

ANNUAL REPORT

2006-2007

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MADAN FINANCIAL SERVICES LIMITED

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BOARD OF DIRECTORS	Shri N.K.SURANA Chairman
	Shri MADANCHAND DARDA Managing Director
	Shri YESWANT CHOPRA Director
	Shri P. SURESH KUMAR Director
AUDIT COMMITTEE	Shri N.K.SURANA Chairman
	Shri MADANCHAND DARDA Member
	Shri P. SURESH KUMAR Member
	Shri YESWANT CHOPRA Member
AUDITORS	M/s BHANDARI & KESWANI Chartered Accountants 75, Nungambakkam High Road, Chennai-600 034.

SHARES LISTED WITH	MADRAS STOCK EXCHANGE LTD., 11, Second Line Beach, Chennai-600 001. BOMBAY STOCK EXCHANGE LTD., Phiroze JeeJee Bhoy Towers, Dalal Street, Mumbai-400 001.
REGISTERED OFFICE	"HANWANT COMPLEX" Old No.58, Govindappa Naicken Street, 1st Floor, Chennai-600 001. Ph: 044-42013737, 044-42037673
ADMINISTRATIVE OFFICE	No. 459, Mint Street, Sowcarpet, Chennai-600 079. Ph.: 044-42051166 Fax : 044-42051581
BANKERS	INDUSIND BANK VIJAYA BANK
SHARE TRANSFER/ DEMAT AGENT	CAMEO CORPORATE SERVICES LIMITEE "Subramanian Building", V Floor, 1, Club House Road, Chennai-600 002. Ph. : 044-28460390-95 Fax : 044-2846012
DEPOSITORY	National Securities Depository Ltd., (NSDL) Central Depository Services (India) Ltd., (CDSL)

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Madan Financial Services Limited will be held on Thursday the 27th day of September, 2007 at 9.30 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, 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. 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:

3. To consider and if deemed fit, to pass, with or without modification(s), the following as an ORDINARY RESOLUTION :
"RESOLVED THAT Shri N.K.Surana, be and is hereby appointed as a Director of the Company".
4. To consider and if deemed fit, to pass, with or without modification(s), the following as an ORDINARY RESOLUTION :
"RESOLVED THAT Shri Yeswant Chopra, be and is hereby appointed as a Director of the Company".

By Order of the Board

For **MADAN FINANCIAL SERVICES LIMITED**

Place : Chennai
Date : 24.08.2007

MADANCHAND DARDA
Managing Director

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 Number or their Client ID Number in all correspondence with the Company.
4. The register of members and share transfer books of the Company will remain closed from 25.09.07 to 27.09.07 (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. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be appointed/re-appointed at this meeting is given below:

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

SPECIAL BUSINESS

ITEM NO. 3

Shri N.K.Surana was appointed as an Additional Director of the Company during the year and shall hold office up to the date of this Annual General Meeting. His expertise in the Industry as a Chartered Accountant will be a great potential to the Company. Hence the Board recommends this resolution for your approval.

None of the Director is in anyway, concerned or interested in the resolution, except Shri N.K.Surana himself.

ITEM NO. 4

Shri Yeswant Chopra was appointed as an Additional Director of the Company during the year and shall hold office up to the date of this Annual General Meeting. As a practicing Chartered Accountant and a very experienced person in the field of Capital Markets, his role in the Company will become very prominent. Hence the Board recommends this resolution for your approval.

None of the Director is in anyway, concerned or interested in the resolution, except Shri Yeswant Chopra himself.

By Order of the Board

For **MADAN FINANCIAL SERVICES LIMITED**

MADANCHAND DARDA

Managing Director

Place : Chennai

Date : 24.08.2007

Details of Directors re-appointment in the Sixteenth Annual General Meeting to be held on Thursday, the 27th day of September 2007, pursuant to requirement of Clause 49 of Listing Agreement on Corporate Governance.

SHRI N.K. SURANA

Shri N.K. Surana, was appointed as an Additional Director on 25.08.2006.

Brief Resume and Nature of Expertise:

Shri N.K Surana graduated in Bachelor's Degree in Commerce in 1974 from Chennai. He qualified as a Chartered Accountant in 1981. Since then he started to practice in the profession of Chartered Accountancy in Chennai.

He has a rich experience in investment finance and securitisation, also as an investor in this field for past 25 years. His extensive operational experience in this field is of immense use to the Company.

Shri N.K Surana is also Chairman cum Managing Director of SDN Agro Farms Limited and Sugai & Damani Agro Farms (P) Limited.

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

Audit Committee	-	Chairman
Share Transfer Committee	-	Member
Shareholder's Grievance Committee	-	Member

Shareholdings of the Director :

Shri N.K Surana does not hold any shares in your Company.

Resolution seeking approval for his appointment is being placed for member's approval in the notice of the ensuing Annual General Meeting.

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

Except Shri N.K.Surana, none of the Directors of the Company is concerned or interested in the resolution under this item.

MADAN FINANCIAL SERVICES LIMITED

SHRI YESWANT CHOPRA

Shri Yeswant Chopra, was appointed as an Additional Director on 25.08.2006

Brief Resume and Nature of Expertise :

Shri Yeswant Chopra is a school topper in X and XII in Rajasthan Board, holds a Bachelor's Degree in Commerce and topped with 2nd rank from Gujarat University. He qualified as a Chartered Accountant in 2002

He worked as an Assistant Manager in Renuja Enterprises, one of the top consultants in customs and export incentives. He started his carrier as an independent Practicing Chartered Accountant from 2003. He holds NCFM Certificate in Capital Market Module and Mutual Fund Advisory Module.

His extensive operational experience in this field is of immense use to the Company. He does not hold directorship in any other Company.

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

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

Shareholdings of the Director :

Shri Yeswant Chopra does not hold any shares in your Company.

Resolution seeking approval for his appointment is being placed for member's approval in the notice of the ensuing Annual General Meeting.

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

Except Shri Yeswant Chopra none of the Directors of the Company is concerned or interested in the resolution under this item.

DIRECTOR'S REPORT

The Board of Directors herein present the "Sixteenth Annual Report" of the Company together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS AND APPROPRIATIONS

The financial results for the year ended 31st March, 2007 are as follows :

PARTICULARS	Year ended 31.03.2007	Year ended 31.03.2006
	(Rs. in lakhs)	
FINANCIAL RESULTS		
Profit/Loss before Depreciation and Tax	23.95	23.81
Add/Less : Depreciation on Fixed Assets	(1.35)	(2.51)
Provision for Non-performing Assets	(9.87)	—
Provision for Diminution in the Value of Investments	(45.90)	—
Profit /Loss Before Tax	(33.17)	21.30
Provision for Fringe Benefit Tax	(0.17)	(0.16)
Provision for Current Tax	(7.59)	(7.11)
Provision for Deferred Tax	0.09	0.43
Profit/Loss after Tax	(40.84)	14.46
Add : Excess provision for Income Tax relating to earlier years	—	(0.02)
Less : Transfer to Statutory Reserve	(5.75)	—
Add : Balance brought forward from previous years	(169.33)	(183.77)
Deficit carried to Balance Sheet	(215.92)	(169.33)

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.92.00 Lacs, during the year. The Company continued the recovery process of funds that had been disbursed earlier.

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

Shri Manjeshwar Ananth Pai, Shri C.R. Premnath and Shri N. Muthukumar resigned on 25.08.2006 and Shri N.K.Surana, Shri Yeswant Chopra and Shri P.Suresh Kumar were appointed as new directors on 25.08.2006.

In accordance with the provisions of the Companies Act, 1956, Shri N.K.Surana, Shri Yeswant Chopra and Shri P.Suresh Kumar were appointed as additional directors, who retire at the ensuing Annual General Meeting.

Shri P.Suresh Kumar although being eligible for appointment, for his own personal reasons does not want to continue in the Board.

Shri N.K.Surana and Shri Yeswant Chopra being eligible for appointment offers themselves for appointment.

For the kind perusal of the shareholders, a brief resume of the Directors being appointed, nature of their expertise and the names of the companies in which they hold 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 their appointments.