

ANNUAL REPORT 2004-2005

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MADAN FINANCIAL SERVICES LIMITED

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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 MADANCHAND DARDA
Member

Shri N. MUTHUKUMAR
Member

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

BANKERS : **BANK OF BARODA**
ICICI BANK LTD
VIJAYA BANK
INDUSIND BANK
ABN AMRO BANK

14th Annual Report 2004-2005

SHARES LISTED WITH	:	MADRAS STOCK EXCHANGE LTD., 11, Second Line Beach, Chennai-600 001. THE STOCK EXCHANGE, Mumbai Phiroze Jeejee Bhoy Towers; Dalal Street, Mumbai-400 001.
REGISTERED OFFICE	:	"SHARE HOUSE" New No. 114, Old No. 61, Moore Street, Chennai-600 001. Ph. : 98402 75001
ADMINISTRATIVE OFFICE	:	No. 7, Ramanuja Street, Sowcarpet, Chennai-600 079. Ph. : 25292995, 25292653, 55877081 Fax : 25292449
BRANCH OFFICE	:	G-A, No. 124, Marshalls Road, Egmore, Chennai-600 008. No. 588/30, 44th Cross, 1st Main Road, 8th Block, Jayanagar, Bangalore-560.082. Ph. : 080-26631696
SHARE TRANSFER/ DEMAT AGENT	:	CAMEO CORPORATE SERVICES LIMITED, "Subramanian Building", V Floor, 1, Club House Road, Chennai-600 002. Ph. : 28460390-95 Fax : 28460129
DEPOSITORY	:	National Securities Depository Ltd., (NSDL) Central Depository Services (India) Ltd. (CDSL)

Members are requested to please note that with effect from May 14, 2005, "Cameo Corporate Services Limited" has been appointed as the Registrars and Share Transfer Agents of the Company. Any query relating to your shareholding may be forwarded to : "Cameo Corporate Services Limited", "Subramanian Building" V Floor, No. 1. Club House Road, Chennai-600 002.

MADAN FINANCIAL SERVICES LIMITED

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Madan Financial Services Limited will be held on Wednesday the 21st day of September, 2005 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, 2005 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 N. Muthukumar 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.

By Order of the Board

For **MADAN FINANCIAL SERVICES LIMITED**

SUNIL M. DARDA

Managing Director

Place : Chennai

Date : 01.06.2005

14th Annual Report 2004-2005

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. or their Client ID No. in all correspondence with the Company.
4. The register of members and share transfer books of the company will remain closed from 14.09.05 to 21.09.05 (both days inclusive)
5. Members are requested to notify any change in their address.
6. Members are requested to bring their copies of the annual report to the meeting.
7. The Common Share Transfer Registry has been transferred from "M/s. Integrated Enterprises (India) Limited" to "M/s. Cameo Corporate Services Limited" with effect from 14th May, 2005.

MADAN FINANCIAL SERVICES LIMITED

Details of Directors seeking re-appointment in the Fourteenth Annual General Meeting to be held on Wednesday, the 21st day of September, 2005, pursuant to requirement of Clause 49 (VI) of Listing Agreement on Corporate Governance.

SHRI N. MUTHUKUMAR

Shri N. Muthukumar has been appointed as a Director of your Company on 15.06.2002.

Brief Resumé and Nature of Expertise.

Shri N. Muthukumar holds a Bachelor's Degree in Commerce from Madras University and has done a course in Professional Share Broking and Investment Counselling from Institute for Financial Management and Research, Madras, during 1991.

He Started his career in the year 1987, as an Executive in Madan & Co. Ltd., one of the leading Stock Brokers in "Madras Stock Exchange Ltd." In the year 1989, he became an authorised assistant for Madan & Co. Ltd to deal in Share Market in the floor of Madras Stock Exchange Ltd.

In the year 1992, he got his membership in "Coimbatore Stock Exchange Ltd." and presently dealing with Coimbatore Stock Market from Chennai itself. His extensive Operational experience in Stock Broking for more than a decade is of immense use to the Company.

Directorship In Other Indian Companies :

1. Madan Stock and Share Ltd., Director

He is on the following Committees of the Board of Directors.

Audit Committee	-	Member
Remuneration Committee	-	Member
Shareholder's Grievance Committee	-	Chairman

14th Annual Report 2004-2005

SHAREHOLDINGS OF THE DIRECTOR :

Shri N. Muthukumar is holding 2500 shares in your company and his percentage of holding amounts to 0.05000.

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

Except Shri N. Muthukumar none of the Directors of the company is concerned or interested in the resolution under this item.

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MADAN FINANCIAL SERVICES LIMITED**DIRECTORS' REPORT**

The Board of Directors herein present the "**Fourteenth Annual Report**" of the Company together with the Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS AND APPROPRIATIONS

The financial results for the year ended 31st March, 2005 are as follows :

PARTICULARS	Year ended 31.03.2005	Year ended 31.03.2004
	(Rs. in lakhs)	
FINANCIAL RESULTS		
Profit/Loss before Depreciation and Tax	15.36	(30.19)
Add/Less : Depreciation on Fixed Assets	(1.45)	(1.04)
Excess amount provided for diminution in value of Invt. as on 01.01.04	0.00	37.76
Provision for Non-performing Assets	1.05	(1.05)
Profit/Loss before Tax	14.96	5.48
Provision for Current Tax	(5.14)	(0.53)
Provision for Deferred Tax	(0.11)	(0.39)
Profit/Loss after Tax	9.71	4.56
Add : Excess provision for Income Tax relating to earlier years	0.02	0.43
Add : Balance brought forward from previous years	(193.49)	(198.49)
Deficit carried to Balance Sheet	(183.76)	(193.49)

14th Annual Report 2004-2005

DIVIDEND

The directors have decided not to recommend any dividend in view of the accumulated losses.

PERFORMANCE

The Company conducted fresh business to the extent of Rs.54.50 Lacs, during the year. The Company due to its excellent recovery mechanism is able to collect the dues satisfactorily and is not facing any major recovery problems. Hence the company does not have Non-performing Assets as per RBI Guidelines.

FIXED DEPOSITS

Your Company has not accepted any deposits from the shareholders/public during the year under review.

The Company does not have any Public deposits at the end of the year.

DIRECTORS

In accordance with the Company's Articles of Association, Shri N. Muthukumar retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

For the kind perusal of the shareholders, a brief resume of the Director being appointed/re-appointed, nature of his expertise and the names of the companies in which he holds the directorship and the details of the membership of the committees of the Board, are mentioned in the Explanatory Statement. The Board of Directors recommend his re-appointment.

AUDITORS

M/s. Bhandari & Keswani, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors of the Company till the next Annual General Meeting.

RBI GUIDELINES :

The Company continues to follow the prudential norms prescribed by Reserve Bank of India for NBFCs.

Since your Company is not accepting deposits, your company has received Category B Certificate from RBI. (i.e. a Company not accepting Public Deposits) on 03.12.2002.

MADAN FINANCIAL SERVICES LIMITED

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 has no employee who is in receipt of remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges on which the Company is listed are complied with.

A separate report on Corporate Governance alongwith a Certificate from the Auditors confirming compliance is annexed and forms part of the Directors Report.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors, report that :

- (i) in the preparation of Annual Accounts, the applicable accounting standards have been generally followed;
- (ii) appropriate accounting policies have been selected and applied consistently and have made judgements 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 of the company for that year;
- iii) the Directors 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 and
- (iv) the annual accounts have been prepared on a going concern basis.