

Annual Report 1999 - 2001



MADAN FINANCIAL SERVICES LIMITED


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MADAN FINANCIAL SERVICES LIMITED

ANNUAL REPORT 1999 - 2001

BOARD OF DIRECTORS	:	Shri MANJESHWAR ANANTH PAI Chairman
		Shri MADANCHAND DARDA Vice-Chairman
		Shri SUNIL M DARDA Managing Director
		Shri V K PADMANABHAN Shri DEORAJ DARDA Directors
AUDIT COMMITTEE	:	Shri MANJESHWAR ANANTH PAI Shri V K PADMANABHAN Shri MADANCHAND DARDA
AUDITORS	:	M/s. BHANDARI & KESWANI Chartered Accountants 34-B Nungambakkam High Road Chennai 600 034.
BANKERS	:	BANK OF BARODA Chennai 600 001.
		BANK OF MADURA Chennai 600 001.
		VIJAYA BANK Chennai 600 008.
REGISTERED OFFICE	:	"MADAN CHAMBERS" 124 Marshalls Road Egmore, Chennai 600 008.
SHARE TRANSFER AGENT	:	Integrated Enterprises (India) Limited 2nd Floor, "Kences Towers", No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017. Phones: 8140801- 08

MADAN FINANCIAL SERVICES LIMITED**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the Members of Madan Financial Services Limited will be held on Friday the 29th day of June, 2001 at 11 a.m. at No.1, "Sun Plaza" 2nd Floor, 39, G N Chetty Road, Chennai 600 006, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2001 and the Profit and Loss Account for the period ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri Manjeshwar Ananth Pai who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri Madanchand Darda who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration. The retiring Auditors M/S Bhandari and Keswani, Chartered Accountants, Chennai are eligible for reappointment.

SPECIAL BUSINESS:

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

RESOLVED THAT Pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:-

Insert the following Article 13 after article 12.

DEMATERIALISATION OF SECURITIES**Definitions**

- (i) For the purpose of the Article:-

"Beneficial Owner" means a person or persons whose name is recorded as such with a depository.

"SEBI" means the Securities and Exchange Board of India established under 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996 including any statutory modifications or reenactment thereof for the time being in force.

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

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"Member" means the duly registered holder from time to time of the Shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

Company to recognise interest in dematerialised securities under Depositories Act.

- (ii) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act.

Dematerialisation of Securities

- (iii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Securities in Depositories to be in fungible form

- (iv) All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372A of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

Rights of Depositories and Beneficial Owners

- (v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the Depository as the Registered Owner of the Securities shall not have any voting rights in respect of the Security held by it.
- (c) Every Person holding securities of the company and whose name is entered in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities which are held by a Depository.

Beneficial Owner deemed as absolute Owner

- (vi) Except as ordered by a court of competent jurisdiction or as required by law, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of Shares in the records of the depository as the absolute Owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except

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only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion required to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Options for Investors

- (vii) Every person subscribing/acquiring to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his/her security with a Depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Service of Documents

- (viii) Notwithstanding anything contained in the Act or the Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or diskette(s).

Transfer of Securities

- (ix) Nothing contained in the Act or the Articles shall apply to a transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository.

In the case of transfer of securities where the company has not issued any certificates and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

Allotment of Securities dealt with by a Depository

- (x) Notwithstanding anything contained in the Act or the Articles, where a depository deals with the securities, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive number of Securities held in a Depository

- (xi) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the

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company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

Register and Index of Beneficial Owners

- (xii) The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Register and Index of the Debentureholders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside a branch Register of Members resident in that state or country.

The following new Article with marginal notes be inserted as article 14 after the Articles 13.

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Article 14 Nomination:

A holder or joint holder(s) of shares in or debentures (including the Fixed Deposit holder under Section 58A of the Companies Act, 1956), of the Company may nominate, a person in the prescribed manner to whom the share and/or the interest of the member in the capital of the company or debentures of the company shall vest in the event of the holder(s) death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the company to that effect. Such nomination shall be governed by the provisions of section 109A and section 109B of the Act or such other regulations governing the matter from time to time".

BY ORDER OF THE BOARD
for **MADAN FINANCIAL SERVICES LIMITED**

SUNIL M. DARDA
Managing Director.

Date : 16.05.2001

Place : Chennai

MADAN FINANCIAL SERVICES LIMITED**NOTES:-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring in their admission slip duly filled in and handover at the entrance of the meeting hall.
3. Members are requested to quote their Folio no. in all correspondence with the Company.
4. The register of members and share transfer books of the Company will remain closed from 27.06.2001 to 29.06.2001 (both days inclusive).
5. The relevant explanatory statement pursuant to section 173 of the Companies act, 1956 is annexed.
6. Members are requested to notify any change in their address.
7. Members are requested to bring their copies of the annual report to the meeting.
8. Shareholders are hereby informed that after the amendment of the Act with effect from 31.10.1998, the Company will be obliged to transfer any money lying in the Unpaid Dividend account, which remains unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("The Fund") to be established by the Central Government. In accordance with Section 205C of the act, no claim shall lie against the Company or the fund in respect of individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.

Hence we request those shareholders who have not encashed their dividend warrant(s) so far for the financial year 1995-96, to encash it at the earliest.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

SPECIAL BUSINESS:

ITEM NO. 5

Your Company's Shares have been included in the lists of shares for compulsory demat trading. Consequent upon the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Articles of Association relating to the issue, transfer/ transmission, dealing in shares, etc., are proposed to be amended to confirm to the requirements of the Depositories Act, 1996.

The Companies (Amendment) Act, 1999 introduced new Sections 109A and 109B providing the holder(s) of security of the company an option to nominate a person to whom the rights of the security holder(s) be vested in the event of the holder(s) death. Hence the new article no.14.

Your Directors recommend the approval of the Resolution.

None of the Directors of the Company is interested in the proposed resolution, except to the extent as a member of the company.

A Copy of the Articles of Association incorporating the proposed alterations is available for inspection by the Members of the Company at its Registered Office of the Company on any working day during the business hours except on Saturdays.

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**BY ORDER OF THE BOARD
for MADAN FINANCIAL SERVICES LIMITED**

SUNIL M DARDA
Managing Director.

Date : 16.05.2001

Place : Chennai

MADAN FINANCIAL SERVICES LIMITED**DIRECTOR'S REPORT**

The Board of Directors herein present the "Tenth Annual Report" of the Company together with the Audited Accounts for the period ended 31st March, 2001.

FINANCIAL RESULTS AND APPROPRIATIONS

The financial results for the period ended 31st March, 2001 are as follows:

PARTICULARS	PERIOD ENDED 31.03.2001 18 Months	PREVIOUS YEAR ENDED 30.09.1999 12 Months
(Rs. in lakhs)		
FINANCIAL RESULTS		
Profit/Loss before Depreciation and tax	(40.09)	(27.47)
Add : Depreciation on Fixed Assets	(1.92)	(1.60)
Dimunition in value of Invt's	(102.13)	—
Provision for Non-performing Assets	(10.14)	—
Profit/Loss before Tax	(154.28)	(29.07)
Add : Provision for taxation (MAT)	(0.75)	(0.23)
Profit/Loss after Tax	(155.03)	(29.30)
Add : Short provision for Income Tax relating to earlier Years	(4.46)	—
Add : Balance brought forward from previous year	(35.48)	(6.18)
	(194.97)	(35.48)
APPROPRIATIONS		
Surplus/Deficit carried to Balance Sheet	(194.97)	(35.48)
	(194.97)	(35.48)

MADAN FINANCIAL SERVICES LIMITED**PERFORMANCE**

As you are well aware, the period under review commenced with a definite slow down in the economy and the related financial sector was adversely affected. Your Company has been affected adversely, by these factors.

During the year under review, no fresh disbursements by way of Hire-Purchase and Leasing were made.

Your Company has discontinued the Merchant Banking activities, and has not renewed the licence.

As a measure of prudent accounting practice diminution in the value of Investments amounting to Rs.10212828.01 has been provided for. Similarly, a provision of Rs.1013655.50 has been made in respect of non-performing assets.

DIVIDEND

Since the Company has not earned adequate profit during the year under review the directors have decided not to recommend dividend this year.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any deposits from the shareholders/public during the year under review.

There were no unclaimed or overdue deposits at the end of the period under review.

DIRECTORS

In accordance with the Company's Articles of Association, Shri Manjeshwar Ananth Pai and Shri Madanchand Darda retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

M/S Bhandari & Keswani, Chartered Accountants, Chennai, retire at this ensuing Annual General Meeting and are eligible for reappointment as Auditors of the Company till the next Annual General Meeting.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE, INFORMATION REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT 1956.

Your Company has no activity relating to conservation of energy/technology absorption. The Company does not have any foreign exchange earnings or outgo.

DISCLOSURE U/S 217(2A) OF THE COMPANIES ACT, 1956.

During the Year under review, the Company had no employee who is in receipt of remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.