Flow From Operating Activities:</b>		
1 Profit Before Tax	1,124,609	1,461,826
<b>Add/(Less) Non-Cash And Non-Operating Items</b>		
Adjustments For Depreciation	2,647,148	2,328,951
Loss on sale of Fixed Assets	279,338	95,412
Interest And Dividends Received	(1,286,007)	(1,313,546)
Tax Deducted at Source	(32,341)	(144,595)
(Profit) / Loss on sale of Investments	(1,104,787)	(3,880,706)
Interest Expenditure	<u>6,827,008</u>	<u>6,148,186</u>
	<b>7,330,359</b>	<b>3,233,702</b>
<b>B. Operating Profit / ( Loss)Before Working Capital Changes (1 + 2)</b>	<b>8,454,968</b>	<b>4,695,529</b>
<b>C. Changes In Working Capital (Increase) / Decrease In Current Assets (Excluding Cash And Bank Balances)</b>		
Trade & Other Receivable	(25,666,002)	(6,214,375)
Stock In Trade	(9,652,815)	(21,374,872)
Increase / (Decrease) In Current Liabilities & Provisions	<u>841,982</u>	<u>13,624,041</u>
	<b>(34,476,835)</b>	<b>(13,965,206)</b>
<b>D. Cash Generated From Operations(B+C)</b>	<b>(26,021,867)</b>	<b>(9,269,677)</b>
<b>E. Less: Taxes Paid/ Refund Received</b>	<b>32,340</b>	<b>118,938</b>
<b>F. Net Cash Flow From Operating Activities</b>	<b>(25,989,527)</b>	<b>(9,150,739)</b>
<b>G. Cash Flow From Investing Activities</b>		
Miscellaneous Income		
(Purchase) / Sale Of Investments (Net)	(6,122,649)	4,124,417
Purchase Of Fixed Assets	(1,839,559)	(2,379,028)
Sale of Fixed Assets	273,999	12,000
Interest Income On Investments	1,010,347	1,201,291
Dividend Income On Investments	<u>275,660</u>	<u>112,256</u>
<b>Net Cash Used In Investing Activities</b>	<b>(6,402,201)</b>	<b>3,070,936</b>
	<b>(32,391,728)</b>	<b>(6,079,803)</b>
<b>H. Net Cash Flow From Financing Activities</b>		
Proceeds From Secured Borrowing	225,088	7,613,672
Proceeds From Issue Of Warrants	2,238,800	625,000
Proceeds From Issue Of Equity Shares	11,710,000	2,880,000
Securities Premium On Equity Shares	22,249,000	3,330,000
Proceeds From Un-Secured Borrowing	2,921,247	(1,681,595)
Profit / (Loss) on sale of Investments	1,104,787	3,880,706
Interest Paid	<u>(6,827,008)</u>	<u>(6,148,186)</u>
<b>Net Cash Generated / (Used) From Financing Activities</b>	<b>33,621,914</b>	<b>10,499,597</b>
<b>I. Net Changes In Cash &amp; Cash Equivalents</b>	<b>1,230,186</b>	<b>4,419,794</b>
<b>J. Cash &amp; Cash Equivalents As At End Of Financial Year</b>		
- Bank Balance	683,406	201,472
- Fixed Deposits	16,099,523	15,352,126
- Cash Balance	<u>1,222</u>	<u>367</u>
<b>Less: Cash &amp; Cash Equivalents As At The Beginning Of Financial Year</b>	<b>15,553,965</b>	<b>11,134,171</b>
<b>Net Changes In Cash &amp; Cash Equivalents</b>	<b>1,230,186</b>	<b>4,419,794</b>

**Note :**

- 1 Cash Flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- 2 Proceeds from Equity shares is net amount received after adjusting amount received on Equity Warrants.
- 3 Figures in brackets denotes outflows.
- 4 Previous Year Figures are regrouped, wherever necessary.

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

For and on behalf of the Board

**Milan R. Parekh**  
Chairman & Managing Director

**A.D. Shenoy**  
(Partner)  
Membership No. 11549  
Place: Mumbai  
Date: 15th July 2011

**Bakul R. Parekh**  
Jt. Managing Director

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**ACTION FINANCIAL SERVICES (INDIA) LTD.  
SCHEDULES TO THE ACCOUNTS**

SCHEDULES	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised:</b>		
1,20,00,000 (1,00,000,000) Equity Shares of Rs.10/-each	120,000,000	100,000,000
1,00,000 (2,00,000) Preference Shares of Rs. 100/- each	10,000,000	20,000,000
<b>Total</b>	<b>130,000,000</b>	<b>120,000,000</b>
<b>Issued Subscribed and Paid - up:</b>		
99,81,000 ( P.Y. 88,10,000) Equity Shares of Rs. 10/- each fully-paid	99,810,000	88,100,000
(During the year fresh issued of equity shares have @ premium of Rs 19 each) (Refer : Note(II) (2) (1) of Schedule 15)		
82,800 10 % Redeemable Cumulative Preferences Shares of Rs.100/- each fully paid (Refer : Note(II) (2) (2)of Schedule 15)	8,280,000	8,280,000
<b>Total</b>	<b>108,090,000</b>	<b>96,380,000</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS :</b>		
Capital Redemption Reserve Account (Utilised)	10,120,000	10,120,000
Capital Reserve A/c (Refer : Note(II) (2)(3) of Schedule 15)	6,275,000	5,650,000
Securities Premium Account	29,741,500	7,492,500
<b>Total</b>	<b>46,136,500</b>	<b>23,262,500</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS :</b>		
Term Loans (Secured ) (See Note No. : II (3) of Schedule 15)	6,887,180	8,431,436
Vehicle Loan (From Financial Institution)	1,099,025	-
Bank Overdraft (Secured ) (See Note No. : II (3) of Schedule 15)	11,283,379	10,613,060
<b>Total</b>	<b>19,269,584</b>	<b>19,044,496</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS :</b>		
From Banks	-	28,457
From Others (Refer : Note(II) (4) of Schedule 15)	16,800,000	15,750,620
Book Overdraft (Refer : Note(II) (4) of Schedule 15)	3,075,580	1,175,256
<b>Total</b>	<b>19,875,580</b>	<b>16,954,333</b>

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

**SCHEDULE - 5  
Fixed Assets**

Assets	Gross Block				Depreciation				Net Block	
	Opening Balance as on 01.04.2010 Rs.	Addition during the Year Rs.	Sales / Ded during the Year Rs.	Total Cost as on 31.03.2011 Rs.	Opening Balance as on 01.04.2010 Rs.	For the Year Rs.	On sale during year Rs.	Total Depreciation Upto 31.03.2011 Rs.	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>INTANGIBLE ASSETS</b>										
Goodwill	12,918,645	-	-	12,918,645	8,237,404	645,932		8,883,336	4,035,309	4,681,241
<b>TANGIBLE ASSETS</b>										
Office Premises	7,255,961	-	-	7,255,961	1,095,926	118,272		1,214,198	6,041,763	6,160,035
Furniture & Fixtures	3,416,783	51,351	-	3,468,134	2,465,660	218,776	-	2,684,436	783,698	951,123
Office Equipments	2,059,200	108,634	102,134	2,065,700	815,095	208,445	102,134	921,406	1,144,294	1,244,105
Computer Assets	8,153,917	169,000	-	8,322,917	5,208,652	1,336,696	-	6,545,349	1,777,568	2,945,265
Vehicles	1,715,952	1,510,574	1,715,952	1,510,574	1,062,853	119,027	1,162,615	19,265	1,491,309	653,099
<b>Total</b>	<b>35,520,458</b>	<b>1,839,559</b>	<b>1,818,086</b>	<b>35,541,931</b>	<b>18,885,590</b>	<b>2,647,148</b>	<b>1,264,749</b>	<b>20,267,990</b>	<b>15,273,941</b>	<b>16,634,868</b>
<b>Previous Year</b>	<b>33,261,390</b>	<b>2,379,028</b>	<b>119,960</b>	<b>35,520,458</b>	<b>16,569,187</b>	<b>2,328,951</b>	<b>12,548</b>	<b>18,885,590</b>	<b>16,634,868</b>	

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

**SCHEDULE - 6**

**INVESTMENTS**

<b>(A) Quoted Shares (Fully Paid) at cost</b>						
<b>Name of the Company</b>	<b>AS ON 31st March, 2011</b>			<b>AS ON 31st March, 2010</b>		
	<b>No. of Shares</b>	<b>Face Value</b>	<b>Cost</b>	<b>No. of Shares</b>	<b>Face Value</b>	<b>Cost</b>
		<b>Rs.</b>	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
Bajaj Hindustan Ltd	-	-	-	37,275	1	9,501,292
Balrampur Chini	16,010	1	1,332,089	16,010	1	1,332,089
BHEL	7,309	10	13,958,391	6,532	10	12,559,791
Chambal Fertilisers	13,500	10	685,291	13,500	10	685,291
Hindustan Constr. Co	1,543	1	56,088	1,190	1	158,865
Hotel Leela	21,020	2	475,471	21,020	2	475,471
IFCI Ltd	11,931	10	677,204	11,931	10	677,204
Infosys Technologies	15	5	39,659	15	5	39,658
Ispat Industries	-	-	-	6,871	10	138,794
Kanchi Karporam	70,600	10	702,470	70,600	10	702,470
Mcleod Russel	50	5	13,509	30	5	8,373
Morarji Realities	9,682	10	898,490	9,682	10	898,490
RNRL	-	-	-	37,451	5	2,029,126
Sakti Sugar	17,081	10	1,013,757	17,081	10	1,013,757
Orissa Sponge	-	-	-	28,000	10	9,440,700
Suryadeep Salt	19,682	10	923,642	19,682	10	923,641
Tasc Pharmae	13,550	10	1,399,354	13,550	10	1,399,354
Reliance Industries	5,155	10	5,330,565	5,355	10	5,789,560
TTML	23,775	10	401,318	23,775	10	401,318
TCS Ltd	7,166	1	5,568,124	-	-	-
HDFC	5,125	2	2,369,799	-	-	-
Satyam comp	25,965	2	2,284,537	-	-	-
Bharti	6,264	5	2,118,350	-	-	-
Tata Global Beverages Ltd	31,635	1	2,086,839	-	-	-
India Securities	77,402	1	2,085,789	-	-	-
Jaiprakash Associates	14,106	2	1,877,159	-	-	-
<b>Total</b>	<b>(A)</b>		<b>46,297,894</b>			<b>48,175,244</b>
<b>(B) Unquoted Shares (Fully Paid)</b>						
Banglore Stock Exchange Ltd	7,228	1	1,229,609	7,228	1	1,229,609
BSE Limited	23,257	1	2,683,500	23,257	1	2,683,500
Action Securities Limited	50,000	10	500,000	50,000	10	500,000
Action Commodities Ltd.	100,000	10	8,500,000	50,000	10	500,000
Suman Resort	10,000	10	100,000	10,000	10	100,000
<b>Total</b>	<b>(B)</b>		<b>13,013,109</b>			<b>5,013,109</b>
<b>Grand Total (A+B)</b>			<b>59,311,002</b>			<b>53,188,353</b>
Aggregate Of Quoted Investments		<b>At Cost</b>	<b>46,297,894</b>		<b>At Cost</b>	<b>48,175,244</b>
Aggregate of Unquoted Investments		<b>At Cost</b>	<b>13,013,109</b>		<b>At Cost</b>	<b>5,013,109</b>
<b>Market Value Of Quoted Investments</b>			<b>48,278,089</b>		<b>Market Value</b>	<b>49,955,217</b>

(Refer : Note(II) (9B) of Schedule 15)

## Action Financial Services (India) Limited

### ACTION FINANCIAL SERVICES (INDIA) LTD.

SCHEDULES	Rupees	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
<b>SCHEDULE - 7</b>			
<b>Stock in Trade</b>			
Shares & Debentures as at 31.03.2011 valued at Cost or Market value, whichever is lower.		88,228,616	78,575,801
		<u>88,228,616</u>	<u>78,575,801</u>
<b>SCHEDULE- 8</b>			
<b>SUNDRY DEBTORS -</b>			
<b>Unsecured, Considered Good</b>			
<b>Over Six Months</b>		3,489,498	2,685,555
Less : Provision for Non- Performing Debtors (Refer : Note(II) (9A) of Schedule 15)		348,950	268,556
		<u>3,140,548</u>	<u>2,416,999</u>
Other Debts		48,973,884	27,687,517
		<u>52,114,432</u>	<u>30,104,516</u>
<b>SCHEDULE- 9</b>			
<b>Cash &amp; Bank Balances</b>			
Balance with Scheduled Banks		683,406	201,472
Fixed Deposits		16,099,523	15,352,126
Cash on hand		1,222	367
		<u>16,784,151</u>	<u>15,553,965</u>
<b>SCHEDULE- 10</b>			
<b>Loans &amp; Advances</b>			
Interest Accrued on Deposits		457,998	343,383
Advance Tax Paid		3,100,000	-
Advance recoverable in cash and / or kind or for value to be received		3,354,300	3,196,266
Tax Deducted at Source		809,886	777,546
Sundry Deposits		11,825,577	11,574,480
		<u>19,547,761</u>	<u>15,891,675</u>
<b>SCHEDULE- 11</b>			
<b>Current Liabilities &amp; Provision</b>			
<b>Current Liabilities</b>			
Sundry Creditors		52,797,753	49,379,788
Deposits from Clients		1,069,646	2,838,271
NSDL's Clients Deposits		1,969,357	2,102,257
Outstanding Expenses		3,588,555	3,770,397
	(a)	<u>59,425,311</u>	<u>58,090,713</u>
<b>Provisions</b>			
Provision for Gratuity (Refer : Note(II) (6) of Schedule 15)		2,269,423	2,108,156
Provision for Leave Encashment (Refer : Note(II) (6) of Schedule 15)		143,171	297,054
Provision for Taxation		3,998,792	4,391,740
	(b)	<u>6,411,386</u>	<u>6,796,950</u>

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

<b>Schedules</b>	<b>For the Year Ended 31.03.2011 Rupees</b>	<b>For the Year Ended 31.03.2010 Rupees</b>
<b>SCHEDULE- 12</b>		
<b>Other Income</b>		
Interest on Fixed Deposits	1,010,347	1,201,291
Dividend on Shares	275,660	112,256
Miscellaneous Income	39,235	88,299
Stock Exchange Expenses Recovered From Remisiers	93,000	147,433
Rent Received.	120,000	70,000
Profit on Derivatives	2,586,685	-
Profit on Currency Derivatives	666,336	-
Leave Salary Provision Written Back	153,883	-
Profit on sales of investment	1,104,787	-
Profit on sale of securities (Net)	5,896,056	13,251,572
Mutual Fund Commission	63,626	-
<b>TOTAL</b>	<b><u>12,009,614</u></b>	<b><u>14,870,850</u></b>
<b>SCHEDULE- 13</b>		
<b>Employees Remuneration &amp; Benefits</b>		
Salaries and Allowances	8,195,271	6,242,274
Incentive paid	251,054	-
Staff welfare Expenses	162,732	126,248
Contribution to Provident Fund and ESIC	284,633	322,384
Leave Encashment	-	81,410
Gratuity	228,975	888,650
<b>TOTAL</b>	<b><u>9,122,664</u></b>	<b><u>7,660,966</u></b>

## Action Financial Services (India) Limited

### ACTION FINANCIAL SERVICES (INDIA) LTD.

Schedules	For the Year Ended 31.03.2011		For the Year Ended 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
<b>SCHEDULE - 14</b>				
<b>Administrative and Other Expenses</b>				
Advertisements		58,299		39,382
Bank Charges		933,248		1,261,073
Insurance Premium		15,809		25,114
Books and Periodicals		1,560		1,713
Travelling and Conveyance		67,289		117,345
Electricity Expenses		496,967		469,064
Listing, SEBI and Corporate Action fees		111,090		268,586
Maintenance Expenses		570,102		562,057
Printing and Stationary		465,845		244,934
Registrar Fees and Professional charges		1,699,004		952,082
Rent, Rates and Taxes		1,209,734		1,279,387
Subscription and Membership		123,000		35,296
Auditors Remuneration				
Audit Fees	55,000		55,000	
Tax Audit Fees	15,000		15,000	
Other Charges, Cerification etc.	<u>53,900</u>		<u>30,000</u>	
		123,900		100,000
Communication Expenses		943,005		923,713
Software Expenses		277,437		25,710
Miscellaneous Expenses		100,897		204,965
Stock Exchange Expenses		1,523,706		1,418,504
Settlement Charges		465,000		7,458,329
Decrease in Value of Stock in Trade		465,528		434,802
Vehicle Expenses		156,783		133,007
NSDL Expenses		855,122		915,462
Loss on Currency Derivatives		-		226,668
Loss on Sale of Assets		279,338		95,412
Provision for Non-Performing Assets		80,394		59,745
Computer Expenses		93,234		46,132
Sub Brokerage		1,226,261		-
<b>TOTAL</b>		<u><u>12,342,552</u></u>		<u><u>17,298,482</u></u>



**SCHEDULE 15**

**Significant Accounting Policies & Notes to the Accounts for the year ended  
31<sup>st</sup> March 2011.**

**I. Significant Accounting Policies :**

**a. Accounting Concepts**

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

**b. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**c. Revenue Recognition**

- (i) Income from broking activities and depository services are recognized only when it is reasonably certain that the ultimate collection will be made.
- (ii) Income from trading in securities and Derivatives comprises of profit or loss on sale of securities held as stock in trade and profit or loss on Derivative instruments is accounted for based on the "Guidance note on accounting for Equity Index and Equity Stock Futures and Options" issued by the Institute of Chartered Accountants of India.
- (iii) Interest income is recognized on time proportionate basis.
- (iv) Dividend income is recognized as and when payment is received.
- (v) Income from investing activities are recognized only when it is reasonably certain that the ultimate collection will be made

**d. Fixed Assets**

All the fixed assets are accounted at cost of acquisition less accumulated depreciation.

**e. Impairment of Fixed Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and

## **Action Financial Services (India) Limited**

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Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**f. Depreciation**

Depreciation on Fixed Assets is provided on prorata basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956 under Straight Line Method.

**g. Amortisation**

Goodwill shall be amortized over a period of Twenty years.

**h. Investments**

Securities, which are bought with an intention of keeping for long term, are classified under Investments and are valued at cost plus brokerage and stamp charges. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

**i. Stock In Trade**

Shares and Debentures are valued at cost or market price whichever is lower, whereby the cost of each script is compared vis-à-vis its market value and the resultant shortfall if any, is charged to revenue.

**j. Taxation**

- (i) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.
- (ii) Deferred tax on timing difference between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

**k. Employee Benefits**

- (i) Gratuity to employees is provided as per AS 15 and liability as on Balance Sheet date has been determined on the basis of actuarial valuation. The liability is not funded.
- (ii) Leave encashment benefits payable to employees of the Company with respect to accumulated leave outstanding at the year-end are accounted for on the basis of an actuarial valuation as at the Balance Sheet date.
- (iii) Contributions payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and ESIC are charged to Profit and Loss account.
- (iv) Other employee benefits are accounted on accrual basis.

**I. Earning per Share**

In determining the earning per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary/ exceptional items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per shares comprises the weighted average shares considered for deriving the basic earning per share and also weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock split and bonus shares issued.

**m. Leased Assets:**

Assets taken on lease under which the lessor effectively retains all the risk and rewards of ownership are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreement.

**n. Provisions for Contingent Liabilities and Contingent Assets**

A provision is recognized for a present obligation as result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are determined based on net estimate of the amount required to settle the obligation at the Balance sheet date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**II. Notes to the Accounts:**

**1. Contingent Liabilities in Respect of**

- a. Bank Guarantee amounting to Rs.29,850,000/- (previous year Rs.29,850,000/-).
- b. Allotment money payable on partly paid shares and debentures Rs.1,782,000/- (Previous year Rs.1,782,000/-)
- c. Unpaid Dividend on Preference Shares Rs.2,484,000/- for the year ending 31<sup>st</sup> March 2011 not provided. (Previous Year Rs.1,656,000/-)

**2. Share Holders Fund**

**1. Share Capital:**

1. Out of unissued portion of Authorised Preference Share Capital of the company 100,000 preference of Rs.100/- each aggregating to Rs.10,000,000/- has been reclassified in to and as 1,000,000 Equity Shares of Rs.10/- each aggregating to Rs.10,000,000/- vide resolution passed in AGM held on 30<sup>th</sup> September 2010.

## **Action Financial Services (India) Limited**

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2. Further to this Authorised share capital of the company has been increased from Rs.120,000,000/- divided in to 11,000,000 equity shares of Rs.10/- each and 100,000 redeemable preference shares of Rs.100/- each to Rs.130,000,000/- divided into 12,000,000 equity shares of Rs.10/- each and 100,000 redeemable preference shares of Rs.100/- each vide resolution passed in AGM held on 30<sup>th</sup> September 2010.
3. During the year company has issued 1,171, 000 Equity share of Rs.10/- each for cash at a premium of Rs.19/- per share vide board resolution dated 13<sup>th</sup> October 2010. Accordingly a sum of Rs.22,249,000/- is credited to Securities Premium Account.

### **2. Preference Share Capital:**

10% Redeemable preference share capital is redeemable on or before March 2015.

### **3. Warrants:**

1. The Company had issued 125,000 warrants in November 2009. As on 1<sup>st</sup> April 2010, 125,000 warrants were outstanding. The Company has received subscription of Rs.625,000/- against these warrants. The Company received request for cancellation of the said warrants. Accordingly the said warrants were forfeited vide resolution of Board of Directors dated 28<sup>th</sup> October 2010 and amount of Rs.625,000/- is transferred to capital Reserve Account on account of forfeiture of warrants.
2. The board of directors of the company in its meeting held on 13<sup>th</sup> October 2010, issued 77,200 convertibles warrants on preferential basis to one of the promoter at Rs.29/- per warrant with an option to convert the same into equivalent number of equity shares of nominal value of Rs.10/- each at a premium of Rs.19/- per share. The option of conversion shall be valid for a period of 18 months from the date of allotment of the warrants. The company has received full subscription of Rs.29/- per warrant. Pending receipt of option from warrant holder amount is shown under as Subscription Money towards warrants.

### **3. Secured Loans**

1. **Term Loan:** Term Loan of ICICI Bank Ltd. of Rs.6,887,180/- (Previous Year 8,431,436) is Secured by mortgage of office premises at No. 46, 47 and 54, Rajgir Chambers, Fort, Mumbai and Personal Security and Personal Guarantee by Two Directors. Amount of term loan repayable within a period of one year is Rs.5,134,373/-.
2. **Bank Overdraft:** Overdraft of Rs.11,283,379/- (previous year Rs.10,613,060/-) as at 31.03.2011 from the Schedule Bank is secured against Personal Guarantee of Two Directors and Pledge of Company as well as third party Shares.

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3. **Vehicle Loan:** The Company has availed vehicle loan from TATA capital limited. Said loan is secured against the vehicle purchased outstanding amount, as on 31.03.2011 is Rs.1,099,025/- Amount of vehicle loan repayable within a period of one year is Rs.7,47,738/-.

#### 4. Unsecured Loans

Unsecured Loan of Rs.3075,580/- (Previous Year Rs.11,75,256/-) represents Book overdraft in current account of banks and Inter Corporate Deposit of Rs.16,800,000/- (Previous year Rs.15,750,620/-) as on 31<sup>st</sup> March 2011.

#### 5. Income Tax

Sr. No.	Name of dues	Forum where Dispute is pending	Period to which amount relates	Amount involved
1	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2001-02	13,455,810/-
2	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y.2008-09	10,130,835/-

#### Note:-

- The company had contested Income Tax demand of Rs.13,455,810/- for Assessment Year 2001-02. CIT (A) has heard the company's appeal and decided in favour of the company. The Income Tax Department has appealed in the tribunal against the said order.
- The Company had contested Income Tax demand of Rs.10,130,835/- for Assessment Year 2008-09. The Company has paid Rs.36,00,000/- and balance amount is in abeyance till disposal of the case. The company has preferred an appeal in the CIT (A) against the said order.

#### 6. Defined Benefit Plan

The company has applied revised Accounting Standard AS – 15 Employees Benefits notified under the Companies (Accounting Standard) Rules, 2006. Consequent to the introduction of AS – 15, we have obtained the Actuarial Certificate for Valuation of Gratuity and Leave Salary as under:

- a) Gratuity: Disclosures are as under:

(In Rupees)

Assumptions as at	31-Mar-11	31-Mar-10
Mortality	LIC (1994-96) Ult.	
Interest / Discount Rate	8.17%	8.00%
Rate of increase in compensation	12.50%	12.50%
Rate of return (expected) on plan assets	-	-

### Action Financial Services (India) Limited

Employee Attrition Rate(Past Service (PS) )	PS: 0to 5: 40% PS: 5 to 42: 5%	PS :0 to 42: 5%
Expected average remaining service	5.82	12.82
<b>Changes in present value of obligations</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at beginning of period	21,21,510	1,269,045
Interest cost	1,73,964	101,524
Current Service Cost	2,23,140	318,172
Past service cost (Non vested benefits)	-	26,708
Past service cost (Vested benefits)	-	898,739
Benefits Paid	-	-
Actuarial (gain)/loss on obligation	(249,191)	(492,678)
PVO at end of period	2,269,423	2,121,510
<b>Changes in fair value of plan assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	-	-
Actuarial gain/(loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-
<b>Fair Value of Plan Assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	-	-
Fair Value of Plan Assets at end of period	-	-
Funded Status	(2,269,423)	(2,121,510)
Excess of actual over estimated return on Plan Assets	-	-
<b>Experience History</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
(Gain)/Loss on obligation due to change in Assumption	(154,527)	(42,249)
Experience (Gain)/ Loss on obligation	(94,664)	(450,429)
Actuarial (Gain)/ Loss on Plan Assets	-	-
<b>Actuarial Gain/(Loss) Recognized</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Actuarial Gain/(Loss) for the period (Obligation)	249,191	492,678
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	249,191	492,678
Actuarial Gain/(Loss) recognized for the period	249,191	492,678
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
<b>Past service cost recognised</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Past service cost -Non vested benefits	-	26,708

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Past service cost -Vested benefits	-	898,739
Average remaining future service till vesting of the benefits	-	2
Recognised Past service cost -Non vested benefits	13,354	13,354
Recognised Past service cost - vested benefits	-	898,739
Unrecognized Past service cost -Non vested benefits	-	13,354
<b>Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at end of period	22,69,423	2,121,510
Fair Value of Plan Assets at end of period	-	-
Funded Status	(22,69,423)	(2,121,510)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognized Past service cost- Non vested benefits	-	13,354
Net Asset/(Liability) recognized in the balance sheet	(22,69,423)	(2,108,156)
<b>Expense recognized in the statement of P &amp; L A/C</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Current Service Cost	223,140	318,172
Interest cost	173,964	101,524
Past service cost (Non vested benefits)	13,354	13,354
Past service cost (Vested benefits)	-	898,739
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the period	(249,191)	(492,678)
Expense recognized in the statement of P & L A/C	161,267	839,111
<b>Movements in the Liability recognized in Balance Sheet</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Opening Net Liability	2,108,156	1,269,045
Adjustment to opening balance	-	-
Expenses as above	161,267	839,111
Contribution paid	-	-
Closing Net Liability	2,269,423	2,108,156

**b) Leave Encashment:** Disclosures are as under :

<b>Assumptions as at</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Mortality	LIC (1994-96) Ult.	
Interest / Discount Rate	8.17%	8.20%
Rate of increase in compensation	12.50%	12.50%
Rate of return (expected) on plan assets	-	-
Employee Attrition Rate(Past Service (PS) )	PS: 0to 5: 40% PS: 5 to 42: 5%	PS :0 to 42: 5%
Expected average remaining service	5.80	12.82

**Action Financial Services (India) Limited**

<b>Changes in present value of obligations</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at beginning of period	297,054	428,601
Interest cost	24,037	34,288
Current Service Cost	447,125	293,513
Past Service Cost- (non vested benefits)	-	-
Past Service Cost- (vested benefits)	-	-
Benefits Paid	(7,840)	-
Actuarial (gain)/loss on obligation	(617,205)	(459,348)
PVO at end of period	143,171	297,054
<b>Changes in fair value of plan assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	7,840	-
Actuarial gain/(loss) on plan assets	(7,840)	-
Fair Value of Plan Assets at end of period	-	-
<b>Fair Value of Plan Assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	7,840	-
Benefit Paid	(7,840)	-
Fair Value of Plan Assets at end of period	-	-
Funded Status	(143,171)	(297,054)
Excess of actual over estimated return on Plan Assets	-	-
<b>Experience History</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
(Gain)/Loss on obligation due to change in Assumption	(25,633)	(6,638)
Experience (Gain)/ Loss on obligation	(591,572)	(452,710)
Experience (Gain)/ Loss on Plan Assets	-	-
<b>Actuarial Gain/(Loss) Recognized</b>		
Actuarial Gain/(Loss) for the period (Obligation)	617,205	459,348
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	617,205	459,348
Actuarial Gain/(Loss) recognized for the period	617,205	459,348
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
<b>Past Service Cost Recognised</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Past Service Cost (non vested benefits)	-	-
Past Service Cost ( vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognised Past Service Cost- non vested benefits	-	-



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Recognised Past Service Cost- vested benefits	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
<b>Amount to be recognized in the Balance sheet and statement of profit &amp; loss Account</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at end of period	143,171	297,054
Fair Value of Plan Assets at end of period	-	-
Funded Status	(143,171)	(297,054)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Net Asset/(Liability) recognized in the balance sheet	(143,171)	(297,054)
<b>Expense recognized in the statement of P &amp; L A/C</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Current Service Cost	447,125	293,513
Interest cost	24,037	34,288
Past Service Cost (non vested benefits)	-	-
Past Service Cost ( vested benefits)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the period	(617,205)	(459,348)
Expense recognized in the statement of P & L A/C	(146,043)	(131,547)
<b>Movements in the Liability recognized in Balance Sheet</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Opening Net Liability	297,054	428,601
Expenses as above	(146,043)	(131,547)
Contribution paid	(7,840)	-
Closing Net Liability	143,171	297,054
<b>Short Term Compensated Absence Liability</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Valuation date.	31-Mar-11	31-Mar-10
No of Days	144.50	805
Amount *	290,397	2,029,679

**7. Managerial Remuneration:**

Remuneration to Directors	31 <sup>st</sup> March,2011 (Rupees)	31 <sup>st</sup> March,2010 (Rupees)
Salary	2,936,400	2,040,000
Perquisites	228,600	150,000
PF Contribution	18,720	18,720
Leave Encashment	206,040	182,500
<b>Total</b>	<b>3,389,760</b>	<b>2,391,220</b>

Provision for gratuity and leave salary is made on Actuarial Valuation for the entire company; hence individual figures are not ascertainable.

## **Action Financial Services (India) Limited**

The computation of net profit under section 198 / 349 of the Companies Act, 1956 has not been given since no commission is paid / payable to any director in the current year.

### **8. Provision for Taxation :**

- (a) Tax provision for the year has been made on the basis of MAT provision.
- (b) Deferred Tax has been considered for timing differences between book and taxable profits are as below:

<b>Particulars</b>	<b>As at 01.04.2010</b>	<b>For the year</b>	<b>As at 31.03.2011</b>
WDV differential	(1,633,090)	144,039	(1,489,051)
Retirement benefits	723,728	2,221	725,949
Unabsorbed Depreciation	476,514	(858)	475,656
Business Loss	3,323,107	(1,389,618)	1,933,489
Long Term Loss	273,310	-	273,310
Short Term Loss	306,941	678,754	985,695
Net Deferred tax Asset / (Liability)	<b>3,470,510</b>	<b>(565,462)</b>	<b>2,905,048</b>

9. (A) As per RBI guidelines in relation to Non-Banking Financial Companies the company has provided Rs.348,950/-, 10% as provision for Non - Performing Assets on debts for more than six months (previous year Rs.268,556/-) and Rs.80,394/- being additional provision is charged to Profit and Loss account.

### **(B) Investments:**

- (a) The aggregate market value of quoted investments as at 31.03.2011 is Rs.48,278,089/- (Previous year Rs.49,955,217/-) as against the total cost of quoted investment of Rs.46,297,894/- (Previous year Rs.48,175,244/-). No provision for diminution in the value of quoted investment is considered necessary as in the management's view the short fall is temporary in nature.
- (b) In case of Stock in Trade, full provision for diminution in value of stock has been made in the accounts.
- (c) During the Year the Company invested Rs.80,00,000/- in M/s Action Commodities Limited, wholly owned subsidiary in 50,000 Equity Shares of Rs.10/- at a premium of Rs.150/- per share.
- (d) Details of movements in investments during the year are given below: -

<b>Particulars</b>	<b>Face Value</b>	<b>Purchases</b>		<b>Sales</b>	
		<b>Qty</b>	<b>Value</b>	<b>Qty</b>	<b>Value</b>
Bajajhind Ltd	1	15,000	1,654,314	52,275	11,136,413
BHEL	10	2,107	3,856,415	1,330	3,803,702
Chambal Fertilisers	10	3,950	298,780	3,950	296,593

**18th Annual Report 2010-11**

Grasim Indus	10	50	142,721	50	142,992
Hindustan Constr. Co	1	6,353	248,962	6,000	245,468
Hotel Leela	2	100	4,730	100	4,690
IFCI Ltd	10	7,200	403,505	7,200	404,415
Infosys Technologies	5	100	276,505	100	276,702
Ispat Industries	10	6,025	122,448	12,896	261,117
Mcleod Russel	5	20	5,136	-	-
RNRL	5	6,500	352,899	43,951	2,551,601
Orissa Sponge	10	14,105	4,827,676	42,105	14,546,939
Reliance Industries	10	15,270	15,027,577	15,470	15,127,413
Satyam comp	2	89,275	7,275,055	81,262	6,539,333
Bharti	5	12,442	4,259,819	7,700	2,532,816
Tata Global Beverages Ltd	1	4,285	526,627	-	-
India Securities	1	68,037	1,809,015	27,243	723,595
Jaiprakash Associaties	2	20,233	2,067,328	11,700	1,036,866

**10. Auditor's Remuneration:-**

Particulars	2010-11	2009-10
Audit Fees	55,000	55,000
Tax Audit Fees	15,000	15,000
Other Charges , Certification etc	53,900	30,000
Total	123,900	100,000

**11. Earning Per Share (EPS):**

Sr. No.	Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
(A)	Profit /(Loss) After tax	452,095	1,151,666
(B)	Unpaid Dividend of preference Share (Not Provided)	828,000	828,000
(C)	Profit attributable to Equity Shareholders (in Rs.) after tax	(375,905)	323,666
(D)	Nominal Value of Equity Shares (in Rs.)	10	10
(E)	Weighted Number of Equity Shares outstanding during the Year	9,355,397	8,810,000
(F)	Diluted Number of Equity Shares outstanding during the Year	9,417,895	8,847,781
(G)	Basic Earnings Per Share (in Rs.) (A/C)	(0.040)	0.036
(H)	Diluted Earnings Per Share (in Rs.) (A/D)	(0.040)	0.036

**12.** There are no balances outstanding due to 1) Small scale industrial undertaking (SSI) 2) Small and Medium Micro Enterprises 3) Investor education and protection fund u/s 205 C of the Companies Act, 1956.

### **Action Financial Services (India) Limited**

13. Disclosures as required by Accounting Standards 19, "Leases" are given below:

- (i) The Company has taken various office premises under lease and license agreements.  
The lease period extends between 11 months and 3 years under lease and license.
- (ii) Lease payments are recognized in the Profit and Loss Account under "Rent"
- (iii) The future minimum lease payments under Non Cancelable operating lease:

(In Rupees)

<b>Particulars</b>	<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>
Particulars	Amount (Rs.)	Amount (Rs.)
Not later than one year	551,000	1,168,800
Later than one year and not later than five years	237,000	3,112,800
More than five years	NIL	NIL

14. As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

**a. Relationship & name of related party:**

<b>Sr. No.</b>	<b>Relation</b>	<b>Related Party</b>
1.	<b>Enterprise controlling the company</b>	NA
2.	<b>Key Management Personnel</b>	1. Managing Director: Mr.Milan R.Parekh 2. Jt.Managing Director: Mr.Bakul R.Parekh
3.	<b>Enterprise controlled by the company</b>	<b>Subsidiaries:</b> 1. Action Securities Limited 2. Action Commodities Limited
4.	<b>Relative of key management Personnel</b>	NA
5.	<b>Enterprise under control of relative of Key Management Personnel</b>	R. B. Parekh – HUF
6.	<b>Enterprise under common control of Key Management Personnel</b>	M/s. Milan R Parekh

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**b. Details of transactions with related parties are as follows:**

Sr. No.	Relation	Related Party															
1.	Enterprise controlling the Company	NA															
2.	Key Management Personnel	Mr Milan R Parkeh															
		<table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Remuneration</td> <td>1,726,380</td> <td>1,228,110</td> </tr> </tbody> </table>	Nature of Transaction	Current Year	Previous Year	Remuneration	1,726,380	1,228,110									
Nature of Transaction	Current Year	Previous Year															
Remuneration	1,726,380	1,228,110															
		Mr. Bakul R Parkeh															
		<table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Remuneration</td> <td>1,663,380</td> <td>1,163,110</td> </tr> </tbody> </table>	Nature of Transaction	Current Year	Previous Year	Remuneration	1,663,380	1,163,110									
Nature of Transaction	Current Year	Previous Year															
Remuneration	1,663,380	1,163,110															
3.	Enterprise controlled by the company	<table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Shares Capital</td> <td>80,00,000</td> <td>5,00,000</td> </tr> <tr> <td>Expense reimbursement received</td> <td>82,45,427</td> <td>3,30,000</td> </tr> <tr> <td>Deposit &amp; Fixed Asset reimbursement received</td> <td>54,00,000</td> <td>185,000</td> </tr> <tr> <td>Balance</td> <td>2,45,427</td> <td>15,000</td> </tr> </tbody> </table>	Nature of Transaction	Current Year	Previous Year	Shares Capital	80,00,000	5,00,000	Expense reimbursement received	82,45,427	3,30,000	Deposit & Fixed Asset reimbursement received	54,00,000	185,000	Balance	2,45,427	15,000
		Nature of Transaction	Current Year	Previous Year													
		Shares Capital	80,00,000	5,00,000													
		Expense reimbursement received	82,45,427	3,30,000													
		Deposit & Fixed Asset reimbursement received	54,00,000	185,000													
Balance	2,45,427	15,000															
4.	Relative of key management Personnel	None															
5.	Enterprise under control of relative of Key Management Personnel	<table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Rent Paid</td> <td>1,20,000</td> <td>1,20,000</td> </tr> <tr> <td>Balance</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table>	Nature of Transaction	Current Year	Previous Year	Rent Paid	1,20,000	1,20,000	Balance	NIL	NIL						
		Nature of Transaction	Current Year	Previous Year													
		Rent Paid	1,20,000	1,20,000													
Balance	NIL	NIL															
6.	Enterprise under common control of Key Management Personnel	None															

15. Company's primary business activities are Broking and Depository Services, both are covered under one board segment of Share broking activities hence segment reporting is not applicable.

16. Previous year's figures have been regrouped, reclassified and /or renamed to confirm to this year's classification.

As per our Report attached.  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W  
**A.D. Shenoy**

Partner  
Membership No.11549  
Place: Mumbai  
Date: 15<sup>th</sup> July 2011

For and on behalf of the board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director

## Action Financial Services (India) Limited

### ACTION FINANCIAL SERVICES (INDIA) LIMITED Information pursuant to part (IV) of the Companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### 1. Registration Details

Registration No. : U65944MH1922PLC068879 State Code : 11

Balance Sheet : 

31	3	2011
Date	Month	Year

#### 2. Capital Raised During the Year (Amt. in Rs. Thousand)

Public issue	-	Right issue	-
Bonus issue	-	Private Issue	11,710

#### 3. Position of Mobilization & Development of Funds (Amt. in Rs. Thousand)

Total Liabilities	195,610	Total Assets	195,610
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##### SOURCES OF FUNDS

Paid-Up Capital	108,090	Reserve & Surplus	46,136
Subscription Amt of Warrant	2,238	Secured Loan	19,270
		Unsecured Loans	19,876

##### APPLICATION OF FUNDS

Net Fixed Assets	15,274	Investments	59,311
Net Current Assets	110,838	Deferred Tax Assets	2,905
Accumulated Losses	7,282		

#### 4. Performance of Company (Amt. in Rs. Thousand)

Gross Turnover	32064	Total Expenditure	30,939
Profit/ (Loss) before tax	1,125	Profit/(Loss) after tax	452
Earning per share (Rs.)	(0.04)	Dividend Rate (%)	Not Applicable
Diluted Earning Per Share (Rs.)	(0.04)		

#### 5. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC )	Product Description
N.A.	Broking Activities
N.A.	Depository Services

For FORD, RHODES, PARKS & CO.  
Chartered Accountants  
Firm Registration No. 102860W

For and on behalf of Board of Directors

A D SHENOY  
Partner M.No.11549  
Place: MUMBAI  
Dated: 19<sup>th</sup> May, 2011

Milan R. Parekh  
Director

Bakul R. Parekh  
Director

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**18th Annual Report 2010-11**

**ACTION SECURITIES LIMITED**

**DIRECTORS' REPORT**

The Directors present herewith the 3<sup>rd</sup> Annual Report together with the Audited statement of Accounts of the company for the year ended 31<sup>st</sup> March 2011.

**FINANCIAL RESULTS:**

<b>Financial Results</b>	<b>Year Ended 31<sup>st</sup> March, 2011</b>	<b>Year Ended 31<sup>st</sup> March, 2010</b>
Profit / (Loss) Before Depreciation	(2,27,579)	(28,503)
Depreciation	(11,383)	(28,456)
Profit / (Loss) Before Tax	(2,38,962)	(56,509)
<b>Less:</b> Tax / Deferred Tax	78,069	(3,188)
Profit / (Loss) After Tax	(1,60,893)	(59,697)
<b>Add:</b> Profit/(Loss) brought forward from Previous Year	(3,82,953)	(3,23,257)
Profit carried to Balance Sheet	(5,43,846)	(3,82,953))
Paid Up Equity Share Capital	5,00,000	5,00,000
Earning Per Share	(3.22)	(1.19)

**DIVIDEND:**

Since the Company has not yet commenced commercial activities and it has incurred net loss the Directors regret their inability to propose any dividend for the period.

**SUBSIDIARY COMPANY:**

The Company is wholly owned subsidiary of Action Financial Services (India) Limited.

**FUTURE OUTLOOK:**

Your company is planning to acquire Broking and Depository business in short span of time Business will commence after acquisition.

**DEPOSIT:**

The company, during the year under review, did not accept any deposits from the public.

**DIRECTORS:**

Mr. Bakul R. Parekh retires by rotation at the ensuing annual general meeting and being eligible offers himself for re-appointment.

There was no change in the constitution of the Board of Directors of the Company.

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**Action Financial Services (India) Limited**

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**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors further report that:

- I. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departure;
- II. The accounting policies selected by them have been applied consistently and judgments and estimates that are reasonable and prudent have been made 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 the year under review;
- III. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV. The annual accounts have been prepared on a 'going concern' basis.

**CORPORATE GOVERNANCE:**

The Company has been following the principles and practices of good Corporate Governance and is taking necessary steps to ensure due compliance of various laws applicable to the company.

**AUDITORS & AUDITORS' REPORT:**

M/S Fords, Rhodes, Parks & Co., Chartered Accountants, the statutory auditors of the company retires at the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

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

**EMPLOYEES:**

None of the employee was 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.

**DISCLOSURES:**

Information required under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988:

**CONSERVATION OF ENERGY:**

Company's operation involves no manufacturing or processing activities.



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**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

**Technology Absorption, Adaptation & Innovation:**

There is no imported technology involved in the operations of the Company. The Company will focus its attention towards the rapid technological changes in the fields of its activity and train the manpower continuously to improve the quality of services once its commences its commercial activities.

**Foreign exchange earning and out go:**

Foreign Exchange Earned	Rs. NIL
Foreign Exchange Used	Rs. NIL

**ACKNOWLEDGEMENT:**

The Board Express and places on record its sincere gratitude for co-operation, guidance and advice extended to the company by its Bankers, Business Associates and the Government Departments.

The Board also places on record its appreciation for the dedication, commitment and teamwork of employees.

**For and on behalf of the Board of Directors**

Date : 20<sup>th</sup> May, 2011

**Milan R. Parekh**  
Chairman

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**Action Financial Services (India) Limited**

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**AUDITORS' REPORT TO THE MEMBERS OF ACTION SECURITIES  
LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011**

1. We have audited the attached Balance Sheet of Action Securities Limited as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

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5. In our opinion, and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2011;
  - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration no. 102860W

**A.D.Shenoy**  
Partner  
Membership No.11549

Place : Mumbai  
Date : 20th May, 2011

## **Action Financial Services (India) Limited**

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**Annexure referred to in paragraph (3) of our report of even date for  
the year ended 31<sup>st</sup> March , 2011**

### **Re: Action Securities Limited**

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.  
c) During the year the Company has not disposed off any substantial part of fixed assets so as to affect the going concern.
2. The Company does not have any stocks of raw materials, stores, spare parts and finished goods. Hence the clause (ii) of the Order does not apply to the Company.
3. a) The Company has not granted any unsecured loans / Advances to its companies, firms or other parties covered in the Register maintained under Section 301 of the Act.  
b) The Company has taken unsecured loans from companies, firms or other party covered in the Register maintained under Section 301 of the Act. Amount of outstanding Rs.12,766/- and no. of parties is one (Previous Year Rs.1,766/-, no. of party one).  
c) As per the information and explanations given to us, the above loans taken is interest free & there are no stipulations as to repayment of the same. Hence the clauses iii (b), iii (c) and iii (d) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of shares and fixed asset and for providing services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
6. The Company has not accepted any deposits from the public during the year.
7. The Company has an adequate internal control system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the records and information and explanations obtained from the management, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employee State Insurance, Income Tax and other statutory dues applicable to it with appropriate authorities.

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## 18th Annual Report 2010-11

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- b) In our opinion and according to information and explanations obtained, there are no undisputed dues outstanding in respect of Sales tax, Wealth tax, Income tax, Service tax and Cess that have not been deposited on account of dispute.
10. The Company is in existence for less 5 years. It has incurred cash loss during the year & also in the immediately preceding financial year. The accumulated loss as on 31st March, 2011 is Rs.543,646/-.
11. The Company has not borrowed from any banks. The Company does not have any borrowing by way of debentures.
12. Based on our examination of documents and records the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statutes applicable to chit fund and nidhi/mutual benefit fund/societies.
14. The Company has dealing/trading in shares and debentures during the year. In respect of dealing in securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us the Company has not given any guarantees for loans taken by associates from banks.
16. The Company has not taken term loans during the year under review.
17. The Company has not raised any funds on short term basis during the year.
18. During the year, the Company has not made any preferential allotment of equity shares to its holding company.
19. The Company has not issued any debentures issued during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration No. 102860W

**A.D.Shenoy**  
Partner  
Membership No. 11549

Place : Mumbai  
Date : 20th May, 2011

**Action Financial Services (India) Limited**

**ACTION SECURITIES LIMITED  
BALANCE SHEET AS AT 31st MARCH 2011**

	Schedule No.	31.03.2011 Rupees	31.3.2010 Rupees
<b>I. Sources of Funds</b>			
<b>1. Shareholders Fund</b>			
Share Capital	1	500,000	500,000
<b>2. Unsecured Loans</b>			
	2	12,766	1,766
<b>TOTAL</b>		<b>512,766</b>	<b>501,766</b>
<b>II. Application of Funds</b>			
<b>1. Fixed Assets</b>			
a. Gross Block	3	73,042	73,042
b. Less : Depreciation		55,968	44,585
c. Net Block		17,074	28,457
<b>2. Deferred Tax Asset (Net)</b>			
		207,049	128,980
<b>3. Current Assets , Loans and Advances</b>			
Cash and Bank balances	4	18,995	876
	(A)	18,995	876
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	5	274,198	39,500
	(B)	274,198	39,500
Net Current Assets (A) - (B)		(255,203)	(38,624)
<b>4. Profit and Loss Account (Debit Balance)</b>			
		543,846	382,953
<b>Total</b>		<b>512,766</b>	<b>501,766</b>
Significant Accounting Policies and Notes to the Accounts	8		
The Schedules 1 to 8 annexed hereto forms part of the Balance Sheet and Profit and Loss Account			

As per our report of even date  
**For Ford,Rhodes,Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

For and on behalf of the Board

**Milan R. Parekh**  
Director

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date : 20th May 2011

**Bakul R. Parekh**  
Director

**18th Annual Report 2010-11**

**ACTION SECURITIES LIMITED  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS AT 31st March 2011.**

	Schedule No.	For the Year Ended	
		31.03.2011	31.3.2010
		Rupees	Rupees
<b>INCOME</b>		-	-
<b>TOTAL INCOME</b>		<u>-</u>	<u>-</u>
<b>EXPENDITURE</b>			
Employees Remuneration and Benefits	6	61,260	-
Administrative and Other Expenses	7	<u>166,319</u>	<u>28,053</u>
		<u>227,579</u>	<u>28,053</u>
<b>OPERATING PROFIT / (LOSS)</b>		<u>(227,579)</u>	<u>(28,503)</u>
Depreciation	3	<u>11,383</u>	<u>28,456</u>
		<u>11,383</u>	<u>28,456</u>
<b>PROFIT / (LOSS) BEFORE TAX</b>		<u>(238,962)</u>	<u>(56,509)</u>
Provision for Taxation		-	-
Provision for Deferred Tax Asset / (Liability)		<u>78,069</u>	<u>(3,188)</u>
		<u>(160,893)</u>	<u>(59,697)</u>
<b>PROFIT / (LOSS) AFTER TAX</b>		<u>(160,893)</u>	<u>(59,697)</u>
<b>Add : Profit/ (Loss) B/f</b>		<u>(382,953)</u>	<u>(323,257)</u>
<b>Net Profit / Loss before Appropriations</b>		<u>(543,846)</u>	<u>(382,953)</u>
<b>Appropriations</b>			
- Profit and Loss Balance Carried to Balancesheet		(543,846)	(382,953)
		<u>(543,846)</u>	<u>(382,953)</u>
<b>Earning Per Share (Per Equity Share of Rs.10/- each)</b>			
- Basic		(3.22)	(1.19)
Significant Accounting Policies and Notes to the Accounts	8		
The Schedules 1 to 8 annexed hereto forms part of the Balance Sheet and Profit and Loss Account			

As per our report of even date  
**For Ford,Rhodes,Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date : 20th May 2011

For and on behalf of the Board

**Milan R. Parekh**  
Director

**Bakul R. Parekh**  
Director

## Action Financial Services (India) Limited

### ACTION SECURITIES LIMITED Cash Flow Statement for the year ended 31st March 2011

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash Flow From Operating Activities :</b>				
Profit / (Loss) Before Tax		(238,962)		(56,509)
<b>Add/(Less) Non-Cash And Non-Operating Items</b>				
Adjustments For Depreciation	11,383		28,456	
		<u>11,383</u>		<u>28,456</u>
<b>B. Operating Profit / ( Loss)Before Working Capital Changes (1 + 2)</b>		<b>(227,579)</b>		<b>(28,053)</b>
<b>C. Changes In Working Capital (Increase) / Decrease In Current Assets</b>				
Increase / (Decrease) In Current Liabilities & Provisions	<u>234,698</u>		<u>27,500</u>	
		<u>234,698</u>		<u>27,500</u>
<b>D. Cash Generated From Operations(B+C)</b>		<b>7,119</b>		<b>(553)</b>
<b>E. Less: Taxes Paid</b>		<u>-</u>		<u>-</u>
<b>F. Net Cash Flow From Operating Activities</b>		<b>7,119</b>		<b>(553)</b>
<b>G. Cash Flow From Investing Activities</b>		<u>-</u>		<u>-</u>
<b>Net Cash Used In Investing Activities</b>		<b>7,119</b>		<b>(553)</b>
<b>H. Net Cash Flow From Financing Activities</b>				
Proceeds from Unsecured Loans	11,000		(4,233)	
<b>Net Cash Generated /(Used) From Financing Activities</b>		<u>11,000</u>		<u>(4,233)</u>
<b>I. Net Changes In Cash &amp; Cash Equivalents</b>		<u><b>18,119</b></u>		<u><b>(4,786)</b></u>
<b>J. Cash&amp;Cash Equivalents As At End Of Financial Year</b>				
- Bank Balance	18,995		876	
- Cash Balance	<u>-</u>	<u>18,995</u>	<u>-</u>	<u>876</u>
<b>Less: Cash &amp; Cash Equivalents As At The Beginning Of Financial Year</b>		<u>876</u>		<u>5,662</u>
<b>Net Changes In Cash &amp; Cash Equivalents</b>		<u><b>18,119</b></u>		<u><b>(4,786)</b></u>

**Note :**

1. Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals.
2. Figures in brackets denotes outflows.
3. Previous years figures have been regrouped, reclassified and /or renamed to confirm to this years classification.

**For Ford,Rhodes,Parks & Co.**

Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date : 20th May 2011

For and on behalf of the Board

**Milan R. Parekh**  
Director

**Bakul R. Parekh**  
Director



**18th Annual Report 2010-11**

**ACTION SECURITIES LIMITED  
SCHEDULES TO THE ACCOUNTS**

SCHEDULES	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised:</b>		
50,000 (P.Y. 50,000) Equity Shares of Rs.10/-each	5,000,000	5,000,000
<b>Total</b>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Issued Subscribed and Paid - up:</b>		
50,000 (P.Y. 50,000) Equity Shares of Rs.10/- each fully paid	500,000	500,000
All the above share are held by Action Financial Service (India) Ltd (Holding Company)		
<b>Total</b>	<u>500,000</u>	<u>500,000</u>
<b>SCHEDULE - 2</b>		
<b>UNSECURED LOANS</b>		
<b>From Directors</b>	12,766	1,766
	<u>12,766</u>	<u>1,766</u>

**Action Securities Limited**

**SCHEDULE - 3  
Fixed Assets**

**Action Financial Services (India) Limited**

64

	Gross Block				Depreciation				Net Block	Net Block
	Opening	Addition	Sales / Ded	Total Cost	Opening	For the	On sale	Total	As on	As on
	Balance	during the	during the	as on	Balance	Period	during	Depreciation	31.03.2011	31.03.2010
		Period	Period	31.03.2011			the Period	Upto		
								31.03.2011		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>										
Computer	73,042	-	-	73,042	44,585	11,383	-	55,968	17,074	28,457
<b>Total</b>	<b>73,042</b>	<b>-</b>	<b>-</b>	<b>73,042</b>	<b>44,585</b>	<b>11,383</b>	<b>-</b>	<b>55,968</b>	<b>17,074</b>	<b>28,457</b>
Previous Year	73,042	-	-	73,042	16,129	28,456	-	44,585	28,457	-

**18th Annual Report 2010-11**

**ACTION SECURITIES LIMITED**

<b>SCHEDULES</b>	<b>As at 31.03.2011 Rupees</b>	<b>As at 31.03.2010 Rupees</b>
<b>SCHEDULE - 4</b>		
<b>Cash &amp; Bank Balances</b>		
Balance with Scheduled Banks	18,995	876
	<u>18,995</u>	<u>876</u>
<b>SCHEDULE - 5</b>		
<b>Current Liabilities &amp; Provision</b>		
<b>Current Liabilities</b>		
Sundry Creditors	274,198	39,500
	<u>274,198</u>	<u>39,500</u>
<b>SCHEDULE - 6</b>		
<b>Employees Remuneration &amp; Benefits</b>		
Salaries and allowances	61,260	-
	<u>61,260</u>	<u>-</u>
<b>SCHEDULE - 7</b>		
<b>Administrative and Other Expenses</b>		
Auditors Remuneration	16,312	12,500
Bank Charges	552	553
Filing Fees	10,000	-
Legal and Professional charges	11,030	15,000
Loss on Securities.	118,423	-
Other Interest	2	-
Professional Tax - Employer	10,000	-
<b>Total</b>	<u><u>166,319</u></u>	<u><u>28,053</u></u>

## **Action Financial Services (India) Limited**

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### **Action Securities Limited**

#### **SCHEDULE - 8**

##### **Background.**

Action Securities Limited is wholly owned subsidiary of Action Financial Services (India) Limited.. The main objects of the company are Share Broking and Depository services; however the company is yet to start the full-fledged activities

##### **Significant Accounting Policies & Notes to the Accounts**

###### **I. Significant Accounting Policies:**

###### **a. Accounting Concepts**

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

###### **b. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

###### **c. Revenue Recognition**

Income from broking activities and depository services are recognized only when it is reasonably certain that the ultimate collection will be made.

###### **d. Fixed Assets**

All the fixed assets are accounted at cost of acquisition less accumulated depreciation.

###### **e. Impairment of Fixed Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

###### **f. Depreciation**

Depreciation on all fixed assets is provided on pro-rata basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956 under Written down Value Method.

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## 18th Annual Report 2010-11

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### g. **Taxation**

- (i) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.
- (ii) Deferred tax on timing difference between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

### h. **Employee Benefits**

- (i) There are no employees eligible for gratuity as such no provision for gratuity is considered in accounts.
- (ii) There are no employees eligible for Leave Salary as such no provision for Leave salary is considered in accounts.
- (iii) There are no employees eligible for PF and ESIC.
- (iv) Other employee benefits are accounted on accrual basis.

### i. **Earning per Share**

In determining the earning per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary/ exceptional items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving the basic earning per share and also weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock split and bonus shares issued.

### j. **Provisions for Contingent Liabilities and Contingent Assets**

A provision is recognized for a present obligation as result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are determined based on net estimate of the amount required to settle the obligation at the Balance sheet date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## Action Financial Services (India) Limited

### II. Notes to the Accounts:

#### 1. Contingent Liabilities: NIL

#### 2. Share Capital

All 50,000 Equity shares are held by the holding company, Action Financial Services (India) Ltd. and its nominees.

#### 3. Unsecured Loans

The company has availed unsecured loan from Directors. The amount outstanding as on 31<sup>st</sup> March 2011 is Rs.12,766/- (Previous Year- Rs.1,766/-). The loan is interest free and there are no stipulations as to repayment.

#### 4. Employee Benefit

There are no employees eligible for gratuity, leave salary or providend fund etc. as such no provision is considered for this year.

5. As the company has not started its full-fledged activities, hence segment reporting is not applicable.

6. As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place and relationships:

Sr. No.	Relationship	Name of the Related Party
1.	Holding Company	Action Financial Services (India) Limited
2.	Key Management Personnel	Mr. Milan R.Parekh (Director) Mr.Bakul R.Parekh (Director)
3.	Transaction with Holding Company	Expenses Reimbursed: Rs. 245,427/-
4.	Transaction with Key Management Personnel	Unsecured Loans received: Rs.11,000 /- Closing Balance: Rs. 12,766/-

#### 7. Earning Per Share (EPS):

Basic & Diluted EPS:

Sr. No.	Particulars	Year Ended 31.3.2011	Year Ended 31.3.2010
(A)	Profit / (Loss) attributable to Equity Shareholders (in Rs.) after tax	(160,893)	(59,697)
(B)	Nominal Value of Equity Shares (in Rs.)	10	10
(C)	Weighted Number of Equity Shares outstanding during the Year	50,000	50,000
(D)	Weighted Number of Equity Shares outstanding during the Year	50,000	50,000
(E)	Basic Earnings Per Share (in Rs.) (A/C)	(3.22)	(1.19)
(F)	Diluted Earnings Per Share (in Rs.) (A/D)	(3.22)	(1.19)

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**18th Annual Report 2010-11**

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**8. Provision for Deferred Tax:**

- a) Deferred Tax has been considered on timing differences between book and taxable profits are as under.

**Deferred tax Asset / (Liability) as at 31.03.2011**

Particulars	As at 31.03.2010	For the year	As at 31.03.2011
WDV differential	(5,700)	3,420	(2,280)
Business Loss	113,825	74,200	188,025
Unabsorbed Depreciation	20,855	2,383	23,238
Deferred tax Asset / (Liability) (Net)	128,980	78,069	207,049

**b) Income Tax :**

In view of the loss for this year no provision for income tax is considered.

9. There are no balances outstanding due to 1) Small scale industrial undertaking (SSI) 2) Small and Medium Micro Enterprises 3) Investor education and protection fund u/s 205 C of the Companies Act, 1956.
10. Previous year's figures have been regrouped, reclassified and /or renamed to confirm to this year's classification.

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As per our Report attached  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Reg. No.: 102860W

For and on behalf of the board

**Milan R. Parekh**  
Director

**A.D. Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 20<sup>th</sup> May 2011

**Bakul R. Parekh**  
Director

## Action Financial Services (India) Limited

II. Additional Information Pursuant to Part IV of Schedule VI To The Companies Act, 1956.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 

			1	7	5	8	7	4
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 State Code 

		1	1
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Balance Sheet Date 

		3	1
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		0	3
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 / 

		1	1
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Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Right Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Bonus Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Private Placement / Initial Subscription	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

III. Position of Mobilisation and Deployment of Funds  
(Amount in Rs. Thousands)

Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

#### Sources of Funds

Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Subscription Amount of Warrants	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Deferred tax Liability	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

#### Application of Funds

Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Miscellaneous Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Deferred tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Profit & Loss A/c - Debit Balance	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Profit/(Loss) Before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Profit/(Loss) After Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Earning Per Share in Rs.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											Dividend Rate %	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

V. Generic Names of Three Principal Products/Service of Company.

(As per monetary terms)

Item Code No. 

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 N. A.

(Itc Code)

Product Description

i) 

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 B R O K I N G A C T I V I T I E S

ii) 

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 D E P O S I T O R Y S E R V I C E S

As per our Report attached  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Reg. No.: 102860W

**A.D. Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 20<sup>th</sup> May 2011

For and on behalf of the board

**Milan R. Parekh**  
Director

**Bakul R. Parekh**  
Director



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**18th Annual Report 2010-11**

**ACTION COMMODITIES LIMITED**

**DIRECTORS' REPORT**

The Directors present herewith the 2<sup>nd</sup> Annual Report together with the Audited statement of Accounts of the company for the year ended 31<sup>st</sup> March 2011.

**FINANCIAL RESULTS:**

<b>Financial Results</b>	<b>Year Ended 31<sup>st</sup> March, 2011</b>	<b>Period Ended 31<sup>st</sup> March, 2010</b>
Profit / (Loss) Before Depreciation	(2,59,603)	(3,27,500)
Depreciation	(1,22,111)	(19,890)
Profit / (Loss) Before Tax	(3,81,714)	(3,47,390)
<b>Less:</b> Tax / Deferred Tax	11,014	98,520
Profit / (Loss) After Tax	(3,70,700)	(2,48,870)
<b>Add:</b> Profit/(Loss) brought forward from Previous Year	(2,48,870)	----
Profit carried to Balance Sheet	(6,19,570)	(2,48,870)
Paid Up Equity Share Capital	10,00,000	500,000
Earning Per Share	(3.71)	(4.98)

**DIVIDEND:**

Since the Company has incurred net loss the Directors regret their inability to propose any dividend for the year.

**RESOURCES:**

During the year under review there was change in the capital structure of the Company.

**SUBSIDAIRY COMPANY:**

The Company is wholly owned subsidiary of Action Financial Services (India) Limited.

**FUTURE OUTLOOK:**

Your Company is expects to start the MCX commodities exchange membership at the earliest.

**DEPOSIT:**

The company, during the year under review, did not accept any deposits from the public.

**DIRECTORS:**

Mr. Milan R. Parekh retires by rotation at the ensuing annual general meeting and being eligible offers himself for re-appointment.

There was no change in the constitution of the Board of Directors of the Company.

## **Action Financial Services (India) Limited**

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### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors further report that:

- I. In the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departure;
- II. The accounting policies selected by them have been applied consistently and judgments and estimates that are reasonable and prudent have been made 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 the year under review;
- III. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV. The annual accounts have been prepared on a 'going concern' basis.

### **CORPORATE GOVERNANCE:**

The Company has been following the principles and practices of good Corporate Governance and is taking necessary steps to ensure due compliance of various laws applicable to the company.

### **AUDITORS & AUDITORS' REPORT:**

M/S Fords, Rhodes, Parks & Co., Chartered Accountants, the statutory Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

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

### **SECRETARIAL COMPLIANCE CERTIFICATE:**

Since the paid up share capital of the Company is increased to Rs. 10 Lakhs, during the year under review, pursuant to the provision of section 383A of the Companies Act, 1956, the Company had appointed Practising Company to issue Secretarial Compliance Certificate for the year ended 31<sup>st</sup> March, 2011, as the same forms part of this report, is attached herewith.

### **EMPLOYEES:**

None of the employee was 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.

### **DISCLOSURES:**

Information required under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988:

### **Conservation of Energy:**

Company's operation involves no manufacturing or processing activities.

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**18th Annual Report 2010-11**

**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

**Technology Absorption, Adaptation & Innovation:**

There is no imported technology involved in the operations of the Company. The Company will focus its attention towards the rapid technological changes in the fields of its activity and train the manpower continuously to improve the quality of services once its commences its commercial activities.

**Foreign exchange earning and out go:**

Foreign Exchange Earned	Rs. NIL
Foreign Exchange Used	Rs. NIL

**ACKNOWLEDGEMENT:**

The Board Express and places on record its sincere gratitude for co-operation, guidance and advice extended to the company by its Bankers, Business Associates and the Government Departments.

The Board also places on record its appreciation for the dedication, commitment and teamwork of employees.

**For and on behalf of the Board of Directors**

**Milan R. Parekh**  
Chairman

Date : 19<sup>th</sup> May, 2011

**Action Financial Services (India) Limited**

**COMPLIANCE CERTIFICATE**

**Under proviso to sub-section (1) of section 383A of the Companies Act, 1956**

To,  
The Members,  
Action Commodities Limited  
Rajgir Chambers, 4th Floor,  
Shid Bhagat Singh Road,  
Mumbai- 400023.

Corporate Identity No. (CIN)	U65999MH2009PLC194732
Authorised Share Capital	Rs.10,00,000
Date of Incorporation	07/08/2009
Paid up Capital	Rs.10,00,000

We have examined the Registers, Records, Books and Papers of **ACTION COMMODITIES LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2011**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

- 1 The Company has kept and maintained all Registers as stated in **Annexure 'A'** to this certificate as per the provisions of the Act and the Rules made thereunder and all entries therein have been duly recorded.
- 2 The Company has filed the Forms and Returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Maharashtra,
- 3 The Company, being a Public Limited Company, has more than the minimum prescribed Paid up Capital.
4. The Board of Directors duly met **Eight** times respectively as detailed in the **Annexure 'C'** in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
- 5 The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the period ended on **31st March, 2010** was held on **10th August, 2010** after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. **One Extra – Ordinary General Meeting** was held during the financial year on **26th May, 2010** after giving due notice to the members of the Company

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and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has :
  - (i) delivered all the certificates on allotment of securities in accordance with the provisions of the Act; and there was no instances for transfer, or transmission of securities during the financial year.
  - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) duly complied with the requirements of section 217 of the Act - Directors Responsibility Statement.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole - time Director/ Manager during the financial year.
16. The Company has not appointed any Sole Selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the Rules made thereunder, and the Company has made necessary entries in the register maintained under section 301(3) of the Act.
19. The Company has issued 6500 & 43500 Equity Shares on 29th May, 2010 & 22nd April, 2010 respectively during the financial year and complied with the provisions of the Act.

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**Action Financial Services (India) Limited**

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20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2011.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to Authorized Share Capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Provisions of the employees' Provident Fund of the Act, are not applicable to the Company.

**FOR JAGDISH PATEL & CO.**  
Company Secretaries,

**CS Jagdish Patel**  
Partner  
Place : Mumbai  
Date : 19.5.2011

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**ANNEXURE "A"**

Register as maintained by the Company

**Statutory Registers**

Sr. No.	Name Of Register	Section No.
1.	Application & Allotment Register	—
2.	Register of Members	150
3.	Register of Disclosure of Directors' interest.	301(3)

Note: the Company has maintained the following registers. However, it was informed that there were no entries/ transactions to be recorded during the period under review.

Sr. No.	Name Of Register	Section No.
1.	Register of Share Transfer/splitting/duplicate/ etc.,	—
2.	Register of Directors and Managing Director.	303
3.	Register of Directors' shareholding.	307
4.	Register of Charges	143
5.	Register of contract with Directors.	301

**FOR JAGDISH PATEL & CO.**

Company Secretaries,

**CS Jagdish Patel**

Partner

Place: Mumbai

Date : 19.5.2011

**Action Financial Services (India) Limited**

**ANNEXURE "B"**

I. Forms and Returns as filed by the Company with Registrar of Companies, during the financial year ending 31<sup>st</sup> March, 2011.

Sl. No.	Form No./ Return & Date of Document	Filed for Under section	Date of Filing	Short Particular	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Form No. 23 26.5.2010	94 & 192	29.09.2010	1. Authority to the Board of Directors to issue further Equity shares not exceeding 50000. 2. Consent given to Board of Directors to make Loans and Inter-Corporate Deposits or investment. u/s 372A. 3. Authority to the Board of Directors to borrow any sum or sums of money from time to time from any one of Rs. 10 Crore. u/s 293(1)(d) 4. Authority to the Board of Directors for mortgaging and/or charging all or any of the movable or immovable properties. u/s 293(1)(a).	Yes	N.A
2	Form No. 5 26.5.2010	94	29.09.2010	Increase authorised share capital from Rs. 5 Lacs to Rs. 10 Lacs.	No	Yes
3	Form No. 2 29.5.2010	75	27.10.2010	Allotment of 6500 Equity shares of Rs.10 each with premium of Rs.150 each.	No	Yes
4	Form No. 2 22.7.2010	75	27.10.2010	Allotment of 43500 Equity shares of Rs.10 each with premium of Rs.150 each.	No	Yes
5	Form No.23 AC & ACA 10.8.2010	220	03.03.2011	Balances sheet as on 31.3.2011 and profit and loss account as on that date along with Director Report and Auditors Reports thereon.	No	Yes



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**II. Forms and Returns as filed by the Company with Registrar of Companies, after 31st March, 2011.**

Sl. No.	Form No./ Return & Date of Document	Filed for Under section	Date of Filing	Short Particular	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	Form No. 20B 10.08.2010	159	12.04.2011	Annual return as on 10.8.2010	No	Yes

**ANNEXURE "C"**

**Chart Showing dates of Board Meetings Quarter wise For the Year  
1.4.2010 to 31.3.2011**

Sr. No.	April to June	July to September	October to December	January to March	Remark
1	23.04.2010	10.07.2010	28.10.2010	31.03.2011	
2	28.05.2010	22.07.2010	---	---	
3	29.05.2010	12.08.2010	---	---	

**FOR JAGDISH PATEL & CO.**  
Company Secretaries,

CS Jagdish Patel  
Partner  
Place: Mumbai  
Date : 19.5.2011

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**Action Financial Services (India) Limited**

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**AUDITORS' REPORT TO THE MEMBERS OF ACTION COMMODITIES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011**

1. We have audited the attached Balance Sheet of Action Commodities Limited as at 31<sup>st</sup> March, 2011 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examinations of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011

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from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

5. In our opinion, and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2011;
  - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration no. 102860W

**A.D. Shenoy**  
(Partner)  
Membership No. 11549

Place : Mumbai  
Date : 19th May, 2011

## **Action Financial Services (India) Limited**

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### **Annexure referred to in paragraph (3) of our report of even date for the year 31<sup>st</sup> March, 2011**

#### **Re: Action Commodities Limited**

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.  
c) During the year the Company has not disposed off any substantial part of fixed assets so as to affect the going concern.
2. The Company does not have any stocks of raw materials, stores, spare parts and finished goods. Hence the clause (ii) of the Order does not apply to the Company.
3. a) The Company has not granted any unsecured loans / Advances to its companies, firms or other parties covered in the Register maintained under Section 301 of the Act.  
b) The Company has taken unsecured loans from companies, firms or other parties covered in the Register maintained under Section 301 of the Act and the number of party is one and outstanding amount is Rs.30,359/- (P.Y. NIL).  
c) As per the information and explanations given to us, the above loans taken are interest free & there are no stipulations as to repayment of the same. Hence the clauses iii (b), iii (c) and iii (d) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of shares and fixed asset and for providing services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
6. The Company has not accepted any deposits from the public during the year.
7. The Company has an adequate internal control system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. a) According to the records and information and explanations obtained from the management, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employee State Insurance, Income Tax and other statutory dues applicable to it with appropriate authorities.

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- b) In our opinion and according to information and explanations obtained, there are no undisputed dues outstanding in respect of Sales tax, Wealth tax, Income tax, Service tax and Cess that have not been deposited on account of dispute.
10. The Company is in existence for less 5 years. It has incurred cash loss during the year & also in the immediately preceding financial year. The accumulated loss as on 31st March, 2011 is Rs.619,570/-.
11. The Company has not borrowed from any banks. The Company does not have any borrowing by way of debentures.
12. Based on our examination of documents and records the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statutes applicable to chit fund and nidhi/mutual benefit fund/societies.
14. The Company has dealing/trading in shares and debentures during the year. In respect of dealing in securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The securities and other investments have been held by the Company in its own name.
15. According to the information and explanations given to us the Company has not given any guarantees for loans taken by associates from banks.
16. The Company has not taken term loans during the year under review.
17. The Company has not raised any funds on short-term basis during the year.
18. During the year, the Company has made preferential allotment of 50,000 equity shares to its holding company at premium of Rs 150/- . In our opinion the price and terms of issue are not prima-facie prejudicial to the interest of the Company.
19. The Company did not have any debentures issued during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration no. 102860W

Place : Mumbai  
Date : 19th May, 2011

**A.D.Shenoy**  
(Partner)  
Membership No.11549

## Action Financial Services (India) Limited

### ACTION COMMODITIES LIMITED BALANCE SHEET AS AT 31st MARCH 2011

	Schedule No.	Rupees	31.03.2011 Rupees	Rupees	31.03.2010 Rupees
<b>I. Sources of Funds</b>					
<b>1. Shareholders Fund</b>					
a. Share Capital	1		1,000,000		500,000
b. Reserve and Surplus.	2		7,500,000		-
<b>2. Unsecured Loan</b>	3		30,360		-
<b>TOTAL</b>			<u>8,530,360</u>		<u>500,000</u>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a. Gross Block	4	1,306,330		185,000	
b. Less : Depreciation		<u>142,000</u>		<u>19,890</u>	
c. Net Block			<u>1,164,330</u>		<u>165,110</u>
<b>2. Deferred Tax Asset (Net)</b>			109,533		98,520
<b>3. Investment</b>	5		1,152,149		-
<b>3. Current Assets , Loans and Advances</b>					
a. Sundry Debtors	6	110,267			-
b. Cash and Bank Balance	7	18,711			-
c. Loans and Advance	8	5,400,000			-
	(A)		<u>5,528,978</u>		<u>-</u>
<b>Less : Current Liabilities and Provisions</b>					
a. Current Liabilities	9	43,300			12,500
b. Provisions		<u>900</u>			-
	(B)		<u>44,200</u>		<u>12,500</u>
Net Current Assets (A) - (B)			<u>5,484,778</u>		<u>(12,500)</u>
<b>4. Miscellaneous Expenses</b>					
<b>(To the Extent not written off)</b>					
Profit and Loss account Debit Balance			619,570		248,870
Total			<u>8,530,360</u>		<u>500,000</u>
Significant Accounting Policies and Notes to the Accounts 12					
The Schedules 1 to 12 annexed hereto forms part of the Balance Sheet and Profit and Loss Account.					

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A. D. Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date 19th May 2011

For and on behalf of the Board

**Milan R. Parekh**  
Director

**Bakul R. Parekh**  
Director

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**ACTION COMMODITIES LIMITED  
PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED AS AT 31st MARCH 2011**

	Schedule No.		For the Year Ended 31.03.2011 Rupees		For the Year Ended 31.03.2010 Rupees
<b>INCOME</b>					
Dividend Income			4,200		-
Profit on shares			531,140		-
<b>TOTAL INCOME</b>			<u>535,340</u>		<u>-</u>
<b>EXPENDITURE</b>					
Employees Remuneration and Benefits	10	536,351		49,565	
Administrative and Other Expenses	11	<u>258,592</u>	<b>794,943</b>	277,935	<b>327,500</b>
<b>OPERATING PROFIT / (LOSS)</b>			<b>(259,603)</b>		<b>(327,500)</b>
Depreciation	3		122,111		19,890
<b>PROFIT / (LOSS) BEFORE TAX</b>			<b>(381,714)</b>		<b>(347,390)</b>
Provision for Taxation			-		-
Provision for Deferred Tax Asset			11,014		98,520
<b>PROFIT / (LOSS) AFTER TAX</b>			<b>(370,700)</b>		<b>(248,870)</b>
<b>Add: Add : Profit/ (Loss) B/f</b>			<b>(248,870)</b>		
<b>Net Profit / Loss before Appropriations</b>			<b>(619,570)</b>		
<b>Appropriations</b>					
- Profit and Loss Balance Carried to Balance Sheet			<u>(619,570)</u>		<u>(248,870)</u>
			<b>(619,570)</b>		<b>(248,870)</b>
<b>Earning Per Share (Per Equity Share of Rs.10/- each)</b>					
- Basic			(4.34)		(4.98)
- Diluted			-		-
Significant Accounting Policies and Notes to the Accounts	12				

The Schedules 1 to 12 annexed hereto forms part of the Balance Sheet and Profit and Loss Account .

As per our report of even date  
**For Ford,Rhodes,Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

For and on behalf of the Board

**Milan R. Parekh**  
Director

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date 19th May 2011

**Bakul R. Parekh**  
Director

## Action Financial Services (India) Limited

### ACTION COMMODITIES LIMITED Cash Flow Statement for the period ended 31st March 2011

Particulars	Rs.	2010-11 Rs.	Rs.	2009-2010 Rs.
<b>A. Cash Flow From Operating Activities:</b>				
Profit / (Loss) Before Tax		(381,714)		(347,390)
<b>Add/(Less) Non-Cash And Non-Operating Items</b>				
Adjustments For Depreciation	122,111		19,890	
Dividend Received	(4,200)		-	
(Profit)/Loss on investment	(531,140)		-	
		<u>(413,230)</u>		<u>19,890</u>
<b>B. Operating Profit / (Loss) Before Working Capital Changes (1 + 2)</b>		<b>(794,943)</b>		<b>(327,500)</b>
<b>C. Changes In Working Capital</b>				
(Increase) / Decrease In Current Assets	(5,510,267)		-	
Increase / (Decrease) In Current Liabilities & Provisions	31,700		12,500	
		<u>(5,478,567)</u>		<u>12,500</u>
<b>D. Cash Generated From Operations(B+C)</b>		<b>(6,273,510)</b>		<b>(315,000)</b>
<b>E. Less: Taxes Paid</b>		<b>-</b>		<b>-</b>
<b>F. Net Cash Flow From Operating Activities</b>		<b>(6,273,510)</b>		<b>(315,000)</b>
<b>G. Cash Flow From Investing Activities</b>				
Purchase Of Fixed Assets	(1,121,330)		(185,000)	
(Purchase)/sales of investment (net)	(1,152,149)		-	
Profit / (Loss) on sale of investment	531,140		-	
Dividend Income on investments	4,200		-	
<b>Net Cash Used In Investing Activities</b>		<u>(1,738,139)</u>		<u>(185,000)</u>
		<b>(8,011,649)</b>		<b>(500,000)</b>
<b>H. Net Cash Flow From Financing Activities</b>				
Proceeds From Issue Of Equity Shares	500,000		500,000	
Securities Premium On Equity Shares issued	7,500,000		-	
Proceeds from Unsecured Loans	30,360		-	
<b>Net Cash Generated / (Used) From Financing Activities</b>		<u>8,030,360</u>		<u>500,000</u>
<b>I. Net Changes In Cash &amp; Cash Equivalents</b>		<b>18,711</b>		<b>-</b>
<b>J. Cash &amp; Cash Equivalents As At End Of Financial Year</b>				
- Bank Balance	18711		-	
- Cash Balance	-	18,711		-
<b>Less: Cash &amp; Cash Equivalents As At The Beginning Of Financial Year</b>		<u>-</u>		<u>-</u>
<b>Net Changes In Cash &amp; Cash Equivalents</b>		<u>18,711</u>		<u>-</u>

Note :

1. Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals.
2. Figures in brackets denotes outflows.
3. Previous years figures have been regrouped, reclassified and /or renamed to confirm to this years classification.

As per our report of even date

**For Ford, Rhodes, Parks & Co.**

Chartered Accountants

Firm Reg. No. : 102860W

**A.D. Shenoy**

(Partner)

Membership No. 11549

Place: Mumbai

Date 19th May 2011

For and on behalf of the Board

**Milan R. Parekh**  
Director

**Bakul R. Parekh**  
Director



**18th Annual Report 2010-11**

<b>ACTION COMMODITIES LIMITED</b>		
<b>SCHEDULES TO THE ACCOUNTS</b>		
<b>SCHEDULES</b>	<b>AS AT 31.03.2011 Rupees</b>	<b>AS AT 31.03.2010 Rupees</b>
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised:</b>		
100,000 (P.Y. 50,000) Equity Shares of Rs.10/-each	1,000,000	500,000
<b>Total</b>	<u>1,000,000</u>	<u>500,000</u>
<b>Issued Subscribed and Paid - up:</b>		
100,000 (P.Y. 50,000) Equity Shares of Rs.10/-each fully paid (During the Year company has further issued 50000 Equity shares of Rs. 10/- at each at Premium Rs 150/- to Action Financial Services (India) Limited, holding company.)	1,000,000	500,000
<b>Total</b>	<u>1,000,000</u>	<u>500,000</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS :</b>		
Securities Premium Account	7,500,000	-
<b>Total</b>	<u>7,500,000</u>	<u>-</u>
<b>SCHEDULE - 3</b>		
<b>UNSECURED LOANS</b>		
From Directors	30,360	-
<b>Total</b>	<u>30,360</u>	<u>-</u>

**ACTION COMMODITIES LIMITED**

**SCHEDULE - 4  
Fixed Assets**

	Gross Block				Depreciation				Net Block	
	Opening	Addition	Sales / Ded	Total Cost	Opening	For the	On Ded	Total	As on	As on
	Balance	during the	during the	as on	Balance	Period	during	Depreciation	31.03.2011	31.03.2010
		Period	Period				the Period	Upto		
								31.03.2011		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>										
Membership MCX	-	1,121,330	-	1,121,330	-	56,067	-	56,067	1,065,264	-
Computer	185,000		-	185,000	19,890	66,044	-	85,933	99,067	165,110
<b>Total</b>	<b>185,000</b>	<b>1,121,330</b>	<b>-</b>	<b>1,306,330</b>	<b>19,890</b>	<b>122,111</b>	<b>-</b>	<b>142,000</b>	<b>1,164,331</b>	<b>165,110</b>
<b>Previous Year</b>	<b>-</b>	<b>185,000</b>	<b>-</b>	<b>185,000</b>	<b>-</b>	<b>19,890</b>	<b>-</b>	<b>19,890</b>	<b>165,110</b>	

**ACTION COMMODITIES LIMITED**

**SCHEDULE - 5  
INVESTMENT**

Quoted Shares (Fully Paid) at cost						
Name of the Company	AS ON 31st March, 2011			AS ON 31ST March, 2010		
	No. of Shares	Face Value	Cost	No. of Shares	Face Value	Cost
		Rs.	Rs.		Rs.	Rs.
Cont. Control	46,124	10	184,957	-	-	-
Dhampur Sugar	3,200	10	216,512	-	-	-
IFCI Ltd	2,000	10	120,820	-	-	-
PVP Vent Ltd	500	10	7,030	-	-	-
Ram Kaashyap Investment Ltd.	50,000	10	505,500	-	-	-
Reliance Power	750	10	117,330	-	-	-
<b>Grand Total</b>			<b>1,152,149</b>			<b>-</b>
Aggregate Of Quoted Investments		<b>At Cost</b>	<b>1,152,149</b>		<b>At Cost</b>	<b>-</b>
<b>Market Value Of Quoted Investments</b>			<b>1,160,995</b>		<b>Market Value</b>	<b>-</b>

(Refer : Note(II) (7) of Schedule 12)

**Action Financial Services (India) Limited**

SCHEDULES	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
<b>SCHEDULE - 6</b>		
<b>SUNDRY DEBTORS -</b>	110,267	-
<b>Total</b>	<u>110,267</u>	<u>-</u>
<b>SCHEDULE - 7</b>		
<b>Cash &amp; Bank Balances</b>		
Bank Balance	18,711	-
<b>Total</b>	<u>18,711</u>	<u>-</u>
<b>SCHEDULE - 8</b>		
<b>Loans &amp; Advances</b>		
Deposits	5,400,000	-
	<u>5,400,000</u>	<u>-</u>
<b>SCHEDULE - 9</b>		
<b>Current Liabilities &amp; Provision</b>		
<b>Current Liabilities</b>		
Sundry Creditors	43,300	12,500
Outstanding Expenses	900	-
	<u>44,200</u>	<u>12,500</u>
<b>SCHEDULE - 10</b>		
<b>Employees Remuneration &amp; Benefits</b>		
Salaries and Allowances	533,351	46,982
Staff Welfare	3,000	2,583
	<u>536,351</u>	<u>49,565</u>
<b>SCHEDULE - 11</b>		
<b>Administrative and Other Expenses</b>		
Printing and Stationary	3,425	42,487
Legal and Professional charges	26,657	57,500
Auditors Remuneration	13,788	12,500
ROC Filing Fees	16,317	7,325
Professional Tax	5,000	-
Preliminary Exp. W/off	-	82,540
Interest on Professional tax	817	-
shares exepnses	44,433	-
Loss on Derivatives	27,536	-
Rent, Rates and Taxes	120,000	70,000
Computer Expenses	-	5,583
Bank charges	619	-
<b>Total</b>	<u>258,592</u>	<u>277,935</u>

**ACTION COMMODITIES LIMITED**

**SCHEDULE - 12**

**Background:**

Action Commodities Limited is wholly owned subsidiary of Action Financial Services (India) Limited. The main objects of the company is to carry on the business of Brokers, Sub brokers, market makers, arbitrage and hedgers and to participate in trading settlement and other activities of commodity Exchanges; however the company is yet to start the full-fledged activities.

**Significant Accounting Policies & Notes to the Accounts**

**I. Significant Accounting Policies:**

**a. Accounting Concepts**

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

**b. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**c. Revenue Recognition**

Income from broking activities is recognized only when it is reasonably certain that the ultimate collection will be made.

Income from trading in Commodities and Derivatives comprises of profit or loss on sale of Commodities held as stock in trade and profit or loss on Derivative instruments is accounted for based on the "Guidance note on accounting for Equity Index and Equity Stock Futures and Options" issued by the Institute of Chartered Accountants of India.

Interest income is recognised on time proportionate basis.

## **Action Financial Services (India) Limited**

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Dividend income is recognised as and when payment is received.  
Income from investing activities are recognized only when it is reasonably certain that the ultimate collection will be made

### **d. Fixed Assets**

All the fixed assets are accounted at cost of acquisition less accumulated depreciation.

### **e. Impairment of Fixed Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### **f. Depreciation**

Depreciation on all fixed assets are provided on prorata basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956 under Written Down Value Method.

### **g. Amortisation:-**

MCX Membership card shall be amortized over a period of Twenty years.

### **h. Investments**

Securities which are bought with an intention of keeping for long term are classified under Investments and are valued cost plus brokerage and stamp charges. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

### **i. Stock In Trade**

Shares and Debentures are valued at cost or market price whichever is lower, whereby the cost of each script is compared vis-a-vis its market value and the resultant shortfall if any, is charged to revenue.

### **j. Taxation**

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

Deferred tax is recognized, subject to prudence, on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or

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more subsequent periods. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

k. **Employee Benefits**

There are no employees eligible for gratuity as such no provision for gratuity is considered in accounts.

There are no employees eligible for Leave Salary as such no provision for Leave salary is considered in accounts.

There are no employees eligible for PF and ESIC.

Other employee benefits are accounted on accrual basis.

l. **Leased Assets:**

Assets taken on lease under which the lessor effectively retains all the risk and rewards of ownership are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreement.

m. **Earning per Share**

In determining the earning per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary/ exceptional items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per shares comprises the weighted average shares considered for deriving the basic earning per share and also weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock split and bonus shares issued.

n. **Provisions for Contingent Liabilities and Contingent Assets**

A provision is recognized for a present obligation as result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are determined based on net estimate of the amount required to settle the obligation at the Balance sheet date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

II. **Notes to the Accounts:**

1. **Contingent Liabilities: NIL**

2. **Capital Commitments: -**

## **Action Financial Services (India) Limited**

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During the year company has acquired MCX membership card, however pending completion of procedural formalities business is not yet commenced. Following are the capital commitment to stock exchange for activation of the membership:-

<b>Particulars</b>	<b>Amount</b>
Security Deposit (Cash)	15,00,000
Security Deposit (Non Cash)	15,00,000
Processing Charges	11,030

### **3. Managerial Remuneration: NIL**

### **4. Auditors Remuneration:**

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Audit Fees	13,788	12,500
<b>Total</b>	<b>13,788</b>	<b>12,500</b>

### **5. Share Capital:**

During the year Company has increased its authorised share capital from Rs.5,00,000/- consisting of 50,000 Equity Shares of Rs.10/- each to Rs.10,00,000/- consisting of 100,000 equity share of Rs.10/- each. During the year the company issued 50,000 Equity Shares of Rs.10/- each to its holding Company i.e. Action Financial Services (India) Limited at a premium of Rs.150/- per share. The Premium so obtained is credited to securities premium account.

### **6. Unsecured Loans**

The company has availed unsecured loan from its Directors. The amount outstanding as on 31<sup>st</sup> March 2011 is Rs.30,359/- (Previous Year-Rs. Nil/-). The loan is interest free and there are no stipulations as to repayment.

### **7. Investments:**

- (a) The aggregate market value of quoted investments as at 31.03.2011 is Rs.1,160,995/- (Previous year Rs.NIL/-) as against the total cost of quoted investment of Rs.1,152,149/- (Previous year Rs. NIL/-). No provision for diminution in the value of quoted investment is considered necessary as in the management's view the short fall is temporary in nature.



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(b) Details of movements in investments during the year are given below: -

Particulars	Purchases		Sales		
	Face Value	Qty	Value	Qty	Value
Continental Controls Ltd	10	46,124	184,957	-	-
Dhampur Sugar	10	3,200	216,512	-	-
IFCI	10	2000	120,820	-	-
JMD Telefilm Industries Ltd	1	57,700	7,172,757	57,700	7,280,363
Ram Kaashyap Investment Ltd	10	50,000	505,500	-	-
Reliance power	10	750	117,330	-	-
PVP Vent Ltd	10	500	7,030	-	-
Tata Steel Ltd	10	100	62,611	100	62,649
Dhanuka Agritech Ltd	10	13,000	5,632,130	13,000	6,055,626

**8. Employee Benefit**

There are no employees eligible for gratuity, leave salary or provided fund etc. as such no provision is considered for this period.

9. As the company has not started its full ledged activities, hence segment reporting is not applicable.

10. As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

List of related parties with whom transactions have taken place and relationships:

Sr. No.	Relationship	Name of the Related Party
1.	Holding Company	Action Financial Services (India) Limited
2.	Key Management Personnel	Mr.Milan R.Parekh (Director) Mr.Bakul R.Parekh (Director)
3.	Transaction with Holding Company	Share Capital: Rs. 5,00,000/- (P.Y. Rs.5,00,000/-) Securities premium: Rs 75,00,000 (P.Y. NIL) Rent Expense: Rs.1,20,000/- (P.Y. Rs70,000/-) Stock Purchase (net): Rs 14,136,977.24 /- (P.Y.- NIL) Stock Sales (net): Rs 13,515,968/- (P.Y. -NIL) Expenses on shares: - Rs 44,433 (P.Y. NIL) Deposit: Rs 54,00,000/- (P.Y.- NIL) Fixed assets and Expenses reimbursement: Rs. NIL (P.Y.4, 30,000/-)
4.	Transaction with Key Management Personnel	Unsecured Loan received: Rs.30,360/- (P.Y. Nil)

## Action Financial Services (India) Limited

11. Disclosures as required by Accounting Standards 19, "Leases" are given below:

- i. The Company has taken office premises on rent for 11 months.
- ii. Rent payments are recognized in the Profit and Loss Account under "Rent"
- iii. The future minimum lease payments under Non Cancelable operating lease is as under:

(In Rupees)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Not later than one year	1,20,000	1,20,000
Later than one year and not later than five years	NIL	NIL
More than five years	NIL	NIL

12. Earning Per Share (EPS):

Sr. No.	Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
(A)	Profit / (Loss) attributable to Equity Shareholders after tax	(370,700)	(248,870)
(B)	Nominal Value of Equity Shares	10	10
(C)	Weighted Number of Equity Shares outstanding during the Year	85,482	50,000
(D)	Basic Earnings Per Share (A/C)	(4.34)	(4.98)

13. Provisions for Deferred Tax:

a) Income Tax:

In view of the loss for this period no provision for income tax is considered

b) Deferred Tax has been considered on timing differences between book and taxable profits.

Component of Deferred Tax Assets/ (Liability) as at 31.03.2011 are as under:

Particulars	As at 31.03.2010	For the year	As at 31.03.2011
WDV differential	(12,104)	(71,800)	(83,904)
Preliminary Expenses Written off	6,798	(2,163)	4,635
Unabsorbed Depreciation	18,864	91,768	110,632
Business Loss	84,961	(6,792)	78,169
Deferred tax Asset / (Liability) (Net)	98,520	11,013	109,533

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- 14.** There are no balances outstanding due to 1) Small scale industrial undertaking (SSI) 2) Small and Medium Micro Enterprises 3) Investor education and protection fund u/s 205 C of the Companies Act, 1956.
- 15.** Previous year's figures have been regrouped, reclassified and /or renamed to confirm to this year's classification.
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As per our Report attached

For and on behalf of the board

For **FORD, RHODES, PARKS & CO.**

Chartered Accountants

Firm Registration No. 102860W

**Milan R. Parekh**  
Director

**A. D. Shenoy**

(Partner)

Membership No.11549

Place: Mumbai

Date: 19th May 2011

**Bakul R. Parekh**  
Director

## Action Financial Services (India) Limited

### ACTION COMMODITIES LIMITED Information pursuant to part (IV) of the Companies Act, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### 1. Registration Details

Registration No. : U65999MH2009PLC194732 State Code : 11

Balance Sheet : 31 3 2011  
Date Month Year

#### 2. Capital Raised During the Year (Amt. in Rs. Thousand)

Public issue	-	Right issue	-
Bonus issue	-	Private Issue	500

#### 3. Position of Mobilization & Development of Funds (Amt. in Rs. Thousand)

Total Liabilities	8,530	Total Assets	8,530
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#### SOURCES OF FUNDS

Paid-Up Capital	1,000	Reserve & Surplus	7,500
Secured Loans	-	Unsecured Loan	30

#### APPLICATION OF FUNDS

Net Fixed Assets	1,164	Investments	1,152
Net Current Assets	5,485	Deferred Tax Assets	109
Accumulated Losses	620		

#### 4. Performance of Company (Amt. in Rs. Thousand)

Gross Turnover	535	Total Expenditure	916
Profit/ (Loss) before tax	(381)	Profit/(Loss) after tax	(370)
Earning per share (Rs.)	(4.34)	Dividend Rate (%)	Not Applicable

#### 5. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC )	Product Description
N.A.	Broking Activities

For FORD, RHODES, PARKS & CO.  
Chartered Accountants  
Firm Registration No. 102860W

For and on behalf of Board of Directors

A D SHENOY  
Partner M.No.11549  
Place: MUMBAI  
Dated: 19<sup>th</sup> May 2011

Milan R. Parekh      Bakul R. Parekh  
Director                      Director

**18th Annual Report 2010-11**

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON  
THE CONSOLIDATED FINANCIAL STATEMENT OF  
ACTION FINANCIAL SERVICES (INDIA) LTD. AND ITS SUBSIDIARIES**

1. We have audited the attached Consolidated Balance Sheet of Action Financial Services (India) Limited ("the Company") and its subsidiaries as at 31<sup>st</sup> March, 2011, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date which we have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on this consolidated statement based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An Audit includes, examining on test basis, evidence supporting the amounts and disclosure in the financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
4. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) in the case of the consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31<sup>st</sup> March 2011;
  - b) in the case of the consolidated Profit and Loss Account, of the loss for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended on that date.

**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Registration No.102860W

**A.D. Shenoy**  
Partner  
Membership No.11549

Place : Mumbai  
Date : 15<sup>th</sup> July, 2011

**Action Financial Services (India) Limited**

**ACTION FINANCIAL SERVICES (INDIA) LTD.  
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011**

	Schedule No.	Rupees	31.03.2011 Rupees	Rupees	31.03.2010 Rupees
<b>I. Sources of Funds</b>					
<b>1 Shareholders Fund</b>					
a. Share Capital	1	108,090,000		96,380,000	
b. Subscription Money Towards Warrants		2,238,800		625,000	
c. Reserves & Surplus	2	<u>46,136,500</u>		<u>23,262,500</u>	
			<b>156,465,300</b>		<b>120,267,500</b>
<b>2. Loan Funds</b>					
a. Secured Loans	3	19,269,584		19,044,496	
b. Unsecured Loans	4	<u>19,918,706</u>		<u>16,956,099</u>	
			<b>39,188,290</b>		<b>36,000,595</b>
<b>TOTAL</b>			<b><u>195,653,590</u></b>		<b><u>156,268,095</u></b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a. Gross Block	5	36,921,303		35,778,500	
b. Less : Depreciation		<u>20,465,958</u>		<u>18,950,065</u>	
c. Net Block			<b>16,455,345</b>		<b>16,828,435</b>
<b>2. Deferred tax Asset (Net)</b>			<b>3,221,626</b>		<b>3,698,010</b>
<b>3. Investments</b>	6		<b>51,463,151</b>		<b>52,188,353</b>
<b>4. Current Assets , Loans and Advances</b>					
a. Stock in trade	7	88,228,616		78,575,800	
b. Sundry Debtors	8	51,979,272		30,104,516	
c. Cash and Bank balances	9	16,821,857		15,554,839	
d. Loans and Advances	10	19,547,761		15,891,675	
(A)		<u>176,577,507</u>		<u>140,126,830</u>	
<b>Less : Current Liabilities and Provisions</b>					
a. Current Liabilities		54,098,282		58,142,713	
b. Provisions		<u>6,411,386</u>		<u>6,796,950</u>	
(B)		<u>60,509,668</u>		<u>64,939,663</u>	
Net Current Assets (A) - (B)			<b>116,067,839</b>		<b>75,187,167</b>
<b>5. Profit and Loss</b>			<b>8,445,629</b>		<b>8,366,130</b>
<b>Account (Debit Balance)</b>					
<b>Total</b>			<b><u>195,653,590</u></b>		<b><u>156,268,095</u></b>

The Schedules 1 to 15 annexed hereto forms part of the Balance Sheet and Profit and Loss Account

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 15th July 2011

For and on behalf of the Board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director

**18th Annual Report 2010-11**

**ACTION FINANCIAL SERVICES (INDIA) LTD.  
CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule No.	For the Year Ended 31.03.2011 Rupees	For the Year 31.03.2010 Rupees
<b>INCOME</b>			
Income from Broking Activities		16,170,326	15,725,015
Income from Depository Services		3,839,608	4,302,545
Other Income	12	<u>12,424,954</u>	<u>14,800,850</u>
		<b>32,434,888</b>	<b>34,828,410</b>
<b>EXPENDITURE</b>			
Employees Remuneration and Benefits	13	9,720,275	7,710,531
Administrative and Other Expenses	14	<u>12,603,029</u>	<u>17,534,469</u>
		<b>22,323,304</b>	<b>25,245,000</b>
		<b>10,111,584</b>	<b>9,583,410</b>
<b>OPERATING PROFIT</b>			
Interest and Financial Charges		6,827,008	6,148,186
Depreciation		<u>2,780,642</u>	<u>2,377,297</u>
		<b>9,607,650</b>	<b>8,525,483</b>
		<b>503,934</b>	<b>1,057,927</b>
<b>PROFIT / (LOSS) BEFORE TAX</b>			
Provision for Taxation current year		107,052	-
Earlier Years Tax and FBT		-	25,656
Deferred Tax		<u>476,381</u>	<u>189,172</u>
		<b>583,433</b>	<b>214,828</b>
		<b>(79,499)</b>	<b>843,099</b>
<b>PROFIT / (LOSS) AFTER TAX</b>			
<b>Adds: Profit Brought forward from Previous year</b>		<b>(8,366,130)</b>	<b>(9,209,229)</b>
<b>Profit / (Loss) Available for appropriations</b>		<b><u>(8,445,629)</u></b>	<b><u>(8,366,130)</u></b>
<b>Earning Per Share (Per Equity Share of Rs.10/- each)</b>			
- Basic		(0.08)	0.10
- Diluted		(0.08)	0.10
The Schedules 1 to 15 annexed hereto forms part of the Balance Sheet and Profit and Loss Account			

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 15th July 2011

For and on behalf of the Board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director

## Action Financial Services (India) Limited

### ACTION FINANCIAL SERVICES (INDIA) LTD. Consolidated Cash Flow Statement For The Yearly Ended on 31st March, 2011

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
<b>A. Cash Flow From Operating Activities:</b>				
1 Profit Before Tax		503,934		1,057,927
<b>Add/(Less) Non-Cash And Non-Operating Items</b>				
Adjustments For Depreciation	2,780,642		2,377,297	
Loss on sale of Fixed Assets	279,338		95,412	
Interest And Dividends Received	(1,290,207)		(1,313,546)	
Tax Deducted at Source	(32,340)		(144,594)	
(Profit) / Loss on sale of Investments	(1,104,787)		(3,880,706)	
Interest Expenditure	6,827,008		6,148,186	
		7,459,654		3,282,048
<b>B. Operating Profit / ( Loss)Before Working Capital Changes (1 + 2)</b>		7,963,588		4,339,976
<b>C. Changes In Working Capital (Increase) / Decrease In Current Assets (Excluding Cash And Bank Balances)</b>				
Trade & Other Receivable	(25,530,843)		(6,214,375)	
Stock In Trade	(9,652,816)		(21,374,871)	
Increase / (Decrease) In Current Liabilities & Provisions	(4,537,047)		13,664,040	
		(39,720,706)		(13,925,206)
<b>D. Cash Generated From Operations(B+C)</b>		(31,757,118)		(9,585,230)
<b>E. Less: Taxes Paid</b>		32,343		118,938
<b>F. Net Cash Flow From Operating Activities</b>		(31,724,775)		(9,466,292)
<b>G. Cash Flow From Investing Activities</b>				
Miscellaneous Income				
(Purchase) / Sale Of Investments (Net)	725,202		4,624,416	
Purchase Of Fixed Assets	(2,960,889)		(2,564,028)	
Sale of Fixed Assets	273,999		12,000	
Interest Income On Investments	1,010,347		1,201,291	
Dividend Income On Investments	279,860		112,256	
<b>Net Cash Used In Investing Activities</b>		(671,481)		3,385,936
		(32,396,256)		(6,080,356)
<b>H. Net Cash Flow From Financing Activities</b>				
Proceeds From Secured Borrowing	225,088		7,613,672	
Proceeds From Issue Of Warrants	2,238,800		625,000	
Proceeds From Issue Of Equity Shares	11,710,000		2,880,000	
Securities Premium On Equity Shares	22,249,000		3,330,000	
Proceeds From Un-Secured Borrowing	2,962,607		(1,685,829)	
Profit / (Loss) on sale of Investments	1,104,787		3,880,706	
Preference Dividend Paid	-		-	
Interest Paid	(6,827,008)		(6,148,186)	
<b>Net Cash Generated / (Used) From Financing Activities</b>		33,663,274		10,495,363
<b>I. Net Changes In Cash &amp; Cash Equivalents</b>		1,267,018		4,415,007
<b>J. Cash &amp; Cash Equivalents As At End Of Financial Year</b>				
- Bank Balance	721,112		202,346	
- Fixed Deposits	16,099,523		15,352,126	
- Cash Balance	1,222	16,821,857	367	15,554,839
<b>Less: Cash &amp; Cash Equivalents As At The Beginning Of Financial Year</b>		15,554,840		11,139,833
<b>Net Changes In Cash &amp; Cash Equivalents</b>		1,267,018		4,415,007

**Note :**

- Cash Flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- Proceeds from Equity shares is net amount received after adjusting amount received on Equity Warrants.
- Figures in brackets denotes outflows.
- Previous Year Figures are regrouped, wherever necessary.

As per our report of even date  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm Reg. No. : 102860W

**A.D.Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 15th July 2011

For and on behalf of the Board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director



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**CONSOLIDATION ACTION FINANCIAL SERVICES (INDIA) LTD.  
SCHEDULES TO THE ACCOUNTS**

SCHEDULES	AS AT 31.03.2011 Rupees	AS AT 31.03.2010 Rupees
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL :</b>		
<b>Authorised:</b>		
1,20,00,000 Equity Shares of Rs.10/-each	120,000,000	100,000,000
1,00,000 Preference Shares of Rs. 100/- each	10,000,000	20,000,000
<b>Total</b>	<u>130,000,000</u>	<u>120,000,000</u>
<b>Issued Subscribed and Paid - up:</b>		
99,81,000 ( P.Y. 88,10,000) Equity Shares of Rs. 10/- each fully-paid (Refer : Note(II) (4) (1) of Schedule 15)	99,810,000	88,100,000
82,800 10 % Redeemable Cumulative Preferences Shares of Rs.100/- each fully paid (Refer : Note(II) (4) (2)of Schedule 15)	8,280,000	8,280,000
<b>Total</b>	<u>108,090,000</u>	<u>96,380,000</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS :</b>		
Capital Redemption Reserve Account (Utilised)	10,120,000	10,120,000
Capital Reserve A/c (Refer : Note(II) (4)(3) of Schedule 15)	6,275,000	5,650,000
Securities Premium Account	29,741,500	7,492,500
<b>Total</b>	<u>46,136,500</u>	<u>23,262,500</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS :</b>		
Term Loans (Secured ) (See Note No. : II (5)(1) of Schedule 15)	6,887,180	8,431,436
Vehicle Loan (From Financial Institution) (See Note No. : II (5)(2) of Schedule 15)	1,099,025	-
Bank Overdraft (Secured)(See Note No.:II (5)(3) of Schedule 15)	11,283,379	10,613,060
<b>Total</b>	<u>19,269,584</u>	<u>19,044,496</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS :</b>		
From Banks	-	28,457
From Others (Refer : Note(II) (6) of Schedule 15)	16,800,000	15,750,620
From Director (Refer : Note(II) (6) of Schedule 15)	43,126	1,766
Book Overdraft (Refer : Note(II) (6) of Schedule 15)	3,075,580	1,175,256
<b>Total</b>	<u>19,918,706</u>	<u>16,956,099</u>

**ACTION FINANCIAL SERVICES (INDIA) LTD.  
SCHEDULES TO THE CONSOLIDATED ACCOUNTS**

**SCHEDULE - 5  
FIXED ASSETS**

Assets	Gross Block				Depreciation				Net Block	
	Opening Balance as on 01.04.2010 Rs.	Addition during the Year Rs.	Sales / Ded during the Year Rs.	Total Cost as on 31.03.2011 Rs.	Opening Balance as on 01.04.2010 Rs.	For the Year Rs.	Deletion during year Rs.	Total Depreciation Upto 31.03.2011 Rs.	As on 31.03.2011 Rs.	As on 31.03.2010 Rs.
<b>INTANGIBLE ASSETS</b>										
Goodwill	12,918,645	-	-	12,918,645	8,237,404	645,932		8,883,336	4,035,309	4,681,241
<b>TANGIBLE ASSETS</b>										
Office Premises	7,255,961	-	-	7,255,961	1,095,926	118,272		1,214,198	6,041,763	6,160,035
Furniture & Fixtures	3,416,783	51,351	-	3,468,134	2,465,660	218,776	-	2,684,436	783,698	951,123
Office Equipments	2,059,200	108,634	102,134	2,065,700	815,095	208,445	102,134	921,406	1,144,294	1,244,105
Computer Assets	8,411,959	169,000	-	8,580,959	5,273,127	1,414,123	-	6,687,250	1,893,709	3,138,832
Membership MCX	-	1,121,330	-	1,121,330	-	56,067		56,067	1,065,263	
Vehicles	1,715,952	1,510,574	1,715,952	1,510,574	1,062,853	119,027	1,162,615	19,265	1,491,309	653,099
<b>Total</b>	<b>35,778,500</b>	<b>2,960,889</b>	<b>1,818,086</b>	<b>36,921,303</b>	<b>18,950,065</b>	<b>2,780,642</b>	<b>1,264,749</b>	<b>20,465,958</b>	<b>16,455,345</b>	<b>16,828,435</b>
<b>Previous Year</b>	<b>33,334,432</b>	<b>2,564,028</b>	<b>119,960</b>	<b>35,778,500</b>	<b>16,585,316</b>	<b>2,377,297</b>	<b>12,548</b>	<b>18,950,065</b>	<b>16,828,435</b>	

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**CONSOLIDATION ACTION FINANCIAL SERVICES (INDIA) LTD.  
SCHEDULE - 6**

**INVESTMENTS**

<b>(A) Quoted Shares (Fully Paid) at cost</b>						
<b>Name of the Company</b>	<b>AS ON 31st March, 2011</b>			<b>AS ON 31st March, 2010</b>		
	<b>No. of Shares</b>	<b>Face Value</b>	<b>Cost</b>	<b>No. of Shares</b>	<b>Face Value</b>	<b>Cost</b>
		<b>Rs.</b>	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
Bajaj Hindustan Ltd	-	-	-	37,275	1	9,501,292
Balrampur Chini	16,010	1	1,332,089	16,010	1	1,332,089
BHEL	7,309	10	13,958,391	6,532	10	12,559,791
Chambal Fertilisers	13,500	10	685,291	13,500	10	685,291
Hindustan Constr. Co	1,543	1	56,089	1,190	1	158,865
Hotel Leela	21,020	2	475,471	21,020	2	475,471
IFCI Ltd	11,931	10	677,204	11,931	10	677,204
Infosys Technologies	15	5	39,658	15	5	39,658
Ispat Industries	-	-	-	6,871	10	138,794
Kanchi Karporam	70,600	10	702,470	70,600	10	702,470
Mcleod Russel	50	5	13,509	30	5	8,373
Morarji Realities	9,682	10	898,490	9,682	10	898,490
RNRL	-	-	-	37,451	5	2,029,126
Sakti Sugar	17,081	10	1,013,757	17,081	10	1,013,757
Orissa Sponge	-	-	-	28,000	10	9,440,700
Suryadeep Salt	19,682	10	923,641	19,682	10	923,641
Tasc Pharmae	13,550	10	1,399,354	13,550	10	1,399,354
Reliance Industries	5,155	10	5,330,565	5,355	10	5,789,560
TTML	23,775	10	401,318	23,775	10	401,318
TCS Ltd	7,166	1	5,568,124	-	-	-
HDFC	5,125	2	2,369,799	-	-	-
Satyam comp	25,965	2	2,284,537	-	-	-
Bharti	6,264	5	2,118,350	-	-	-
Tata Global Beverages Ltd	31,635	1	2,086,839	-	-	-
India Securities	77,402	1	2,085,789	-	-	-
Jaiprakash Associates	14,106	2	1,877,159	-	-	-
Cont. Control	46,124	10	184,957	-	-	-
Dhampur Sugar	3,200	10	216,512	-	-	-
IFCI Ltd	2,000	10	120,820	-	-	-
PVP Vent Ltd	500	10	7,030	-	-	-
Ram Kaashyap Investment Ltd.	50,000	10	505,500	-	-	-
Reliance Power	750	10	117,330	-	-	-
<b>Total</b>	<b>(A)</b>		<b>47,450,043</b>			<b>48,175,244</b>
<b>(B) Unquoted Shares (Fully Paid)</b>						
Banglore Stock Exchange Ltd	7,228	1	1,229,609	7,228	1	1,229,609
BSE Limited	23,257	1	2,683,500	23,257	1	2,683,500
Suman Resort	10,000	10	100,000	10,000	10	100,000
<b>Total</b>	<b>(B)</b>		<b>4,013,109</b>			<b>4,013,109</b>
<b>Grand Total (A+B)</b>			<b>51,463,151</b>			<b>52,188,353</b>
Aggregate Of Quoted Investments		<b>At Cost</b>	<b>47,450,043</b>		<b>At Cost</b>	<b>48,175,244</b>
Aggregate of Unquoted Investments		<b>At Cost</b>	<b>4,013,109</b>		<b>At Cost</b>	<b>4,013,109</b>
<b>Market Value Of Quoted Investments</b>			<b>49,439,084</b>		<b>Market Value</b>	<b>49,955,217</b>

(Refer : Note(II) (12) of Schedule 15)

## Action Financial Services (India) Limited

### CONSOLIDATION ACTION FINANCIAL SERVICES (INDIA) LTD.

SCHEDULES	Rupees	For the Year Ended 31.03.2011	For the Year Ended 31.03.2010
<b>SCHEDULE - 7</b>			
<b>Stock in Trade</b>			
Shares & Debentures as at 31.03.2011 valued at Cost or Market value, whichever is lower.		88,228,616	78,575,800
		<u>88,228,616</u>	<u>78,575,800</u>
<b>SCHEDULE - 8</b>			
<b>SUNDRY DEBTORS -</b>			
<b>Unsecured, Considered Good</b>			
<b>Over Six Months</b>		3,489,498	2,685,555
Less : Provision for Non- Performing Debtors (Refer : Note(II) (11) of Schedule 15)		348,950	268,556
		<u>3,140,548</u>	<u>2,416,999</u>
Other Debts		48,838,724	27,687,517
		<u>51,979,272</u>	<u>30,104,516</u>
<b>SCHEDULE - 9</b>			
<b>Cash &amp; Bank Balances</b>			
Balance with Scheduled Banks		721,112	202,346
Fixed Deposits		16,099,523	15,352,126
Cash on hand		1,222	367
		<u>16,821,857</u>	<u>15,554,839</u>
<b>SCHEDULE - 10</b>			
<b>Loans &amp; Advances</b>			
Interest Accrued on Deposits		457,998	343,383
Advance Tax Paid		3,100,000	-
Advance recoverable in cash and / or kind or for value to be received		3,354,300	3,196,266
Tax Deducted at Source		809,886	777,546
Sundry Deposits		11,825,577	11,574,480
		<u>19,547,761</u>	<u>15,891,675</u>
<b>SCHEDULE - 11</b>			
<b>Current Liabilities &amp; Provision</b>			
<b>Current Liabilities</b>			
Sundry Creditors		47,469,824	49,419,288
Deposits from Clients		1,069,646	2,838,271
NSDL's Clients Deposits		1,969,357	2,102,257
Outstanding Expenses		3,589,455	3,782,897
	(a)	<u>54,098,282</u>	<u>58,142,713</u>
<b>Provisions</b>			
Provision for Gratuity (Refer : Note(II) (8) of Schedule 15)		2,269,423	2,108,156
Provision for Leave Encashment (Refer : Note(II) (8) of Schedule 15)		143,171	297,054
Provision for Taxation		3,998,792	4,391,740
	(b)	<u>6,411,386</u>	<u>6,796,950</u>

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CONSOLIDATION ACTION FINANCIAL SERVICES (INDIA) LTD.

Schedules	For the Year Ended 31.03.2011 Rupees	For the Year Ended 31.03.2010 Rupees
<b>SCHEDULE - 12</b>		
<b>Other Income</b>		
Interest on Fixed Deposits	1,010,347	1,201,291
Dividend on Shares	279,860	112,256
Miscellaneous Income	39,234	88,299
Stock Exchange Expenses Recovered From Remisiers	93,000	147,433
Profit on Derivatives	2,586,685	-
Profit on Currency Derivatives	666,336	-
Leave Salary Provision Written Back	153,883	-
Profit on sales of investment	1,104,787	-
Profit on Shares	531,140	-
Profit on sale of securities (Net)	5,896,056	13,251,572
Mutual Fund Commission	63,626	-
<b>TOTAL</b>	<b><u>12,424,954</u></b>	<b><u>14,800,850</u></b>
<b>SCHEDULE - 13</b>		
<b>Employees Remuneration &amp; Benefits</b>		
Salaries and Allowances	8,789,881	6,289,256
Incentive paid	251,054	-
Staff welfare Expenses	165,732	128,831
Contribution to Provident Fund and ESIC	284,633	322,384
Leave Encashment	-	81,410
Gratuity	228,975	888,650
<b>TOTAL</b>	<b><u>9,720,275</u></b>	<b><u>7,710,531</u></b>

## Action Financial Services (India) Limited

### CONSOLIDATION ACTION FINANCIAL SERVICES (INDIA) LTD.

Schedules	For the Year Ended 31.03.2011 Rupees	For the Year Ended 31.03.2010 Rupees
<b>SCHEDULE - 14</b>		
<b>Administrative and Other Expenses</b>		
Advertisements	58,299	39,382
Bank Charges	934,419	1,261,626
Insurance Premium	15,809	25,114
Books and Periodicals	1,560	1,713
Travelling and Conveyance	67,289	117,345
Electricity Expenses	496,967	469,064
Listing, SEBI and Corporate Action fees	111,090	275,911
Maintenance Expenses	570,102	562,057
Printing and Stationary	469,270	287,421
Registrar Fees and Professional charges	1,763,008	1,024,582
Rent, Rates and Taxes	1,225,553	1,279,387
Subscription and Membership	123,000	35,296
Auditors Remuneration		
Audit Fees	85,100	85,000
Tax Audit Fees	15,000	15,000
Other Charges, Certification etc.	<u>53,900</u>	<u>30,000</u>
	154,000	125,000
Communication Expenses	943,005	923,713
Incorporation Expenses	-	82,540
Software Expenses	277,437	25,710
Miscellaneous Expenses	100,897	204,964
Stock Exchange Expenses	1,523,706	1,418,504
Settlement Charges	465,000	7,458,329
Decrease in Value of Stock in Trade	465,528	434,802
Vehicle Expenses	156,783	133,007
NSDL Expenses	855,122	915,462
Loss on Securities Trading	145,958	-
Loss on Currency Derivatives	-	226,668
Loss on Sale of Assets	279,338	95,412
Provision for Non-Performing Assets	80,394	59,745
Computer Expenses	93,234	51,715
Sub Brokerage	1,226,261	-
<b>TOTAL</b>	<b><u>12,603,029</u></b>	<b><u>17,534,469</u></b>

**SCHEDULE 15**

Significant Accounting Policies & Notes to Consolidated Accounts

**I. Significant Accounting Policies:**

**a. Basis of Preparation of Financial Statements and Accounting Concepts:**

The consolidated financial statements relate to Action Financial Services (India) Limited and its wholly owned subsidiaries viz Action Securities Limited and Action Commodities Limited. The parent company with its subsidiary constitutes the group.

The financial statements of the parent company and its subsidiaries are drawn upto 31<sup>st</sup> March 2011.

The accounts have been prepared on accrual basis, in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard or a more appropriate presentation of the financial statements requires a change in the accounting policy hitherto in use.

**b. Principles of Consolidation:**

The financial statements of the parent company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra group balances, intra group transactions and are presented to the extent possible, in the same manner as the company's independent financial statements. The financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies.

**c. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenue and expenses during the reporting periods. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

**d. Revenue Recognition:**

- (i) Income from broking activities and depository services are recognized only when it is reasonably certain that the ultimate collection will be made.

## **Action Financial Services (India) Limited**

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- (ii) Interest income is recognised on time proportionate basis.
  - (iii) Dividend income is recognised as and when payment is received.
  - (iv) Income from trading in Securities and Derivatives (Commodities, Currency and Equity) comprises of profit or loss on sale of securities held as stock in trade and profit or loss on Derivative instruments. Profit or loss on Derivative instruments is accounted for based on the "Guidance note on accounting for Equity Index and Equity Stock Futures and Options" issued by the Institute of Chartered Accountants of India.
  - (v) Income from investing activities are recognized only when it is reasonably certain that the ultimate collection will be made
- e. Fixed Assets:**  
All the fixed assets are accounted at cost of acquisition less accumulated depreciation.
- f. Impairment of Fixed Assets:**  
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.
- g. Depreciation:**  
Depreciation on all fixed assets are provided on prorata basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956 under Straight Line Method. However subsidiaries are providing Depreciation on written Down Value Method.
- h. Amortisation:**  
Goodwill and MCX membership shall be amortized over a period of twenty years.
- i. Investments:**  
Securities, which are bought with an intention of keeping for long term, are classified under Investments and are valued cost plus brokerage and stamp charges. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.
- j. Stock In Trade:**  
Shares and Debentures are valued at cost or market price whichever is lower, whereby the cost of each script is compared vis-à-vis its market value and the resultant shortfall if any, is charged to revenue.



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**k. Taxation:**

- (i) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.
- (ii) Deferred tax on timing difference between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized for unabsorbed depreciation and carry forward losses to the extent there is virtual certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

**l. Employee Benefits:**

- (i) Gratuity to employees is provided as per AS 15 and liability as on Balance Sheet date has been determined on the basis of actuarial valuation. The liability is not funded.
- (ii) Leave encashment benefits payable to employees of the Company with respect to accumulated leave outstanding at the year-end are accounted for on the basis of an actuarial valuation as at the Balance Sheet date.
- (iii) Contributions payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and ESIC are charged to Profit and Loss account.
- (iv) Other employee benefits are accounted on accrual basis.

**m. Earning per Share:**

In determining the earning per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary/ exceptional items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per shares comprises the weighted average shares considered for deriving the basic earning per share and also weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for any stock split and bonus shares issued.

**n. Leased Assets:**

Assets taken on lease under which the lesser effectively retains all the risk and rewards of ownership are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreement.

## **Action Financial Services (India) Limited**

### **o. Provisions for Contingent Liabilities and Contingent Assets:**

A provision is recognized for a present obligation as result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. Provisions are determined based on net estimate of the amount required to settle the obligation at the Balance sheet date. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

### **ii. Notes to the Accounts:**

1. The consolidated financial statements have been prepared in accordance with the Accounting Standard (AS) 21 and the Accounting Standard (AS) 23, notified under section 211(3C) of the Companies Act, 1956. The consolidated financial statements of Action Financial Services (India) Ltd. (the parent company) include its wholly owned subsidiaries as under:-

Sr. No.	Name	Country	Proportion of ownership Interest as at 31 <sup>st</sup> March 2011	Proportion of ownership Interest as at 31 <sup>st</sup> March 2010
1.	Action Securities Limited	India	100 %	100 %
2.	Action Commodities Limited	India	100%	100%

### **2. Contingent Liabilities in Respect of:**

- a. Bank Guarantee amounting to Rs.29,850,000/- (previous year Rs.20,200,000/-)
- b. Allotment money payable on partly paid shares and debentures Rs.1,782,000/- (Previous year Rs.1,782,000/-)
- c. Unpaid Dividend on Preference Shares Rs.24,84,000/- for the year ending 31<sup>st</sup> March 2011 not provided. (Previous Year Rs.1,656,000/-)

### **3. Capital Commitments: -**

During the year one of the subsidiary company (Action Commodities Limited) has acquired MCX membership card, however pending completion of procedural formalities business is not yet commenced. Following are the capital commitment to stock exchange for activation of the membership:-

Particulars	Amount
Security Deposit (Cash)	15,00,000
Security Deposit (Non Cash)	15,00,000
Processing Charges	11,030

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### 4. Share Holders Fund :

#### 1. Share Capital :

1. Out of unissued portion of Authorised Preference Share Capital of the company 100,000/- preference of Rs.100/- each aggregating to Rs 10,000,000/- has been reclassified in to and as 1,000,000/- Equity Shares of Rs.10/- each aggregating to Rs.10,000,000/- vide its resolution passed in AGM held on 30<sup>th</sup> September 2010.
2. Further to this Authorised share capital of the company has been increased from Rs.120,000,000/- divided into 11,000,000 equity shares of Rs.10/- each and 100,000 redeemable preference shares of Rs.100/- each to 130,000,000/- divided into 12,000,000 equity shares of Rs.10/- each and 100,000 redeemable preference shares of Rs.100/- each vide its resolution passed in AGM held on 30<sup>th</sup> September 2010.
3. During the year company has issued 1,171,000 Equity share of Rs.10/- Each for cash at a premium of Rs.19/- per share vide board resolution date 13<sup>th</sup> October 2010. Accordingly as sum of Rs.22,249,000/- is credited to Securities Premium Account

#### 2. Preference Share Capital :

10% Redeemable preference share capital is redeemable on or before March 2015.

#### 3. Warrants :

1. The Company had issued 125,000 warrants in November 2009. As on 1<sup>st</sup> April 2010, 125,000 warrants were outstanding. The Company has received subscription of Rs.625,000/- against these warrants. The Company received request for cancellation of the said warrants. Accordingly the said warrants were forfeited vide resolution of Board of Directors dated 28<sup>th</sup> October 2010 and amount of Rs.625,000/- is transferred to capital Reserve Account on account of forfeiture of warrants.
2. The board of directors of the company in its meeting held on 13<sup>th</sup> October 2010, issued 77,200 convertibles warrants on preferential basis to one of the promoter at Rs.29/- per warrant with an option to convert the same into equivalent number of equity shares of nominal value of Rs.10/- each at a premium of Rs.19/- per share. The option of conversion shall be valid for a period of 18 months from the date of allotment of the warrants. The company has received full subscription of Rs.29/- per warrant. Pending receipt of option from warrant holder amount is shown under as Subscription Money towards warrants.

## **Action Financial Services (India) Limited**

### **5. Secured Loans:**

1. **Term Loan:** Term Loan of ICICI Bank Ltd. of Rs.6,887,180/- (Previous Year 8,431,436) is Secured by mortgage of office premises at No. 46, 47 and 54, Rajgir Chambers, Fort, Mumbai and Personal Security and Personal Guarantee by Two Directors. Amount of term loan repayable within a period of one year is Rs.5,134,373/-.
2. **Bank Overdraft:** Overdraft of Rs.11,283,379/- (previous year Rs.10,613,060/-) as at 31.03.2011 from the Schedule Bank is secured against Personal Guarantee of Two Directors and Pledge of Company as well as third party Shares.
3. **Vehicle Loan:** The company has availed vehicle loan from TATA capital limited. Said loan is secured against the vehicle purchased outstanding amount as on 31.03.2011 is Rs.1,099,025/- Amount of vehicle loan repayable within a period of one year is Rs.7,47,738/-.

### **6. Unsecured Loans:**

Unsecured Loan of Rs.3,075,580/- (Previous Year Rs.11,75,256/-) represents Book overdraft in current of banks and Inter Corporate Deposit of Rs.16,800,000/- (Previous year Rs.15,750,620/-) as on 31<sup>st</sup> March 2011 and Rs.43,126/- (Previous Year Rs.1,766/-) from Director as on 31<sup>st</sup> March 2011. The loans taken from Directors are interest free and there are no stipulations as to repayment.

### **7. Income Tax:**

<b>Sr. No.</b>	<b>Name of dues</b>	<b>Forum where Dispute is pending</b>	<b>Period to which amount relates</b>	<b>Amount involved</b>
1	Income Tax	Income Tax Appellate Tribunal, Mumbai	A.Y. 2001-02	13,455,810/-
2	Income Tax	Commissioner of Income Tax (Appeals), Mumbai	A.Y.2008-09	10,130,835/-

#### **Note:-**

1. The company had contested Income Tax demand of Rs.13,455,810/- for Assessment Year 2001-02. CIT (A) has heard the company's appeal and decided in favour of the company. The Income Tax Department has appealed in the tribunal against the said order.
2. The Company had contested Income Tax demand of Rs.10,130,835/- for Assessment Year 2008-09. The Company has paid Rs.36,00,000/- and balance amount is in abeyance till disposal of the case. The company has preferred an appeal in the CIT (A) against the said order.

**18th Annual Report 2010-11**

**8. Defined Benefit Plan :**

The company has applied revised Accounting Standard AS – 15 Employees Benefits notified under the Companies (Accounting Standard) Rules, 2006. Consequent to the introduction of AS – 15 disclosures as required by the standard are as under:

**a) Gratuity :**

(In Rupees)

Assumptions as at	31-Mar-11	31-Mar-10
Mortality	LIC (1994-96) Ult.	
Interest / Discount Rate	8.17%	8.20%
Rate of increase in compensation	12.50%	12.50%
Rate of return (expected) on plan assets	-	-
Employee Attrition Rate(Past Service (PS) )	PS: 0 to 5:40% PS: 5 to 42: 5%	PS: 0 to 42: 5%
Expected average remaining service	5.82	12.82
<b>Changes in present value of obligations</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at beginning of period	21,21,510	1,269,045
Interest cost	1,73,964	101,524
Current Service Cost	2,23,140	318,172
Past service cost (Non vested benefits)	-	26,708
Past service cost (Vested benefits)	-	898,739
Benefits Paid	-	-
Actuarial (gain)/loss on obligation	(249,191)	(492,678)
PVO at end of period	2,269,423	2,121,510
<b>Changes in fair value of plan assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	-	-
Actuarial gain/(loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-
<b>Fair Value of Plan Assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	-	-
Fair Value of Plan Assets at end of period	-	-
Funded Status	(2,269,423)	(2,121,510)

### Action Financial Services (India) Limited

Excess of actual over estimated return on Plan Assets	-	-
<b>Experience History 31-Mar-11</b>	<b>31-Mar-10</b>	
(Gain)/Loss on obligation due to change in Assumption	(154,527)	(42,249)
Experience (Gain)/ Loss on obligation	(94,664)	(450,429)
Actuarial (Gain)/ Loss on Plan Assets	-	-
<b>Actuarial Gain/(Loss) Recognized</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Actuarial Gain/(Loss) for the period (Obligation)	249,191	492,678
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	249,191	492,678
Actuarial Gain/(Loss) recognized for the period	249,191	492,678
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
<b>Past service cost recognized</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Past service cost -Non vested benefits	-	26,708
Past service cost -Vested benefits	-	898,739
Average remaining future service till vesting of the benefits	-	2
Recognised Past service cost -Non vested benefits	13,354	13,354
Recognised Past service cost - vested benefits	-	898,739
Unrecognized Past service cost -Non vested benefits	-	13,354
<b>Amounts to be recognized in the balance sheet and statement of profit &amp; loss account</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at end of period	22,69,423	2,121,510
Fair Value of Plan Assets at end of period	-	-
Funded Status	(22,69,423)	(2,121,510)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognized Past service cost- Non vested benefits	-	13,354
Net Asset/(Liability) recognized in the balance sheet	(22,69,423)	(2,108,156)
<b>Expense recognized in the statement of P &amp; L A/C</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Current Service Cost	223,140	318,172
Interest cost	173,964	101,524
Past service cost (Non vested benefits)	13,354	13,354
Past service cost (Vested benefits)	-	898,739
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the period	(249,191)	(492,678)
Expense recognized in the statement of P & L A/C	161,267	839,111
<b>Movements in the Liability recognized in Balance Sheet</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Opening Net Liability	2,108,156	1,269,045
Adjustment to opening balance	-	-

**18th Annual Report 2010-11**

Expenses as above	161,267	839,111
Contribution paid	-	-
Closing Net Liability	2,269,423	2,108,156

**b) Leave Encashment:**

(In ₹)

Assumptions as at	31-Mar-11	31-Mar-10
Mortality	LIC (1994-96) Ult.	
Interest / Discount Rate	8.17%	8.20%
Rate of increase in compensation	12.50%	12.50%
Rate of return (expected) on plan assets	-	-
Employee Attrition Rate(Past Service (PS) )	PS: 0to 5: 40% PS: 5 to 42: 5%	PS :0 to 42: 5%
Expected average remaining service	5.80	12.82
<b>Changes in present value of obligations</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at beginning of period	297,054	428,601
Interest cost	24,037	34,288
Current Service Cost	447,125	293,513
Past Service Cost- (non vested benefits)	-	-
Past Service Cost- (vested benefits)	-	-
Benefits Paid	(7,840)	-
Actuarial (gain)/loss on obligation	(617,205)	(459,348)
PVO at end of period	143,171	297,054
<b>Changes in fair value of plan assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefit Paid	7,840	-
Actuarial gain/(loss) on plan assets	(7,840)	-
Fair Value of Plan Assets at end of period	-	-
<b>Fair Value of Plan Assets</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Assets	-	-
Contributions	7,840	-
Benefit Paid	(7,840)	-
Fair Value of Plan Assets at end of period	-	-
Funded Status	(143,171)	(297,054)
Excess of actual over estimated return on Plan Assets	-	-

### Action Financial Services (India) Limited

<b>Experience History</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
(Gain)/Loss on obligation due to change in Assumption	(25,633)	(6,638)
Experience (Gain)/ Loss on obligation	(591,572)	(452,710)
Experience (Gain)/ Loss on Plan Assets	-	-
<b>Actuarial Gain/(Loss) Recognized</b>		
Actuarial Gain/(Loss) for the period (Obligation)	617,205	459,348
Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
Total Gain/(Loss) for the period	617,205	459,348
Actuarial Gain/(Loss) recognized for the period	617,205	459,348
Unrecognized Actuarial Gain/(Loss) at end of period	-	-
<b>Past Service Cost Recognised</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Past Service Cost (non vested benefits)	-	-
Past Service Cost ( vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognised Past Service Cost- non vested benefits	-	-
Recognised Past Service Cost- vested benefits	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
<b>Amount to be recognized in the Balance sheet and statement of profit &amp; loss Account</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
PVO at end of period	143,171	297,054
Fair Value of Plan Assets at end of period	-	-
Funded Status	(143,171)	(297,054)
Unrecognized Actuarial Gain/(Loss)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Net Asset/(Liability) recognized in the balance sheet	(143,171)	(297,054)
<b>Expense recognized in the statement of P &amp; L A/C</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Current Service Cost	447,125	293,513
Interest cost	24,037	34,288
Past Service Cost (non vested benefits)	-	-
Past Service Cost ( vested benefits)	-	-
Unrecognized Past Service Cost- non vested benefits	-	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized for the period	(617,205)	(459,348)
Expense recognized in the statement of P & L A/C	(146,043)	(131,547)
<b>Movements in the Liability recognized in Balance Sheet</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Opening Net Liability	297,054	428,601
Expenses as above	(146,043)	(131,547)



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Contribution paid	(7,840)	-
Closing Net Liability	143,171	297,054
<b>Short Term Compensated Absence Liability</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
Valuation date.	31-Mar-11	31-Mar-10
No of Days	144.50	805
Amount *	290,397	2,029,679

**9. Managerial Remuneration:**

Remuneration to Directors	31 <sup>st</sup> March,2011 (Rupees)	31 <sup>st</sup> March,2010 (Rupees)
Salary	2,936,400	2,040,000
Perquisites	228,600	150,000
PF Contribution	18,720	18,720
Leave Encashment	206,040	182,500
<b>Total</b>	<b>3,389,760</b>	<b>2,391,220</b>

Provision for leave salary is made on Actuarial Valuation; hence individual figures are not ascertainable.

The computation of net profit under section 198 / 349 of the Companies Act, 1956 has not been given since no commission is paid / payable to any director in the current year.

**10. Provisions for Taxation:**

- Tax provision for the year has been made on the basis of MAT Provision.
- Deferred Tax has been considered for timing differences between book and taxable profits are as below:

Particulars	As at 01.04.2010	For the year	As at 31.03.2011
WDV differential	(1,650,894)	73,725	(1,603,292)
Retirement benefits	723,728	2,221	725,949
Preliminary Expenses w/off	6,798	(2,163)	4,635
Unabsorbed Depreciation	516,233	165,110	681,343
Business Loss	3,521,893	(1,394,027)	2,127,866
Long Term Loss	273,310	-	273,310
Short Term Loss	306,942	678,753	985,695
Net Deferred tax Asset / (Liability)	<b>3,698,010</b>	<b>(476,381)</b>	<b>3,221,626</b>

- As per RBI guidelines in relation to Non-Banking Financial Companies the company has provided Rs. 348,950/-, 10% as provision for Non – Performing Assets on debts for more than six months (previous year Rs 268,556/-) and Rs. 80,394/- being additional provision is charged to Profit and Loss account.

## Action Financial Services (India) Limited

### 12. Investments:

- (a) The aggregate market value of quoted investments as at 31.03.2011 is Rs.49,439,084/- (Previous year Rs.49,955,217/-) as against the total cost of quoted investment of Rs.47,450,043/- (Previous year Rs.48,175,244/-). No provision for diminution in the value of quoted investment is considered necessary as in the management's view the short fall is temporary in nature.
- (b) In case of Stock in Trade, full provision for diminution in value of stock has been made in the accounts.
- (c) Details of movements in investments during the year are given below:-

Particulars	Face Value	Purchases		Sales	
		Qty	Value	Qty	Value
Continental Controls Ltd	10	46,124	184,957	-	-
Bajajhindh Ltd	1	15,000	1,654,314	52,275	11,136,413
BHEL	10	2,107	3,856,415	1,330	3,803,702
Chambal Fertilizers	10	3,950	298,780	3,950	296,593
Grasim Indus	10	50	142,721	50	142,992
Hindustan Constr. Co	1	6,353	248,962	6,000	245,468
Hotel Leela	2	100	4,730	100	4,690
IFCI LTD.	10	9,200	524,325	7,200	404,415
Infosys Technologies	5	100	276,505	100	276,702
Ispat Industries	10	6,025	122,448	12,896	261,117
Mcleod Russel	5	20	5,136	-	-
R N R L	5	6,500	352,899	43,951	2,551,601
Orissa Sponge	10	14,105	4,827,676	42,105	14,546,939
Reliance Industries	10	15,270	15,027,577	15,470	15,127,413
Satyam Comp	2	89,275	7,275,055	81,262	6,539,333
Bharti	5	12,442	4,259,819	7,700	2,532,816
Tata Global Beverages Ltd	1	4,285	526,627	-	-
India Securities	1	68,037	1,809,015	27,243	723,595
Jaiprakash Associaties	2	20,233	2,067,328	11,700	1,036,866
Dhampur Sugar	10	3,200	216,512	-	-
JMD Telefilm Industries Ltd	1	57,700	7,172,757	57,700	7,280,363
Ram Kaashyap Investment Ltd	10	50,000	505,500	-	-
Reliance power	10	750	117,330	-	-
PVP Vent Ltd	10	500	7,030	-	-
Tata Steel Ltd	10	100	62,611	100	62,649
Dhanuka Agritech Ltd	10	13,000	5,632,130	13,000	6,055,626

### 13. Auditor's Remuneration:-

Particulars	2010-11	2009-10
Audit Fees	85,100	80,000
Tax Audit Fees	15,000	15,000
Other Charges , Certification etc	53,900	30,000
<b>Total</b>	<b>1,54,000</b>	<b>1,25,000</b>

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**14. Consolidated Earning Per Share (EPS) :**

**Basic & Diluted EPS:**

Sr. No.	Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
(A)	Profit /(Loss) After tax	(79,499)	843,099
(B)	Unpaid Dividend of preference Share (Not Provided)	828,000	828,000
(C)	Profit attributable to Equity Shareholders (in Rs.) after tax	(748,501)	15,099
(D)	Nominal Value of Equity Shares (in Rs.)	10	10
(E)	Weighted Number of Equity Shares outstanding during the Year	9,355,397	8,810,000
(F)	Diluted Number of Equity Shares outstanding during the Year	9,417,895	8,847,781
(G)	Basic Earnings Per Share (in Rs.) (C/E)	(0.080)	0.002
(H)	Diluted Earnings Per Share (in Rs.) (C/F)	(0.079)	0.002

15. There are no balances outstanding due to 1) Small scale industrial undertaking (SSI) 2) Small and Medium Micro Enterprises 3) Investor education and protection fund u/s 205 C of the Companies Act, 1956.

16. Disclosures as required by Accounting Standards 19, "Leases" are given below:

Where the Company is a lessee:

- (i) The Company has taken various office premises under leave and license agreements. The lease period extends between 11 months and 3 years under leave and license.
- (ii) Lease payments are recognized in the Profit and Loss Account under "Rent"
- (iii) The future minimum lease payments

(In Rupees)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Particulars	Amount (Rs.)	Amount (Rs.)
Not later than one year	551,000	1,168,800
Later than one year and not later than five years	237,000	3,112,800
More than five years	NIL	NIL

## Action Financial Services (India) Limited

17. As per Accounting Standard 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

### a. Relationship & Name of Related Party:

Sr. No.	Relation	Related Party
1.	Enterprise controlling the company	NA
2.	Key Management Personnel	1. Managing Director: Mr.Milan R.Parekh 2. Jt.Managing Director: Mr.Bakul R.Parekh
4.	Relative of key management Personnel	NA
5.	Enterprise under control of relative of Key Management Personnel	R. B. Parekh – HUF
6.	Enterprise under common control of Key Management Personnel	M/s. Milan R Parekh

### b. Details of Transactions with Related Parties are as follows:

Sr. No.	Relation	Related Party												
1.	Enterprise controlling the Company	NA												
2.	Key Management Personnel	<p>Mr Milan R Parkeh</p> <table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Remuneration</td> <td>1,726,380</td> <td>1,228,110</td> </tr> </tbody> </table> <p>Mr. Bakul R Parkeh</p> <table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Remuneration</td> <td>1,663,380</td> <td>1,163,110</td> </tr> </tbody> </table> <p>Unsecured loan received Rs.41,360/- (P. Y. NIL) Unsecured loan repaid Rs. NIL (P. Y. Rs. 4,234/-) Closing Balance : 43,126/- (P. Y. Rs. 1,766/-)</p>	Nature of Transaction	Current Year	Previous Year	Remuneration	1,726,380	1,228,110	Nature of Transaction	Current Year	Previous Year	Remuneration	1,663,380	1,163,110
Nature of Transaction	Current Year	Previous Year												
Remuneration	1,726,380	1,228,110												
Nature of Transaction	Current Year	Previous Year												
Remuneration	1,663,380	1,163,110												
4.	Relative of key management Personnel	None												
5.	Enterprise under control of relative of Key Management Personnel	<table border="1"> <thead> <tr> <th>Nature of Transaction</th> <th>Current Year</th> <th>Previous Year</th> </tr> </thead> <tbody> <tr> <td>Rent Paid</td> <td>1,20,000</td> <td>1,20,000</td> </tr> <tr> <td>Balance</td> <td>NIL</td> <td>NIL</td> </tr> </tbody> </table>	Nature of Transaction	Current Year	Previous Year	Rent Paid	1,20,000	1,20,000	Balance	NIL	NIL			
Nature of Transaction	Current Year	Previous Year												
Rent Paid	1,20,000	1,20,000												
Balance	NIL	NIL												
6.	Enterprise under common control of Key Management Personnel	None												

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**18.** Company's primary business activities are Broking and Depository Services, both are covered under one broad segment of Share broking activities hence segment reporting is not applicable.

**19.** Previous year's figures have been regrouped, reclassified and /or renamed to confirm to this year's classification.

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As per our Report attached.  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W

**A.D. Shenoy**  
(Partner)  
Membership No.11549  
Place: Mumbai  
Date: 15<sup>th</sup> July 2011

For and on behalf of the board

**Milan R. Parekh**  
Chairman & Managing Director

**Bakul R. Parekh**  
Jt. Managing Director

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**18th Annual Report 2010-11**

**ACTION FINANCIAL SERVICES (INDIA) LIMITED**

**Regd. Office:** 31, Rajgir Chambers, 12/14, Shahid Bhagat Singh Road, Fort, Mumbai - 400 001.

**PROXY FORM**

Folio No \_\_\_\_\_  
I/We \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ in  
the district of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of Action Financial Services (India) Ltd.,  
hereby appoint of \_\_\_\_\_  
in the district of \_\_\_\_\_  
or failing him / her \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as proxy to vote for me / us on my / our behalf at the  
Eighteenth Annual General Meeting of the Company to be held at 10.00 a.m. on  
Thursday, 29<sup>th</sup> September, 2011 and at any adjournment thereof. This form is to  
be used in favour of the resolution / against the resolution. Unless otherwise  
instructed the proxy will act, as he thinks fit. Signed this \_\_\_\_\_ day \_\_\_\_\_ of  
\_\_\_\_\_ 2011



Signature:

**Note:** Proxy form must reach the Registered Office not less than 48 hours before the Meeting.

**ACTION FINANCIAL SERVICES (INDIA) LIMITED**

**Regd. Office:** 31, Rajgir Chambers, 12/14, Shahid Bhagat Singh Road, Fort, Mumbai - 400 001.

**ATTENDANCE SLIP**

To be handed over at the entrance of the venue

Name of the attending Member (in block letters)	Folio No.
Name of Proxy (in Block Letters ) (to be filled in if the proxy attends instead of the Member)	
No. of Shares held _____	

I hereby record my presence at the Eighteenth Annual General Meeting of the Company held at Action Financial Services (India) Ltd., 31, Rajgir Chambers, 4<sup>th</sup> Floor, 12/14, Shahid Bhagat Singh Road, Fort, Mumbai-400 001 at 10.00 a.m. on Thursday, 29<sup>th</sup> September, 2011.

Member 's / Proxy's Signature  
(to be signed at the time of handing over this slip)

**Note:** Share Holder / Proxy Holders wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand over at the entrance duly signed.





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