
Annual Report
2002 - 2003

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MADAN FINANCIAL SERVICES LIMITED



MADAN FINANCIAL SERVICES LIMITED

ANNUAL REPORT 2002 - 2003

BOARD OF DIRECTORS : **Shri MANJESHWAR ANANTH PAI**
Chairman

Shri MADANCHAND DARDA
Vice-Chairman

Shri SUNIL M. DARDA
Managing Director

Shri N. MUTHUKUMAR
Director

Shri C.R. PREMNATH
Director

AUDIT COMMITTEE : **Shri MANJESHWAR ANANTH PAI**
Chairman

Shri N. MUTHUKUMAR
Member

Shri MADANCHAND DARDA
Member

AUDITORS : **M/s. BHANDARI & KESWANI**
Chartered Accountants
75, Nungambakkam High Road,
Chennai-600 034.

BANKERS : **BANK OF BARODA**
ICICI BANK LTD (Bank of Madura)
VIJAYA BANK
INDIAN BANK

SHARES LISTED WITH : MADRAS STOCK EXCHANGE LTD.,
11, Second Line Beach, Chennai-600 001.
THE STOCK EXCHANGE, Mumbai
Phiroze Jee Jee Bhoy Towers,
Dalal Street, Mumbai-400 001.

REGISTERED OFFICE : "SHARE HOUSE"
New No. 114, Old No. 61, Moore Street,
Chennai-600 001. Ph. : 25240640

ADMINISTRATIVE OFFICE : New No. 6, Old No. 7, Ramanuja Street,
Sowcarpet, Chennai-600 079.
Ph. : 25292653, 55877081 Fax : 25292449

SHARE TRANSFER AGENT: Integrated Enterprises (India) Limited
2nd Floor, "Kences Towers",
No. 1, Ramakrishna Street, North Usman Road,
T.Nagar, Chennai-600 017. Ph. : 28140801 - 03

DEPOSITORY : National Securities Depository Ltd., (NSDL)
Central Depository Services (India) Ltd. (CDSL)

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MADAN FINANCIAL SERVICES LIMITED**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Madan Financial Services Limited will be held on Wednesday the 16th day of July, 2003 at 11.00 a.m. at No. 2, "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, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To appoint a Director in the place of Shri Madanchand Darda who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s. Bhandari and Keswani, Chartered Accountants, Chennai are eligible for re-appointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, including any statutory modification or reenactment thereof, for the time being in force, the company hereby accords to the payment of Remuneration to the Managing Director of the Company commencing from 01.07.2003 on the following remuneration and perquisites.

- i. Salary :

Rs. 30000/- per month (Rupees Thirty Thousand Only)

- ii. Perquisites :

Perquisites shall be restricted to amounts as provided for in Schedule XIII of the Company's Act, 1956, as may be amended from time to time.

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

"RESOLVED THAT Shri C.R. Premnath who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company subject to the retirement by rotation under the Articles of Association of the Company.

MADAN FINANCIAL SERVICES LIMITED

6. To declare the results of Postal Ballot in respect of the following resolution to be passed as Special resolution as already circulated to members by Postal Ballot notice dated 16.05.03.

RESOLVED THAT in terms of Section 17 of the Companies Act, 1956 and subject to the approvals, if any required from statutory authorities, the Objects Clause of the Memorandum of Association of the Company be altered by insertion of the following Clause as Clause III (A) (5) after the Existing Clause No. III (A) (4) to the Main Objects of the Company.

- III (A) 5. To act as Corporate Agents, Brokers of Insurance business including all types of Insurance Products both Life & General either in India or abroad for Insurance Companies owned by Central, State Government or Government Corporations or Private Insurance Companies including Indian, Foreign and Multinational Companies either on commission basis or on income sharing basis or on fixed income basis.

By Order of the Board

For **MADAN FINANCIAL SERVICES LIMITED**

Date : 16.05.2003
Place : Chennai.

SUNIL M. DARDA
Managing Director

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MADAN FINANCIAL SERVICES LIMITED**NOTES:**

1. Item No. 6 above requires the consent of the shareholders through Postal Ballot, as prescribed by the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. A separate document detailing the procedure, and containing instruction for voting through postal ballot has already been despatched to members.
2. 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.
3. Members are requested to bring in their admission slip duly filled in and handover at the entrance of the Meeting hall.
4. Members are requested to quote their Folio No. or their Client ID No. in all correspondence with the Company.
5. The register of members and share transfer books of the company will remain closed from 01.07.2003 to 16.07.2003 (both days inclusive)
6. The relevant explanatory statement pursuant to section 173 of the Companies Act, 1956 is annexed.
7. Members are requested to notify any change in their address.
8. Members are requested to bring their copies of the annual report to the meeting.
9. Unclaimed dividend for the financial year 1995-1996, shall be transferred at the appropriate time to the Fund set up by the Central Government pursuant to the provisions of Section 205C of the Companies Act, 1956.

MADAN FINANCIAL SERVICES LIMITED

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

SPECIAL BUSINESS :

ITEM NO. 4

Shri Sunil M. Darda was appointed as Managing Director for a term of 5 years effective from 01.06.2002, and the same was approved at the Annual General Meeting held on 19.09.2002, without remuneration. Since he is devoting his full time in Company's activities and due to proposed diversification in the activities of the Company due to plans to enter into newer areas, his workload is expected to increase.

Therefore your Board of Directors have decided to fix remuneration to him by keeping his workload into consideration as per the terms and conditions as stated in the resolution with effect from 01.07.2003

Since the above resolution is placed for your consideration.

I, Shri Sunil M. Darda and Shri Madanchand Darda none of the Directors of the Company is concerned or interested in the resolution under this item.

ITEM NO. 5

Shri C.R. Premnath, was appointed as an Additional Director on 29.03.2003, under Section 260 of the Companies Act, 1956. He holds Office upto the date of the next Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member intimating his intention to propose Shri C.R. Premnath as a candidate for the office of the Director of the Company.

Brief Resume and Nature of Expertise.

Shri C.R. Premnath holds a Bachelor's Degree in Commerce from Madras University. He has done Master of Library and Information Science, PGDCA, and has passed NCFM Exam in Basic Module.

He started his career in the Year 1994, with Madan & Co. Ltd one of the Leading Share Brokers in Madras Stock Exchange Limited. In the Year 1996, he became Operational Head for NSE Terminal in Madan & Co. Ltd.

From the year 2000 onwards, he is working as a Manager having full incharge of NSE back-office in Madan & Co. Limited. His extensive operational experience in this field for nearly a decade is of immense use to the Company.

Directorship

Apart from Madan Financial Services Limited, he does not hold Directorship in any other Company. He is a member in the Remuneration Committee.

The Board of Directors consider that his appointment as a Director will be in the interests of the Company and recommend the acceptance of the Resolution.

MADAN FINANCIAL SERVICES LIMITED

Except Shri C.R. Premnath none of the Directors of the Company is concerned or interested in the resolution under this item.

ITEM NO. 6

The explanatory statement for this resolution requiring consent of members through Postal Ballot has already been circulated to members seeking their consent vide notice dated 16.05.2003. The explanatory statement as already been circulated in the said notice is reproduced below again.

The Board of your company has decided to diversify the Company's activities by undertaking Corporate Agency for Life Insurance Business, General Insurance Business etc., which the Board feels, will be fruitful in long run. The opening up of Insurance Business to Private Sector has thrown lot of opportunities in this directions which the company could avail of. The Regulations issued by Insurance Regulatory and Development Authority for Corporate Agency require the Company to have Insurance Agency Business as one of its Main Objects.

Alteration of Objects Clause as per section 17 of the Companies Act, 1956 read with Section 192A of the Act and rules framed thereunder regarding Postal Ballot requires members consent by means of Postal Ballot. Hence the resolution is placed for Member's approval. The Board recommends the adoption of the resolution as a Special Resolution.

A copy of the Memorandum of the company is available for inspection at the Registered Office of the Company on any working day during the business hours. None of the Directors of the Company is concerned or interested in the resolution.

By order of the Board

For **MADAN FINANCIAL SERVICES LIMITED**

Date : 16.05.2003
Place : Chennai.

SUNIL M. DARDA
Managing Director

MADAN FINANCIAL SERVICES LIMITED

Details of Directors seeking re-appointment in the 12th Annual General Meeting to be held on Wednesday, the 16th July, 2003, pursuant to requirement of Clause 49 (VI) of Listing Agreement on Corporate Governance.

SHRI MADANCHAND DARDA

Shri Madanchand Darda the Promoter of the Company has been a Director of your Company since its incorporation i.e. from 10.10.1990 and was later elected as Vice-Chairman.

Brief Resume and Nature of Expertise.

Shri Madanchand Darda holds a Visharad from Prayag University, is one of the known Capital Market Intermediaries. He has nearly three decades of experience and knowledge in the capital market. He is amongst the most respected and accepted exponents of the Financial Services. He has been instrumental in making Madan & Co. Ltd., one of the largest Primary Market Intermediaries in the country. His experience and knowledge are of invaluable importance to the operation and prospects of the Company.

Directorship in Other Indian Companies :

- | | | |
|----|-----------------------------------|--------------------------------|
| 1. | Madan & Co. Ltd | Chairman-cum-Managing Director |
| 2. | Madan Stock & Share Ltd | Director |
| 3. | Sunil Madan Enterprises Pvt. Ltd. | Director |

Shri Madanchand Darda is also the Member in the following Committees of your Company such as Audit Committee, Shareholder's Grievance Committee and Share Transfer Committee.

The Board of Directors consider that his re-appointment as a Director will be in the interests of the company and recommend the acceptance of the Resolution.

Except Shri Madanchand Darda and Shri Sunil M. Darda none of the Directors of the company is concerned or interested in the resolution under this item.

MADAN FINANCIAL SERVICES LIMITED**DIRECTORS' REPORT**

The Board of Directors herein present the "Twelfth Annual Report" of the Company together with the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS AND APPROPRIATIONS

The financial results for the year ended 31st March, 2003 are as follows :

Particulars	Year ended 31.03.2003	Year ended 31.03.2002
	(Rs. in lakhs)	
FINANCIAL RESULTS		
Profit/Loss before Depreciation and Tax	(26.48)	8.66
Add/Less : Depreciation on Fixed Assets	(0.17)	(0.92)
Diminution in value of Invt.	(17.70)	(4.91)
Provision for Non-performing Assets	13.13	24.02
Profit/Loss before Tax	(31.22)	26.85
Provision for taxation	(0.43)	(0.59)
Profit/Loss after Tax	(31.65)	26.26
Add : Excess provision for Income Tax relating to earlier years	1.09	0.78
Add : Balance brought forward from previous year	(167.93)	(194.97)
Deficit carried to Balance Sheet	(198.49)	(167.93)