LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*This Letter of Offer is sent to you as shareholder(s) of **Madan Financial Services Limited**. If you require any clarification about the action to be taken, you may please consult your stockbroker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your equity shares in Madan Financial Services Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal cum Acknowledgement and Transfer Deed(s) to the Member of Stock Exchange through whom the said sale was effected.*

OPEN OFFER BY

MANGAL KIRAN SECURITIES LIMITED

459, Mint Street, 1st Floor, Sowcarpet Chennai-600079

Tel No.: (044) - 25203025, 32966268 • Fax No: (044) - 42051581

email: mangalkiransecuritiesltd@yahoo.com

TO

Acquire10,00,000 fully paid up equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital / voting share capital of Target Company at a price of Rs. 4.75 (Rupees Four and Paise Seventy Five only) per fully paid equity share of Rs. 10/- each (The total consideration would comprise of the offer price of Rs. 4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up shares on offer price assuming payment of total consideration by September 04, 2007)

payable in cash

Pursuant to the compliance with Regulation 10 & Regulation 12 of

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof

OF

MADAN FINANCIAL SERVICES LIMITED

Registered Office: "Hanwat Complex" Old # 58, Govindappa Naicken Street, 1st Floor, Chennai-600001

Tel No: (044)-42061970, 42037673 • Fax No: (044) – 25213037,42037673

email: madanfinancial@yahoo.com

ATTENTION :

1. **The offer is not a conditional offer.**
2. Approval for transfer of shares of a company registered in India by a Non Resident to a person resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course upon closure of the open offer once the basis of acceptance is determine.
3. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of closure of the offer i.e**. Tuesday, August 14, 2007.**
4. If there is any upward revision in the Offer Price by the Acquirer upto seven working days prior to the date of closure i.e. upto **Wednesday, August 8, 2007**, the same would be informed by way of a Public Announcement in the same newspapers where the original Public Announcement had appeared. Such revision in the Offer Price would be payable for all the equity shares tendered anytime during the Offer Period.
5. "**There is no competitive bid** "
6. **A copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal are also available on SEBI's web-site: www.sebi.gov.in**

PROCEDURE FOR ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION 9

"PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER" (PAGE NOS. 15 TO19)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL ARE ENCLOSED WITH THIS LETTER OF OFFER.

All future correspondence, if any, should be addressed to the Manager / Registrar to the Offer at the following addresses:

Manager to the Offer	Registrar to the Offer
CHARTERED CAPITAL & INVESTMENT LIMITED Contact Person **: Mr. Vimlesh Bansal** 301, Camy House, Cawasji Hormusji Street, Marine Lines, Mumbai - 400 002 Tel. : 022-22004271 / 73; Fax : 022-22004273; email : mumbai@charteredcapital.net	**CAMEO CORPORATE SERVICES LIMITED** Contact Person : **Ms.Priya** Subramaniam Building, 5th Floor, 1, Club House Road, Chennai - 600 002. Tel. : 044-28460390 Fax : 044-28460129 email : investor@cameoindia.com

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Sr. No.	Activity	Original Schedule Day Date	Revised Schedule Day Date
1.	**Date of Public Announcement (PA)**	**Monday, March 12,2007**	**Monday, March 12,2007**
2.	Specified Date	Monday, April 2,2007	Monday, April 2,2007
3.	**Last Date for a Competitive Bid(s)**	**Monday, April 2,2007**	**Monday, April 2,2007**
4.	Date by which Letter of Offer will be dispatched to the Shareholders	Monday, April 23,2007	Thursday, July 26,2007
5.	**Offer Opening Date**	**Friday, May 4, 2007**	**Wednesday, August 1, 2007**
6.	**Last Date for the Revision of the Offer Price / Number of Equity Shares.**	**Monday, May 14, 2007**	**Wednesday, August 8, 2007**
7.	Last date to withdraw acceptance tendered by shareholders	Friday, May 18, 2007	Tuesday, August 14, 2007
8.	**Offer Closing Date**	**Wednesday, May 23, 2007**	**Monday, August 20, 2007**
9.	Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired equity shares and / or the unaccepted equity shares / share certificates will be dispatched.	Thursday, June 7, 2007	Tuesday, September 4, 2007

TABLE OF CONTENTS

DEFINITIONS

1.	Acquirer or The Acquirer or MKSL	Mangal Kiran Securities Limited or "MKSL"
2.	Acquisition Agreement or SPA	Share Purchase Agreement on 6 th March, 2007 for purchase of 7,95,000 Equity Shares of face value Rs.10/- each fully paid-up, representing 15.90% of the total equity/ voting share capital of Madan Financial Services Limited by Acquirers at a price of Rs. 2/- each per fully paid up share.
3.	BSE	Bombay Stock Exchange Limited, Mumbai
4.	MSE	Madras Stock Exchange Limited, Chennai
5.	EPS	Profit after tax / No of Equity Shares
6.	FEMA	Foreign Exchange Management Act, 1999
7.	Form of Acceptance	Form of Acceptance cum Acknowledgement
8.	Form of Withdrawal	Form of Withdrawal cum Acknowledgement
9.	MFSL	Madan Financial Services Limited i.e. Target Company
10.	LOO, or Letter of Offer	Offer Document
11.	Manager to the Offer or, Merchant Banker	Chartered Capital and Investment Limited
12.	Negotiated Price	Rs. 2/- (Rupees Two Only) per fully paid-up equity share/ Voting Share Capital of face value of Rs.10/- each.
13.	Net worth	(Equity Capital + Free Reserve excluding of Revaluation reserve – Debit balance of Profit & Loss A/c –Miscellaneous Expense Not written off)
14.	Net Asset Value/ Book Value per Share	(Equity Capital + Free Reserve excluding of Revaluation reserve – Debit balance of Profit & Loss A/c – Miscellaneous expenditure not written off) / No of Equity Shares
15.	Offer or The Offer	10,00,000 fully paid up equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital / voting share capital of Target Company at a price of Rs. 4.75 (Rupees Four and Paise Seventy Five only) per fully paid equity share of Rs. 10/- each (*The total consideration would comprise of the offer price of Rs. 4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up shares on offer price assuming payment of total consideration by September 04, 2007)* payable in cash
16.	Offer Price	Rs. 4.75 (Rupees Four and Paisa Seventy Five Only) per equity share/ Voting Share Capital of Rs.10/- each payable in cash.
17.	Persons eligible to participate in the Offer	Registered shareholders of Madan Financial Services Limited, and unregistered shareholders who own the equity shares of Madan Financial Services Limited any time prior to the Offer closure other than the Acquirer and parties to Agreement.
18.	Public Announcement or **"PA"**	Announcement of the Open Offer made by The Acquirer, which appeared in the or newspapers on March 12, 2007.
19.	RBI	Reserve Bank of India
20.	Registrar or Registrar to the Offer	Cameo Corporate Services Limited
21.	Return on Networth	(Profit after Tax)/(Equity Capital + Free Reserve excluding of Revaluation Reserve – Debit Balance of Profit & Loss A/c – Miscellaneous expenditure not written off)
22.	SEBI	Securities and Exchange Board of India
23.	SEBI (SAST) Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
24.	SEBI Act	Securities and Exchange Board of India Act, 1992
25.	Sellers	Shri Madan Chand Darda.
26.	Specified Date	Monday, April 2,2007
27.	Target Company	Madan Financial Services Limited

1. RISK FACTORS

i. Risk in Associating with the Transaction

a) The parties to the agreement agree that in the event of non-compliance of any of the provisions of SEBI (SAST) Regulations the SPA shall not be acted upon by any of the parties**.**

ii. Risk in Associating with the Offer

a) In the event that either (a) the regulatory approvals are not received in a timely manner, (b) there is any litigation to stay the offer, or (c) SEBI instructs the Acquirer not to proceed with the offer, then the offer proceeds may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of MFSL, whose shares have been accepted in the offer as well as the return of shares not accepted by the acquirers, may be delayed.

b) The acquirers intends to make an offer for 20.00% of the voting capital amounting to 10,00,000 equity shares of MFSL under the SEBI (SAST) regulations, 1997. Further, the shares tendered in the offer will lie to the credit of a designated escrow account, till the completion of the offer formalities. Accordingly, the acquirers make no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.

c) In the event of over-subscription to the offer, the acceptance will be on a proportionate basis.

iii. Risk in Associating with the Acquirer

a) The Acquirer makes no assurance of market price of shares of the Target Company during or after the offer.

b) The Acquirer makes no assurance with respect to financial performance of the Target Company.

c) The Acquirer does not have experience in the field of real estate business in which acquirer proposes to enter.

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MADAN FINACIAL SERVICES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PERSONS ACTING IN CONCERT OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAVE SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 21, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDEMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 This open offer is being made by **Mangal Kiran Securities Limited** (the "***Acquirer***") having its registered office at 459, Mint Street, 1st Floor, Sowcarpet Chennai-600079, to the equity shareholders of **Madan Financial Services Limited**, a company incorporated and duly registered under the Companies Act, 1956, and having its registered office at "Hanwat Complex" Old # 58, Govindappa Naicken Street, 1st Floor, Chennai 600 001 ("***MFSL***"/"***Target Company***").

3.1.2 Pursuant to in compliance with Regulation 10 & Regulation 12 of the Takeover Regulations, Acquirer is hereby making an Offer in terms of the SEBI (SAST) Regulations, 1997 to the shareholders of MFSL to acquire 10,00,000 equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital / voting share capital of **"*MFSL*"** at a price of Rs. 4.75 (Rupees Four and Paisa Seventy Five only) per fully paid up equity share/ Voting Rights (hereinafter referred to as "**the Offer Price**") fully paid equity shares(***The total consideration would comprise of the offer price of Rs.4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up shares on offer price assuming payment of total consideration***

by September 04, 2007) payable in cash (hereinafter referred as "**the Offer**").

3.1.3 Acquirer has entered into a Share Purchase Agreement **[SPA]** on Tuesday, 6th March 2007 to acquire an aggregate of 7,95,000 (Seven Lac Ninety Five Thousand Only) Equity Shares of face value Rs.10/- each fully paid-up representing **15.90 %** of the total equity/voting share capital of Madan Financial services Limited, with **Shri Madan Chand Darda,** an Indian resident, residing at 29 Barnaby Road, Flat No. 3-A, Kilpauk, Chennai-600 010, Tel no:044-26400664(herein after referred to as **"Sellers")** at a price of Rs. 2/- (Rupees Two only) per fully paid up equity share payable in cash (**"Negotiated Price"**). The total consideration for the shares acquired as mentioned above is Rs. 15,90,000/- (Rupees Fifteen Lacs Ninety Thousand Only), which is payable in cash. The Acquirer is already holding 2,45,000 shares representing 4.90% of the voting/equity capital of the target company and after entering said SPA, the Acquirer will be holding 10,40,000 shares , which represent 20.80% of the total equity/voting share capital that resulted in triggering of SEBI (SAST) Regulations, 1997. The sellers belong to the promoters group of the Target Company.

3.1.3.1 **Salient Feature of SPA:** The parties to the agreement agree that in the event of non-compliance of any of the provisions of SEBI (SAST) Regulations, this agreement shall not be acted upon by any of the parties

3.1.4 Upon completion of this open offer in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the change of control of Target Company shall be effected.

3.1.5 The Acquirer, the Seller and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the SEBI Act or 5under any of the Regulations made under the SEBI Act.

3.1.6 The Acquirer has acquired 2,45,000 shares of MFSL which represents 4.90 % of the voting/equity capital of the target company during the past 12 months prior to the date of public announcement. MKSL has acquired 2,45,000 shares for total consideration of Rs. 4,90,000/- through off Market Purchase on 26th July 2006, for which highest price paid is Rs 2/- per equity shares.

3.1.7 The Acquirer hold 2,45,000 shares on the date of PA other than those mentioned under para 3.1.3.

3.1.8 Acquirer has not acquired any shares of the Target Company after the date of Public Announcement i.e. March 12, 2007 upto the date of Letter of Offer.

3.2 The Offer

3.2.1 The Acquirer have made a Public Announcement in all the editions of the following newspapers, namely**, i)Business Standard (English) ii) Pratakal (Hindi) (iii)Nav Shakti (Marathi) and (iv) Makkalkur (Tamil)**, which appeared in the newspapers on Monday, March 12,2007 in terms of Regulation 15 and pursuant to Regulation 10 and 12 of the SEBI (SAST) Regulations, 1997. **The Public Announcement is also available on the SEBI website at *www.sebi.gov.in***.

3.2.2 The Acquirer is making this Open Offer under the SEBI (SAST) Regulations, 1997, to acquire, by tender, 10,00,000 equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital/ voting share capital of Rs. 10/- each from the shareholders of MFSL, other than the acquirer himself and parties to the agreement, on the terms and subject to the conditions set out in this Letter of Offer, at a price of Rs. 4.75 (Rupees Four and Paisa Seventy Five only) per fully paid up equity share/ Voting Rights fully paid equity shares(***The total consideration would comprise of the offer price of Rs.4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up shares on offer price assuming payment of total consideration by September 04, 2007)*** payable in cash. These equity shares are to be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

3.2.3 **This is not a competitive bid**

3.2.4 **The Offer is not subject to any minimum level of acceptances from the shareholders i.e. it is not a conditional offer.**

3.2.5 The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

3.2.6 The Acquirer has not acquired any equity shares in the Target Company since the date of Public Announcement i.e**. March 12, 2007**, up to the date of Letter of Offer.

3.3 Object of the Offer

3.3.1 The Offer to the shareholders of MFSL is for the purpose of acquiring 20.00 % of the total paid up capital is made in compliance with the SEBI Regulation and after the proposed Offer; the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

3.3.2 The object and the purpose of the acquisition is to expand the business operations of MFSL. The acquirer proposes to enter into Real estate business and initially in housing, commercial sector and in future it will expand its activity in other sector of real estate. Subject to change/ alteration in Memorandum/Articles of Association of the target company supporting the new business activity,. However, depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 1956, Articles of Association of MFSL and all applicable laws, rules and regulations, the Board of Directors of MFSL will take appropriate business decisions from time to time in order to improve the performance of the Target Company. The Acquirer may make changes in the management and Board of Directors of the Target Company.

4 BACKGROUND OF THE ACQUIRERS

4.1 Background of the Acquirers

4.1.1 The Open Offer is being made by Mangal Kiran Securities Limited a company incorporated and duly registered under the Companies Act, 1956 by Registrar of Companies, Tamilnaidu. The Registered & Corporate Office of the Company is at 459,1st Floor, Mint Street, Sowcarpet Chennai.-600079 Tel No (044)-: 25203025, 32966268 email: mangalkiransecuritiesltd@yahoo.com

4.1.2 Mangal Kiran Securities Limited is the sole Acquirer in the present offer and there is no person(s) acting in concert with MKSL in respect of this open offer.

4.1.3 Mangal Kiran Securities Limited was incorporated on June 12th, 1995 with the Registrar of Companies, Tamilnadu under Indian Companies Act, 1956 as Surana Securities Limited. The Company got commencement certificate of business on 27th June 1995 vide certificate issued by Registrar of Companies, Tamilnadu. Subsequently on 28th July 1998 the name of the Company was changed from Surana Securities Limited to Mangal Kiran Securities Limited vide certificate issued by Registrar of Companies, Tamilnadu. The Company is engaged in the business of Finance and Investments activities.

4.1.4 The promoters of the Acquirer Company are Mr. Mangal Chand Surana, Mrs. Sapna Surana Alais Sudha Surana & Mr. Bhawarlal Chordia and they do not belong to any group.

4.1.5 The acquirer is not registered with any Regulatory Authority and no action is against it till date by any Regulatory Authority.

4.1.6 The provisions of chapter II of SEBI Takeover Regulations is not applicable till date to the Acquirer.

4.1.7 The paid-up capital of the Mangal Kiran Securities Limited as on 31st March 2007 is Rs. 40,84,800 divided into 4,08,480 fully paid up equity shares of Rs.10/- each.

4.1.8 Shareholding pattern of Mangal Kiran Securities Limited as on 31st March 2007 is as under: -

Sr. No.	Shareholder's Category	No. and Percentage of Shares held
1	Promoters/ Associates	4,08,480 (100.00%)
2	FII/Mutual Fund/FIs/Banks	Nil (Nil)
3	Bodies Corporate & others	Nil (Nil)
4	Total Paid-up Capital	4,08,480 (100.00%)

4.1.9 The Board of Directors of Mangal Kiran Securities Limited as on P.A. date has the following members :-

Sr. No.	Name	Designation	Address	Date of Appointment
1.	Mr Mangal Chand Surana	Director	459 Mint Street, Sowcarpet, Chennai-600079.	12.06.1995
2.	Mrs Sapna Surana Alais Sudha Surana	Director	459 Mint Street, Sowcarpet, Chennai-600079.	23.03.1999
3.	Mr. Bhanwarlal Choradia	Director	238,53rd Cross 3rd, Y Block, Rajajinagar, Banglore- 560010	12.06.1995

4.1.10 None of above directors is on the Board of Directors of Target Company.

4.1.11 There has been no merger / de-merger, spin-off during the past three years in Mangal Kiran Securities limited

4.1.12 The brief financials of Mangal Kiran Securities Limited are as under: -

(Rs. in Lakhs)

Sr No.	Profit & Loss Statement	Year Ended 31.3.2004 (Audited)	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	Upto period Ended 28.02.2007 *
1.	Income from Operations	1.78	1.54	1.88	1.48
2.	Other Income	Nil	Nil	Nil	2.37**
3.	Total Income	1.78	1.54	1.88	3.85
4.	Total Expenditure	1.50	1.28	1.21	1.04
5.	Profit before Depreciation, Interest and Tax	0.28	0.26	0.67	2.81
6.	Depreciation	0.55	0.58	0.56	Nil
7.	Interest	Nil	Nil	Nil	Nil
8.	Profit before Tax	(0.27)	(0.32)	0.11	2.81
9.	Provision for Tax (Including deffered tax,FBT)	Nil	Nil	(0.01)	Nil
10.	Profit after Tax	(0.27)	(0.32)	0.10	2.81

Sr No.	Balance Sheet Statement	Year Ended 31.3.2004 (Audited)	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	Upto period Ended 28.02.2007 *
1.	**Sources of Funds**				
2.	Paid up Share Capital	15.56	15.56	19.05	40.85
3.	Share application money	3.49	3.49	Nil	Nil
4.	Reserves & Surplus (Excluding Revaluation Reserve)	Nil	Nil	Nil	17.14@
5.	Networth	**13.36**	**13.06**	**16.68**	**57.99**
6.	Secured loans	Nil	Nil	Nil	Nil
7.	Unsecured loans	Nil	Nil	Nil	Nil
8.	Deferred Tax Liability	Nil	Nil	Nil	Nil
	Total	**19.05**	**19.05**	**19.05**	**57.99**
	Uses of Funds				
9.	Net Fixed Assets	12.45	11.87	11.32	11.32
10.	Investments	1.49	2.41	2.83	7.05
11.	Net Current Assets	2.91	2.27	2.53	39.62
12.	Miscellaneous Expenses not written off	0.05	0.03	Nil	Nil
13.	Profit & Loss Account	2.15	2.47	2.37	Nil
	Total	**19.05**	**19.05**	**19.05**	**57.99**

@Reserve & Surplus consist of Rs 0.44 lacs of Profit & loss account and Rs 16.70 lac of Share premium

Sr No.	Other Financial Data	Year Ended 31.3.2004 (Audited)	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	Upto period Ended 28.02.2007 *
1.	Dividend (%)	Nil	Nil	Nil	Nil
2.	Earning Per Share (Rs.in)	(0.17)	(0.21)	0.05	0.69
3.	Return on Networth (%)	(2.02)	(2.45)	0.60	4.85
4.	Book Value Per Share	8.59	8.40	8.76	14.20

* Certified by the Auditor of the Company
** Other income includes profit on sale of shares of Rs. 2.33 lacs and interest income of Rs. 0.03 lacs.

4.1.13 Mangal Kiran Securities Limited is not a Sick Company.

4.1.14 There is no change in Accounting Policies of Mangal Kiran Securities Limited since its inception. Brief of accounting policies adopted by the company in the preparation and presentation of accounts are as under:

4.1.14.1 The Financial accounts have been prepared under the historical cost convention.

4.1.14.2 Income and expenditure are accounted on accrual basis, depreciation on fixed assets capitalised during the year have been provided as per the straight line value method.

4.1.14.3 Investments are shown at cost value.

4.1.15 There is no contingent liability.

4.1.16 Mr. R. Nirmal Kumar Partner of M/s PNA & Associates, Chartered Accountants, having their office at 847 A, Mount Road, Purshottam Building, 2nd Floor, Chennai- 600 002 (Membership No.213645) has certified vide certificate dated June 09, 2007 that the net worth of the Acquirer, as on 31.03.2007 is Rs. 74.58 lacs and that Acquirer has sufficient means to fulfil the obligations under this Open Offer. However, the Acquirer has deposited Rs. 45.00 Lacs in Escrow Account, which is more than 90 % of the amount required for this open offer.

4.1.17 The Shares of the company are not listed on any Stock Exchanges.

4.1.18 The Mangal Kiran Securities Limited has not promoted any Companies.

4.1.19 The Acquirer at present have no intention to sell, dispose of or otherwise encumber any significant assets of MFSL in the succeeding two years, except in the ordinary course of business of MFSL. MFSL's future policy for disposal of its assets, if any, will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders at a General Body Meeting of MFSL. The Management would take appropriate decisions in these matters, as per the requirements of business and in line with opportunities or changes in the economic scenario from time to time

4.1.20 The acquirer proposes to enter into Real estate business and Investment in real estate. The Board of Directors of MFSL will take appropriate business decisions from time to time in order to improve the performance of the Target Company.

5 DISCLOSURE UNDER REGULATION 21(2)

Pursuant to this Offer, the Public Shareholding in the Target Company will not falls below 25 %, the level specified for continuous listing in the Listing Agreement with the stock exchanges as per clause 40A of the Listing Agreement

6 BACKGROUND OF THE TARGET COMPANY - MADAN FINANCIAL SERVICES LIMITED (MFSL)

6.1 MFSL was incorporated on October 10th 1990 with the Registrar of Companies Tamilnadu, as a Private Limited Company in the name of Madan Capital Markets Private Limited and subsequently the name of company was changed to Madan Financial Services Private Limited on April 11th, 1991 vide Certificate of change of name issued by the Registrar of Companies, Tamilnadu. Subsequently the name of Company was changed to Madan Financial Services Limited on 31st March 1995 vide Certificate of change of name issued by the Registrar of Companies, Tamilnadu . The Target Company having its registered office at "Hanwat Complex" Old # 58, Govindappa Naicken Street, 1st Floor, Chennai 600 001,Tel No. (044) 42061970, 42037673 email: madanfinancial@yahoo.com

6.2 MFSL is Non- banking Financial Company registered with Reserve Bank of India as not accepting Public Deposits NBFC Company (Category B) vide Registration No. B-07.00361. The Company is engaged in business of Loans & Advances and Investment in Securities.

6.3 The authorised share capital of MFSL as on March 31, 2006 is Rs. 6,00,00,000 (Rupees Six Crores only), comprising of 60,00,000 equity shares of Rs 10/- (Rupees ten) each. The issued, subscribed and paid-up equity share capital as on 31.03.2006 is Rs. 5,00,00,000 (Rupees Five Crores only) comprising of 50,00,000 equity shares of Rs 10/- (Rupees ten each) fully paid up.

Paid up Equity Shares of MFSL	No. of Equity Shares / voting rights	% of Shares / voting rights
Fully paid-up equity shares	50,00,000	100.00
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	50,00,000	100.00
Total voting rights in the Target Company	50,00,000	100.00

6.4 The current capital structure of the Target Company has been build up since inception as under:

Date of allotment	No. of equity shares	% of shares issued	Cumulative paid up capital in Rs.	Mode of allotment	Identity of allotees (promoters/ ex-promoters/ others)	Status of compliance
20.09.1990	2000	0.04	20000	Cash	Subscriber to the M&A	Done
30.03.1991	48000	0.96	500000	Cash	Promoters & Associates	Done
31.03.1993	150000	3.00	2000000	Cash	Promoters & Associates	Done
31.03.1994	300000	6.00	5000000	Cash	Promoters & Associates	Done
28.05.1995	500000	10.00	10000000	Cash	Promoters & Associates	Done
28.10.1995	1250000	25.00	22500000	Cash	Promoters & Associates	Done
28.10.1995	2750000	55.00	50000000	Cash	Public	Done
Total	**5000000**	**100.00**				

6.5 The shares of Company are not under suspension by BSE & MSE and the entire subscribed capital is listed.

6.6 **There are no outstanding convertible instruments / warrants.**

6.7 **There are no partly paid up shares in the company.**

6.8 The Acquirer, sellers, promoters and other major shareholders of the Target Company have complied with the reporting requirements under applicable provisions of the Chapter II of SEBI (SAST) Regulation 1997, if any. There has been delay by Promoters Mr. Madan Chand Darda and by Target Company in filling with the reporting requirements under Chapter II of the SEBI (SAST) Regulations, 1997 for the financial year ended 1997 and for financial year ended 2000.SEBI may initiate action against them and Target Company for non compliance with chapter II of the Regulation.

6.9 MFSL is complying with requirements of the Listing Agreement and no penal action is initiated by the BSE & MSE, where its equity shares are listed.

6.10 The composition of the Board of Directors of MFSL as on the date of PA is as follows:

Sr. No.	Name of the Director	Designation	Qualification	Experience	Residential Address	Date of Appointment
1	Shri. Madan Chand Darda	Director	Visharad from Prayag University	40 Years experience in Capital market & share Broking	No.29 Barnaby road, Flat No.-3A, Kilpauk Chennai-600010	10-10-1990
2	Shri.N.K.Surana	Director	C.A.	25 Years experience in profession of Chartered Accountancy	No. 72 Harleys road Surana Villa, Kilpauk, Chennai-600010	25.08.2006
3	Shri. P. Suresh Kumar	Director	B.Com.	15 Years in Share Market & promoting Construction Business	452, Mint Street, III floor, Sowcarpet, Chennai –600079	25.08-2006
4	Mr. Yeshwant Chopra	Director	C.A.	12 Years experience in profession of Chartered Accountancy	25/49 Krishnappa Agaraharam Street, Sowcarpet Chennai-600079	25.08.2006

6.11 There has been no merger / de-merger, spin-off during the past three years in MFSL.

6.12 Audited financial information of MFSL for the financial year ended on March 31, 2004, 2005,2006 and un audited financial information for 9 months ended 31.12.2006 is given below :

PROFIT & LOSS STATEMENT **(Rs. in Lacs)**

Sr No.	Profit & Loss Statement	Year Ended 31.3.2004 (Audited)	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	9 months Ended 31.12.2006*
1.	Income from Operations	102.88	54.72	47.77	31.00
2.	Extra Ordinary Income	-	-	-	-
3.	Other Income	4.73	0.29	2.14	1.57
4.	Total Income	107.61	55.01	49.91	32.57
5.	Total Expenditure	137.80	39.65	26.10	8.82
6.	Profit / (Loss) before Depreciation, Interest and Tax	(30.19)	15.36	23.81	23.75
7.	Depreciation	(1.04)	(1.45)	(2.52)	(0.74)
8.	Diminution in value of Investment	37.76	Nil	Nil	Nil
9.	Excess Provision	(1.05)	1.05	Nil	Nil
10.	Interest	Nil	Nil	Nil	Nil
11.	Profit/(Loss) before Tax	5.48	14.96	21.29	23.01
12.	Provision for Tax	(0.92)	(5.25)	(6.67)	Nil
13.	Deferred Tax	Nil	Nil	Nil	Nil
14.	Fringe Benefit Tax	Nil	Nil	(0.16)	Nil
15.	Profit/(Loss) after Tax	4.56	9.71	14.46	23.01

BALANCE SHEET STATEMENT (Rs. in Lacs)

Sr No.	Balance Sheet Statement	Year Ended 31.3.2004 (Audited)	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	9 months Ended 31.12.2006 *
	Sources of Funds				
1	Paid up Share Capital	500.00	500.00	500.00	500.00
2	Reserves & Surplus (Excluding Revaluation Reserve)	85.00	85.00	85.00	85.00
3	**Net-worth**	**389.38**	**401.23**	**415.67**	**438.71**
4	Secured loans	2.58	0.86	3.69	2.87
5	Unsecured loans	Nil	Nil	Nil	Nil
6	Deferred Tax Liability	0.39	0.50	0.06	0.07
	Total	**587.97**	**586.36**	**588.75**	**587.94**
	Uses of Funds				
7	Net Fixed Assets	7.89	6.44	7.07	4.83
8	Investments	78.20	74.62	74.27	51.00
9	Net Current Assets	306.26	321.53	338.08	385.82
10	Deferred Tax Assets				
11	Miscellaneous Expenses not written off	-	-	-	-
12	**Debit Balance in Profit & loss A/c**	195.62	183.77	169.33	146.29
	Total	**587.97**	**586.36**	**588.75**	**587.94**

OTHER FINANCIAL DATA

Sr No.	Balance Sheet Statement	Year Ended 31.3.2004 (Audited)	Year Ended 31.03.2005 (Audited)	Year Ended 31.03.2006 (Audited)	9 months Ended 31.12.2006 *
1	Dividend (%)	-	-	-	-
2	Earning Per Share (Rs. in)	0.09	0.19	0.29	0.46
3	Return on Networth (%)	1.17	2.42	3.48	5.24
4	Book Value Per Share	7.79	8.02	8.31	8.77

* As certified by Statutory Auditors of the company

6.13 The Company is not a Sick Company undertaking

6.14 Pre- and Post-Offer shareholding pattern of the Target Company is as per the following table:

Sr No	Shareholder category	Shareholding & voting rights prior to the acquisition and offer (A)		Shares/voting rights acquired which triggered off the Regulations (B)		Shares/Voting rights to be acquired in the open offer (assuming full acceptance) (C)		Shareholding/voting rights after the acquisition and Offer i.e. A+B+C	
		No.	%	No.	%	No.	%	No.	%
1.	**Promoter Group**								
	a. Promoter Seller								
	(i) Madanchand Darda	7,99,100	15.98	(7,95,000)	(15.90)	Nil	Nil	Nil*	Nil*
	Total (a)	7,99,100	15.98	(7,95,000)	(15.90)	Nil	Nil	Nil	Nil
	b. other than (a) above* **	1,59,600	3.19	Nil	Nil	Nil	Nil	Nil**	Nil**
	Total (b)	1,59,600	3.19	Nil	Nil	Nil	Nil	Nil	Nil
	Total (a)+(b)	**9,58,700**	19.17	**(7,95,000)**	**(15.90)**	**Nil**	**Nil**	**Nil**	**Nil**
2.	**Acquirer**								
	Mangal Kiran Securities Limited,	2,45,000	4.90	7,95,000	15.90	10,00,000	20.00	20,40,000	40.80
	Total	**2,45,000**	**4.90**	**7,95,000**	**15.90**	**10,00,000**	**20.00**	**20,40,000**	**40.80**
3.	**Seller other than 1(a) and 2**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	**Public (other than 1 to 3)**	37,95,900	75.92	Nil	Nil	(10,00,000)	(20.00)	**29,60,000**	**59.20**
5.	**FIs / MFs / FIIs / Banks**	400	0.01	Nil	Nil				
	Total	**50,00,000**	**100.00**					**50,00,000**	**100.00**

Note: The data within bracket indicates sale of equity shares.

** the promoter mentioned under 1(a) can not participate in the offer and there holding will be part of Public holding and shown under public holding after the offer.*

*** the promoter mentioned under 1(b)can participate in the offer, hence the reduction in there shareholding is shown under public category and also, even if they hold any shares after the offer there holding will be part of Public holding and shown under public holding after the offer.*

****Compliance under chapter II of SEBI (SAST) regulation 1997 by them has been made by Mr. Madan Chand Darda on their behalf.*

6.15 *The number of shareholders* in MFSL was 7206 as on March 16, 2007 other than acquirer and seller and *there were 3 NRI* shareholders.

6.16 The Company has complied with the conditions of Corporate Governance as envisaged under clause 49 of the listing agreement, statutory auditors of the company have certified compliance of conditions of corporate governance and said certificate is attached with annual report of the target Company.

6.17 The details in respect of Change in Shareholding in Promoters group are as under

Year as on 31st March	Promoters' Shareholding		Shares purchased / Shares sold		Whether any Interest transfer has taken place during the period	Status of Compliance
	No. of Shares	% of Voting Capital	No. of Shares	% of Voting Capital		
1997	2061800	41.24				N.A
1998	2026500	40.53	(35300)	(0.71)		N.A
1999	2078600	41.57	52100	1.04		N.A
2000	2092200	41.84	13600	0.27		N.A
2001	2165100	43.30	72900	1.46		N.A
2002	2305100	46.10	140000	2.80		N.A
2003	2306100	46.12	1000	0.02		N.A
2004	2327100	46.54	21000	0.42		N.A
2005	2332700	46.65	5600	0.11		N.A
2006	2333100	46.66	400	0.01		N.A
As on PA	958700	19.17	(1374400)	(27.49)	43700	Complied

6.18 No litigation is pending against the Company.

6.19 Ms Santashine Tripathy, is the compliance officer of the company, her address is "N0.1,old Slaughter House Street, Choolai, Chennai-600 112 .Telephone No.-9840683218

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of MFSL are listed on Madras Stock Exchange Limited (MSE) and Bombay Stock Exchange Limited, Mumbai (BSE)

7.1.2 The annualised trading turnover during the preceding six Calendar months ending February, 2007 in the Stock Exchanges is detailed below:

Sr. No.	Name of the Stock Exchange	Total no. of equity shares during the 6 calendar months prior to March, 2007	Total no. of equity share listed	Annualised Trading turnover (in terms of % to total listed shares
1.	BSE	1060009	50,00,000	42.40
2.	MSE	NIL	50,00,000	NIL
As per official website of Stock Exchanges, Mumbai (www.bseindia.com)				

7.1.3 The shares of "***MFSL***" are listed on Madras Stock Exchange Limited and The Stock Exchange, Mumbai. The shares are infrequently traded as per the data available with MSE and frequently traded as per the data available with BSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI as mentioned in Para 7.1.2 above

7.1.4 Following are the average of the weekly high and low of the closing prices and volume data for 26 week period ended on March 09, 2007. i.e. the date preceding the date of P.A. (At BSE)(Source: www.bseindia.com)

No of Week	Week Ended	Weekly High (In Rupees)	Weekly Low (In Rupees)	Average	Volume (No of Shares)
1	15-Sep-06	2.60	2.37	2.49	16,121
2	22-Sep-06	2.62	2.30	2.46	37,141
3	29-Sep-06	2.61	2.45	2.53	30,266
4	6-Oct-06	2.88	2.30	2.59	30,101
5	13-Oct-06	2.87	2.57	2.72	34,552
6	20-Oct-06	2.71	2.28	2.50	12,300
7	27-Oct-06	2.71	2.45	2.58	11,844
8	3-Nov-06	2.66	2.51	2.59	17,907
9	10-Nov-06	2.99	2.68	2.84	13,000
10	17-Nov-06	2.71	2.35	2.53	7,610
11	24-Nov-06	2.58	2.08	2.33	52,253
12	1-Dec-06	2.78	2.46	2.62	20,252
13	8-Dec-06	2.90	2.60	2.75	28,709
14	15-Dec-06	2.79	2.23	2.51	11,204
15	22-Dec-06	2.71	2.37	2.54	3,300
16	29-Dec-06	3.00	2.52	2.76	18,590
17	5-Jan-07	3.00	2.65	2.83	45,057
18	12-Jan-07	3.38	2.92	3.15	30,201
19	19-Jan-07	4.70	3.15	3.93	87,357
20	26-Jan-07	4.10	3.07	3.59	82,650
21	2-Feb-07	4.27	3.78	4.03	104,305
22	9-Feb-07	4.99	4.07	4.53	155,674
23	16-Feb-07	3.91	3.76	3.84	72,461
24	23-Feb-07	4.07	3.90	3.99	80,603
25	2-Mar-07	4.48	4.22	4.35	40,896
26	9-Mar-07	4.53	3.90	4.22	54,074
	Total	85.55	73.94	79.75	1,098,428
Average of 26 Weeks			**3.07**		

7.1.5 Following are the prices and volume data for 2 week period ended on March 09, 2007 i.e. the date preceding the date of P.A.(at BSE) (Source: www.bseindia.com)

No of Days	Dated	Daily High (In Rupees)	Daily Low (In Rupees)	Average	Volume
1	26-Feb-07	4.48	4.05	4.27	6460
2	27-Feb-07	4.95	4.06	4.51	5720
3	28-Feb-07	5.00	3.45	4.23	15409
4	1-Mar-07	4.65	4.06	4.36	6857
5	2-Mar-07	4.74	4.25	4.50	6450
6	5-Mar-07	3.90	3.58	3.74	5400
7	6-Mar-07	4.64	3.29	3.97	15105
8	7-Mar-07	4.45	3.55	4.00	5910
9	8-Mar-07	4.55	3.25	3.90	22210
10	9-Mar-07	5.00	3.65	4.33	5449
	Total	46.36	37.19	41.78	94,970
Average of 2 Weeks				**4.18**	

7.1.6 The offer price of Rs. 4.75 (Rupees Four and Paisa Seventy Five only) per fully paid up equity share/ Voting Rights fully paid equity shares(***The total consideration would comprise of the offer price of Rs.4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up shares on offer price assuming payment of total consideration by September 04, 2007)*** is justified in terms of Regulation 20 (4) & 20(5) of the SEBI (SAST) Regulations, since the annualised trading turnover is more than 5% (by number of equity shares) of the total number of listed equity shares at BSE and annualised trading turnover is less than 5% (by number of equity shares) of the total number of listed equity shares at MSE since the same has been determined after considering the following facts:

a.	Negotiated Price under the Acquisition		Rs.2/-
b.	Highest Price paid by the Acquirer or PAC's for acquisition including Public or Rights Issue in 26 weeks		Rs.2/-
c.	Price paid under preferential allotment made to the Acquirer any time during 12 months period upto date of closure of the Offer		Not applicable
d.	Highest average Price calculated as per Regulation 20(4)(c) during the 26 weeks preceding the date of PA		Rs. 3.07
e.	Highest average Price calculated as per Regulation 20(4)(c) during the 2 weeks preceding the date of PA		Rs. 4.18
f.	Other parameters		
	I	***Based on audited results as on March 31, 2006***	
	i.	Return on Networth (%)	3.48
	ii.	Book Value (Rs.)	8.31
	iii.	Earnings per share (Rs. per equity share of face value of Rs. 10/- each)	0.29
	iv.	Price to Earnings ratio (based on last Traded Price of Rs 4.53 on 09.03.2007 being the date before PA)	15.62
	v.	Fair value per share of MFSL, based on CCI Guidelines named as 'GUIDELINES FOR VALUATION OF EQUITY SHARES OF COMPANIES AND THE BUSINESS AND NET ASSETS OF BRANCHES', issued by the erstwhile Controller of Capital Issues, Department Of Economic Affairs, Ministry of Finance, Government of India ***(Certificate for Fair Value from Ketan Shah (Membership No.-43246) Partner of P.Shah & Co., Chartered Accountants having office at 308,Rewa Chamber, New Marine Lines, Mumbai, Dated 07.03.2007)***	4.61

7.1.7 **Hence, based on the above facts, the Offer Price of Rs. 4.75 is justifiable in terms of Regulation 20.**

7.1.8 **The total consideration would comprise of the offer price of Rs. 4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up equity shares on offer price assuming payment of total consideration by September 04, 2007**

7.1.9 There is no non-compete agreement.

7.1.10 If the Acquirer acquire equity shares after the date of Public Announcement upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2 Financial Arrangements

7.2.1 The Acquirer has sufficient means to fulfil the obligations under this Offer to complete the Offer in accordance with the SEBI (SAST) Regulations, 1997, no borrowing from any Bank/ Financial Institution is being made for this purpose.

7.2.2 Assuming full acceptance, the total requirement of funds for the open Offer would be Rs. 48,70,000/- (Rupees Forty Eight Lacs Seventy thousand only). The Acquirer has already made firm arrangements for the financial resources required to implement the Open Offer in full. As per Regulation 28 of SEBI (SAST) Regulations, 1997, Acquirer has **opened an Escrow Account in form of Fixed Deposit with ORIENTAL BANK OF COMMERCE, Kandivali (East) Branch, 16/16-A, Row House, Thakur Complex, Kandivali (E), Mumbai-400101 and have deposited Rs 45,00,000/-(Rs. Fourty Five Lacs only), being more than 25% of the amount required for the Open Offer.**

7.2.3 The acquirer will meet their obligation considering the money spent on acquisition of shares of Target Company, obligation of the SPA and that of the offer from its own Net-worth and no borrowing is needed.

7.2.4 The Acquirer has duly empowered M/s Chartered Capital and Investment Limited, Manager to the Offer, to realise the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 1997 and lien has been marked in favour of Chartered Capital & Investment Limited on the said Escrow a/c.

7.2.5 The Manager to the Offer, M/s Chartered Capital and Investment Limited, hereby confirm that firm arrangements for funds and money for payment through verifiable means are in place to fulfil the Offer obligation under the SEBI (SAST) Regulations, 1997.

8 TERMS AND CONDITIONS OF THE OFFER

8.1 Persons eligible to participate in the Offer

8.1.1 Registered shareholders of MFSL and unregistered shareholders who own the equity shares of MFSL any time prior to the date of Closure of the Offer, other than the Acquirer and parties to the SPA.

8.1.2 The PAC/ promoters other than the acquirers and sellers promoters (parties to the agreement) are eligible to participate in the offer

8.2 Regarding acceptance of Lock-in Shares, whether acquired pursuant to the agreement or the offer, the same can be acquired to the Acquirer subject to continuation of the residual lock-in period in the hands of the Acquirer and there shall be no discrimination in the acceptance of locked in and not locked in shares.

8.3 Statutory Approvals

8.3.1 Approval for transfer of shares of a company registered in India by a Non Resident to a person resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course after successful completion of this Offer.

8.3.2 No approval from any bank or financial institutions is required for the purpose of this Offer, to the best of the knowledge of the Acquirer.

8.3.3 As on the date of Public Announcement, to the best knowledge of the Acquirer, no other statutory approvals are required to be obtained for the purpose of this Offer.

8.3.4 In case of delay in receipt of any statutory approval, Regulation 22(12) of SEBI (SAST) Regulations, 1997, will be adhered to, i.e. SEBI has power to grant extension of time to Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of wilful default by the Acquirer in obtaining the approvals, Regulation 22 (13) of SEBI (SAST) Regulations, 1997, will also become applicable.

8.4 Others

8.4.1 Accidental omission to despatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

8.4.2 This Letter of Offer has been mailed to all the shareholders of MFSL, whose names appeared on the Register of Members of MFSL as on **April 2, 2007 being the Specified Date.**

8.4.3 Unaccepted Share/ Shares Certificates, Share Transfer Forms and other documents, if any, will be credited back to respectively depository account or returned by registered post at the shareholder(s) / unregistered owner(s) sole risk.

8.4.4 Consideration for equity shares accepted would be paid by crossed account payee cheques /demand drafts / pay orders and sent by registered post to the address of the first shareholder(s) / unregistered owner(s) at their sole risk.

8.4.5 Equity shares that are subject to any charge, lien or encumbrance are liable to be rejected.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

9.1 Shareholders who wish to tender their equity shares will be required to send their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and duly signed Share Transfer Form(s) to the Registrar to the Offer by hand delivery or registered post, as the case may be, at the address mentioned in Para 9.16 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The Registrar to the Offer, **M/s Cameo Corporate Services Limited**, has opened a special depository account with **Indian Overseas Bank Limited** (**Depository- National Securities Depository Limited)**

9.2 Shareholders of MFSL to whom this Offer is being made, are free to offer his / her / their equity shares of MFSL for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in this Offer.

9.3 Beneficial owner and shareholders holding shares in physical form, who wish to avail of this Offer will have to forward the following documents to the office of the Registrar to the Offer by hand delivery or by registered post, as the case may be, so as to reach them on or before 1700 hours upto the date of closure of the offer i.e. **Monday, August 20, 2007.**

- Form of Acceptance, duly completed in all respects and signed by all the joint shareholders in the same order and as per the specimen signature(s) registered with MFSL.
- Relevant Original Share Certificate(s).
- Valid Share Transfer Deed(s), duly signed (in case the equity shares are held in joint names, by all the shareholders and in the same order as appearing in the Register of Members of MFSL or on the Share Certificate issued by MFSL) as per the specimen signature(s) lodged with MFSL and witnessed by an independent witness (if possible, by a Notary Public, Bank Manager or a Member of a recognised stock exchange with membership number). Please do not fill in any other details in the Share Transfer Deed. In the event that a shareholder needs additional Share Transfer Deed(s), the same can be obtained from the Registrar to the Offer as mentioned hereafter.
- Where the Transfer Deed(s) are executed by Constituted Attorney, attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer.

9.4 Beneficial owners and **shareholders holding shares in the dematerialised form**, will be required to send their Form of Acceptance cum Acknowledgement to the Registrar to the Offer either by Registered Post / Courier or by hand delivery on or before 1700 hours upto the date of closure of the offer i.e. **Monday, August 20, 2007** along with

- a Form of Acceptance cum Acknowledgement, duly completed and signed in accordance with the instructions contained therein by sole/all shareholders whose names appear (in case of joint holdings) in the same order in which their names appear in their beneficiary account;
- a photocopy of the delivery instructions in "**Off-market**" mode or counterfoil of the delivery instruction in "**Off-market**" mode, duly acknowledged by the Depository Participant ("DP"), in favour of **"Cameo Corporate Service Ltd-MFSL Escrow A/c- Open Offer**" ("Depository Escrow Account") filled in as per the instructions given below:

DP Name	:	**Indian Overseas Bank Limited**
DP ID No.	:	**IN 302437**
Client ID Number	:	**20117348**
Depository	:	**National Securities Services Limited**-("**NSDL**")

- Delivery Instruction: Special attention should be paid to the following:
- Beneficial owners, who hold equity Shares of MFSL in dematerialised form, are required to execute an **"off-market"** trade by tendering the Delivery Instruction for debiting their beneficiary account with their concerned depository participant and crediting the above-mentioned account. The credit in the Depository Escrow Account should be received on or before the Offer Closing Date; i.e., **Monday, August 20, 2007**, else the application would be rejected.
- The Delivery Instructions to be given to the depository participant should be in "For off Market Trade" mode only. For each Delivery Instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgement.Shareholders having their beneficiary account in Central Depository Services India Limited ("**CDSL**") have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

9.5 A copy of the No Objection Certificate / Tax Clearance Certificate if obtained from the Indian tax authorities by the shareholders (applicable to NRIs/OCBs/FIIs).

9.6 In case the equity shares are held by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed.

9.7 In case of Non-resident equity shareholders, Foreigners, Foreign Companies and Foreign Institutional Investors, photocopies of the approval(s) by the Reserve Bank of India for acquiring and holding equity share in MFSL.

9.8 In case the equity shares stand in the name of a sole shareholder, who is deceased, the Notarised copy of the legal representation obtained from a Competent Court.

9.9 **<u>Special Note for shareholders who have sent their Shares for Dematerialisation:</u>** Shareholders who have sent their physical Shares for dematerialisation need to ensure that the process of getting Shares dematerialised is completed well in time so that the credit in the Escrow Depository Account can be received on or before 1700 hours upto the Offer Closing Date i.e. **Monday, August 20, 2007**, else the application would be rejected.

9.10 **No document should be sent to the Acquire or to MFSL or to the Manager to the Offer**.

9.11 In case of non-receipt of Letter of Offer, the eligible shareholders may send his / her / their applications to the Registrar to the Offer on the address mentioned hereinabove, **on a plain paper** stating the **name, address, number of equity shares held, folio number(s), certificate number(s), distinctive number(s), and number of shares** tendered along with the relevant documents as mentioned hereinabove, so as to reach them on or before **1700 hours** upto the date of closure of the offer i.e. **Monday, August 20, 2007**.

9.12 Persons who own equity shares of MFSL any time prior to the date of Offer Closure, but are not registered holders, can tender their equity shares for purchase by the Acquirer, by communicating his / her / their desire to tender, in writing to the Registrar to the Offer and obtain from them a copy of the Letter of Offer, the Application Form and Transfer Deed(s) and lodge the same along with the relevant Share Certificate(s) and other documents, as mentioned hereinabove together with the Original Contract Note issued by a registered Stock Broker of a recognised Stock Exchange, only at the address of Registrar to the Offer as mentioned hereinabove:

*An unregistered shareholder can send his / her / their application to the Registrar to the Offer on the address mentioned hereinabove, on a **<u>plain paper</u>** stating the name, address, number of shares held, folio number(s), certificate number(s), distinctive number(s) and number of equity shares tendered along with the relevant documents as mentioned hereinabove, so as to reach them **on or before 1700 hours on*** **Monday, August 20, 2007*.***

9.13 No indemnity is required from the unregistered shareholders.

9.14 In case the Share Certificate(s) and the instrument(s) of transfer are lodged for transfer with MFSL, then **the Form of Acceptance** should be accompanied by (i) the Share Transfer Deed(s) and (ii) the acknowledgement of lodgement or receipt issued by MFSL by individual. Whereas the Transfer Deed(s) are executed by Constituted Attorney, also attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer along with the acknowledgement of lodgement or receipt issued by MFSL. In case the equity shares are lodged by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed along with **the Form of Acceptance** and the acknowledgement of lodgement or receipt issued by MFSL.

9.15 In case of shareholders who have not received the LOO and holding shares in the dematerialised form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of shares held, Depository name, Depository I.D., Client name, Client I.D., number of shares offered along with a photocopy of the original delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant as specified in para 8.4 above, so as to reach the Registrar to the Offer on or before 1700 hours upto the date of Closure of the Offer **i.e. Monday, August 20, 2007**. Such shareholders can also obtain the LOO from the Registrar to the Offer by giving an application in writing.

9.16 The following collection centre would be accepting the documents as specified above, both in case of shares in physical and dematerialised form.

Sr. No.	Address	Business Hours	Mode of Delivery
1.	**CAMEO CORPRATE SERVICES LIMITED** **Contact Person: Ms. Priya** Subramaniam Building, 5th floor, 1,Club House Road, Chennai – 600 002 Tel No. : 044- 28460390 Fax No: 044 - 28460129	**Monday to Friday** 1000 hours to 1700 hours	Hand Delivery / Courier/ Registered Post
2.	**CAMEO CORPRATE SERVICES LIMITED** **Contact Person:Mr. Prasant N Sanil** 304, Sai Sadan –IIIrd Floor, 76-78 Mody Street, Fort Mumbai - 400001 Tel No.: 022-22644325 Fax No.: 022-22644325	**Monday to Friday** 1000 hours to 1700 hours	Hand Delivery

Holidays: Saturdays, Sundays and Bank Holidays

9.17 The Registrar to the Offer will hold in trust the shares / share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of MFSL who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.

9.18 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the date of Closure of the Offer i.e. **Tuesday, August 14, 2007.** The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed in the Letter of Offer. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the collection centre mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 1700 hours upto the last date of withdrawal i.e**. Tuesday, August 14, 2007.**

9.19 The withdrawal option can be exercised by submitting the Form of Withdrawal enclosing with it Copy of the Form of Acceptance-cum-Acknowledgement / Plain paper application submitted and the Acknowledgement slip. In case of non receipt of Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

9.19.1 In case of physical shares: name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares

9.19.2 In case of dematerialised shares: name, address, number of shares tendered, DP name, DP ID, date of tendering the shares, beneficiary account number and a photocopy of the delivery instructions in "off market" mode or counterfoil of the of the delivery instruction in "off market" mode, duly acknowledged by the DP, in favour of the **"Cameo Corporate Service Ltd-MFSL Escrow A/c- Open Offer**" **("Depository Escrow Account").**

9.19.3 The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account.

9.20 The intimation of returned shares to the Shareholders will be sent at the address as per the records of MFSL / Depository as the case may be.

9.21 Acquirer will acquire all the 10,00,000 fully paid-up equity shares of Rs 10/- each tendered in the Offer with valid applications.

9.22 Method of Settlement

9.22.1 Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by Acquirer, Acquirer will accept the offers received from the share holders on a proportionate basis, in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The marketable lot of MFSL is 1 {One}.

9.22.2 The Form of Acceptance, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents or/ and shares lying in the special depository account, tendered by the shareholders of MFSL under this Offer, shall be accepted from such shareholders in terms of the Letter of Offer, but will become a fully valid and binding contract between such shareholder(s) and the Acquirer only upon the fulfilment of all the conditions mentioned herein the Letter of Offer and Form of Acceptance.

9.22.3 On fulfilment of all the conditions herein mentioned, the Letter of Offer and Form of Acceptance, the Acquirer will pay the Offer Price by a crossed and "Account Payee Only" cheque(s) or demand draft(s) or pay order(s) drawn in favour of the sole shareholder or first named shareholder in case of joint holding. The payment consideration will be sent by Registered Post to the sole / first named shareholder of MFSL whose equity shares are accepted by the Acquirer at his address registered with MFSL/ DP. **It is desirable that shareholders holding Shares in physical mode provide bank details of the first/ sole shareholder in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft. In case of shareholders holding Shares in electronic mode, bank particulars recorded with the Depository Participant (DP) and forming part of the beneficial download will be incorporated in the cheque/demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished.**

9.22.4 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders' / unregistered owners' sole risk to the sole / first shareholder.

9.22.5 The equity shares of MFSL held in dematerialised form, which are not accepted in view of not being a valid tender of equity shares or which are withdrawn by the shareholders, will be released to the beneficial owner's depository account with the respective depositary participant, from where the credit was initially received in favour of the Depository Escrow Account, at the sole risk of the beneficial owner. Intimation to that effect will be sent to the beneficial owner by Ordinary Post.

9.22.6 The Acquirer shall endeavour to complete all procedures relating to the Offer within Fifteen Days from the date of Closure of the Offer (i.e**. Tuesday, September 4, 2007**), including payment of consideration to the shareholders of MFSL whose equity shares are accepted for purchase by the Acquirer.

9.22.7 While tendering the Shares under the Offer, the NRIs/OCBs/FIIs will be required to submit the No Objection Certificate/ Tax Clearance Certificate, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, from the Income Tax Authorities under Income Tax Act, 1961. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder. The Acquirer will send the proof of having deducted and paid the tax along with the payment consideration.

9.22.8 In case of resident shareholder tendering their shares under the offer and shares so acquired under this offer by the Acquirer, the Acquirer will deduct tax on the interest component of the consideration payable to such shareholders exceeding Rs. 5,000 per shareholder at the rate of 22.66% in case of resident corporate shareholders, at the rate of 11.33% in case of resident partnership firms and individual shareholders, association of persons or body of individuals having income less than INR 10,00,000. As per The provisions of the Income-tax, 1961, if the resident shareholder requires that no tax be deducted or tax be deducted at a rate lower than the prescribed rate, then in such an event the resident shareholder will be required to submit No Objection Certificate from the Income-Tax authorities or a self – declaration in Form 15G along with the FOA, as may be applicable, indicating the rate at which the tax is to be deducted by the acquirer before remitting the consideration.

9.22.9 In case of non-receipt of any of statutory approvals, if any required, SEBI may grant extension of time for the purpose of making payments to the shareholders who have successfully tendered their equity shares pursuant to this Offer and in such an event, the Acquirer will pay interest for the delayed payment beyond Fifteen days of the closure of the Offer, at such rate as may be prescribed by SEBI.

9.23 General

9.23.1 **T**he Form of Acceptance and instructions contained therein are integral part of this Letter of Offer.

9.23.2 Neither the Acquirer nor the Manager nor the Registrar nor the Target Company will be responsible for any loss in transit or delay in receipt of the completed Form of Acceptance, Share certificate(s), Share transfer deed(s), copy of delivery instructions or other documents.

9.23.3 The Offer Price is denominated and payable in Indian Rupees only.

9.23.4 All the communication in connection with the Form of Acceptance should be addressed to the Registrar to the Offer as mentioned above, with full name of the sole / first applicant, folio number, number of equity shares tendered, date of lodgement of the Form of Acceptance and other relevant particulars.

9.23.5 If there is any upward revision in the Offer Price (Regulation 26) by the Acquirer till the last day of revision, viz., at any time upto seven working days prior to the date of closure of the Open Offer or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised Offer would be payable for all the shares tendered anytime during the Offer.

9.23.6 There is no competitive bid.

9.23.7 The Acquirer hold 2,45,000 equity shares of Rs. 10/- each of the Target Company as on the date of this offer other than those mentioned in para 3.1.3

9.23.8 In terms of Regulation 22 (5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOO, so as to reach Registrars to the Offer on or before 1700 hours upto three working days prior to the date of Closure of the Offer, i.e. Tuesday, August 14, 2007, as mentioned in para 9.19

9.23.9 Alternatively, a copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal cum Acknowledgement can be obtained from SEBI's **web-site: www.sebi.gov.in**.

10. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at 301, Camy House, Cawasji Hormusji Street, Marine Lines, Mumbai-400 002 from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

10.1 Undertaking from the Acquirer, stating full responsibility for all information contained in the PA and the Letter of Offer.

10.2 A copy of Share Purchase Agreement dated 6th March 2007 between Acquirer and seller

10.3 A copy of memorandum understanding between The Manager of the offer and The Acquirer.

10.4 Annual Reports of MFSL for years ended on March 31, 2004, 2005 and 2006.

10.5 Annual Reports of MKSL for years ended on March 31, 2004, 2005 and 2006.

10.6 Certificate from PNA & Associates dated March 6, 2007 certifying financials of MKSL for year ended 2004, 2005, 2006 and up to period ended 28 Febuarary 2007.

10.7 Certificate from Bhandari & Keswani dated March 6, 2007 certifying financials of MFSL for year ended 2004, 2005, 2006 and 9 months ended December 2006

10.8 Certificate from Oriental Bank of Commerce confirming the amount kept in Escrow Account opened as per SEBI (SAST) Regulation 1997 dated March 9, 2007.

10.9 Certificate from Mr. R Nirmal Kumar Partner of M/s P N A & Associates, Chartered Accountants (Membership No.213645) dated June 09, 2007 that the net worth of the Acquirer has sufficient means to fulfil the obligations under this Open Offer

10.10 Certificate from Ketan Shah, Partner of P. shah & Co., Chartered Accountants dated 07.03.07 for Fair value of the shares of Target Company

10.11 Published copy of the PA, which appeared in the newspapers on March 12, 2007.

10.12 A copy of the agreement with the Depository Participant Indian Overseas Bank Limited for opening a special depository account for the purpose of the offer with the Registrar to Issue.

10.13 A letter dated 15/03/2007 from Madras Stock Exchange stating the listed capital at MSE, documents & information filled with MSE and details of stock price.

10.14 Observation letter No CFD/DCR/TO/AK/92496/2007 dated 3/05/2007 and CFD/DCR/TO/AK/98282/2007 dated 9/07/2007 on the Draft LOO filed with SEBI.

11. DECLARATION BY THE ACQUIRER

11.1 The Acquirer, Mangal Kiran Securities Limited and its Directors accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirer laid down in the SEBI (SAST) Regulations, 1997.

11.2 The Acquirers, Mangal Kiran Securities Limited and its Directors are responsible for ensuring compliance with the SEBI (SAST) Regulation, 1997.

11.3 All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Mangal Kiran Securities Limited

Sd/-
(Acquirer)

Place : CHENNAI

Date : 23/07/2007

12. ENCLOSURES

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal cum Acknowledgement
3. Blank Share Transfer Deed(s).

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance with enclosures to the Registrar to the Offer)

OFFER OPENS ON : Wednesday, August 01, 2007
OFFER CLOSES ON : Monday, August 20, 2007

From :

FOR OFFICE USE ONLY
Acceptance Number
Number of equity shares offered
Number of equity shares accepted
Purchase consideration (Rs.)
Cheque/Demand Draft/Pay Order No.

Tel. No.: Fax No.: E-mail:

To,
Mangal Kiran Securities Limited,
C/o Cameo Corporate Services Limited
Subramanian Building, 5th Floor,
1, Club House Road, Chennai - 600 002.

Dear Sirs,

***Sub: Open** Offer to acquire 10,00,000 equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital / the voting share capital of Rs. 10/- each of Target Company at a price of Rs. 4.75 (Rupees Four and Seventy Five Paisa only) per fully paid equity shares.The total consideration would comprise of the offer price of Rs. 4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up equity shares on offer price assuming payment of total consideration by September 04, 2007 by Mangal Kiran Securities Limited*

I / We, refer to the Letter of Offer dated 23/07/2007 for acquiring the equity shares held by me / us in **Madan Financial Services Limited.**

1. I / We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
2. I / We, unconditionally offer to sell to **Mangal Kiran Securities Limited**, (hereinafter referred to as the "Acquirer") the following equity shares in Madan Financial Services Limited(hereinafter referred to as "MFSL"), held by me / us, at price of Rs.4.75 per fully paid-up equity share.

SHARES HELD IN PHYSICAL FORM

3. I/We and enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my / our equity shares as detailed below (please enclose additional sheet(s), if required).

Ledger Folio No.................................... Number of share certificates attached...................

Representing .... equity shares

Number of equity shares held in MFSL		**Number of equity shares offered**	
In figures	**In words**	**In figures**	**In words**

Sr. No.	**Share Certificate No.**	**Distinctive Nos.**		**No. of equity shares**
		From	**To**	
1				
2				
3				
		Total no. of Equity Shares		

SHARES HELD IN DEMATERLISED FORM

DP NAME	**DP I.D.**	**CLIENT ID**	**NO OF SHARES OFFERED**	**NAME OF BENEFICIARY**

4. I/We have done an off market transaction for crediting the equity Shares to the special depository account in NSDL styled **Cameo Corporate Service Ltd-MFSL Escrow A/c- Open Offer" ("Depository Escrow Account")** details are as under

DP Name	: Indian Overseas Bank Limited
DP IN No.	: IN 302437
Client ID Number	: 20117348
Depository	: National Securities Depository Limited- ("NSDL")

------------------------------TEAR HERE------------------------------

ACKNOWLEDGEMENT SLIP

***Open** Offer to acquire 10,00,000 equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital / the voting share capital of Rs. 10/- each of Target Company at a price of Rs. 4.75 (Rupees Four and Seventy Five Paisa only) per fully paid equity shares.The total consideration would comprise of the offer price of Rs. 4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up equity shares on offer price assuming payment of total consideration by September 04, 2007 by Mangal Kiran Securities Limited*

Received from Mr. / Ms. / Mrs. .... Ledger Folio No/ Client ID. ....DP ID..Number of certificates enclosed .... under the Letter of Offer dated ____________________, Form of Acceptance, Transfer Deeds(s) and Original Share Certificate(s) as detailed hereunder:

Sr. No.	**Share Certificate No.**	**Distinctive Nos.**		**No. of equity shares**
		From	**To**	
1				
2				
3				
		Total no. of Equity Shares		

Authorised Signatory Stamp
Date

A

Tear Here

5. I / We confirm that the equity shares of MFSL which are being tendered herewith by me / us under the Offer are free from liens, charges and encumbrances of any kind whatsoever.

6. I / We authorize the Acquirer to accept the equity shares so offered or such lesser number of equity shares that the Acquirer may decide to accept in consultation with the Manager to the Offer and in terms of the said Letter of Offer and I / we further authorise the Acquirer to apply and obtain on our behalf split of share certificate(s) as may be deemed necessary by them for the said purpose. I further authorize the Acquirer to return to me / us, equity share certificate(s) in respect of which the Offer is not found / not accepted, specifying the reason thereof.

7. My / Our execution of this Form of Acceptance shall constitute my / our warranty that the equity shares comprised in this application are owned by me / us and are transferred by me / us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said equity shares, I / we will hold the Acquirer, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirer acquiring these equity shares. I / We agree that the Acquirer may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.

8. I / We also note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirer makes payment of consideration or the date by which Shares/ Original Share Certificate(s), Transfer Deed(s) and other documents are despatched to the shareholders, as the case may be.

9. I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer.

10. I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my / our agreeing to sell the said equity shares.

11. I / We irrevocably authorise the Acquirer to send by Registered Post at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with MFSL/D P :

Name and complete address of the Sole/First holder (in case of member(s), address as registered with Madan Financial Services Limited) :
____

Place: ____________ **Date:** ____________ **Tel. No(s).:** ____________ **Fax No.:** ____________

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical mode may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. In case of shareholders holding Shares in electronic mode, bank particulars noted with the Depository Participant (DP) and forming part of the beneficial download will be incorporated in the cheque/demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished.

Bank Account No.: ________________________ Type of Account: ____________________
(Savings / Current / Other (please specify))
Name of the Bank: ____
Name of the Branch and Address: ____________________________________

The Permanent Account No. (PAN / GIR No.) allotted under the Income Tax Act, 1961 is as under:

1st Shareholder	2nd Shareholder	3rd Shareholder
PAN / GIR No.		

Yours faithfully,
Signed and Delivered:

	FULL NAME (S) OF THE HOLDERS	SIGNATURE (S)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Note : *In case of joint holdings all the holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board Resolution should be attached.*

INSTRUCTIONS

1 Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.
2 The Form of Acceptance should be filled-up in English only.
3 Signature(s) other than in English, Hindi, Marathi, and thumb impressions must be attested by a Notary Public under his Official Seal.
4 **Mode of tendering the Equity Shares Pursuant to the Offer:**
   I. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the equity shareholder of MFSL.
   II. Shareholders of MFSL to whom this Offer is being made, are free to offer his / her / their shareholding in MFSL for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in the Offer.
5. Business Hours : Mondays to Friday : 1000 hours to 1700 hours
   : Holidays : Saturdays, Sundays and Bank Holidays

Note : All future correspondence, if any, should be addressed to **Registrar to the Offer**
CAMEO CORPRATE SERVICES LIMITED
Contact Person: **Ms. Priya**
Subramaniam Building, 5th floor,
1, Club House Road, Chennai – 600 002
Tel No. : 044- 28460390
Fax No : 044 - 28460129

FORM OF WITHDRAWAL CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as described thereto in the Letter of Offer)

OFFER OPENS ON	: Wednesday, August 01, 2007
LAST DATE OF WITHDRAWAL	: Tuesday, August 14, 2007
OFFER CLOSES ON	: Monday, August 20, 2007

Please read the Instruction in Letter of Offer and overleaf before filling-in this Form of Withdrawal

From:

FOR OFFICE USE ONLY
Withdrawal Number
Number of equity shares offered
Number of equity shares withdrawn

Tel. No.: Fax No.: E-mail :

To,

To,
Mangal Kiran Securities Limited,
C/o Cameo Corporate Services Limited
Subramanian Building, 5th Floor,
1, Club House Road, Chennai - 600 002.

Dear Sirs,

***Sub: Open** Offer to acquire 10,00,000 equity shares of Rs. 10/- each representing 20.00 % of the total paid up capital / the voting share capital of Rs. 10/- each of Target Company at a price of Rs. 4.75 (Rupees Four and Seventy Five Paisa only) per fully paid equity shares. The total consideration would comprise of the offer price of Rs. 4.75 per fully paid-up equity shares and interest @ 10% p.a. of Rs. 0.12 per fully paid-up equity shares on offer price assuming payment of total consideration by September 04, 2007 by Mangal Kiran Securities Limited*

I/We refer to the Letter of Offer dated 23/07/2007 for acquiring the equity shares held by me/us in **Madan Financial Services Limited.**

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on _________ alongwith original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

Sr. No.	Share Certificate No.	Distinctive Nos.		No. of equity shares
		From	To	
1				
2				
3				
		Total no. of Equity Shares		

Tear Here

-----TEAR HERE-----

Folio No.\DP ID Client ID: Serial No.:

(Acknowledgement Slip)

Received from Mr./Ms.____

Address : ____

____

Form of withdrawal in respect of ______________________ Number of Share

Certificates representing ________________ number of shares.

Signature of Official and Date of Receipt	**Stamp of Registrar to the Offer**

Note: All future correspondence, if any, should be addressed to Registrar to the Offer
CAMEO CORPRATE SERVICES LIMITED Contact Person: **Ms. Priya,** Subramaniam Building, 5th floor,
1,Club House Road, Chennai – 600 002 • Tel No. : 044 - 28460390 • Fax No: 044 - 28460129

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed will be held in trust for me/us by you and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

SHARES HELD IN DEMATERLISED FORM

DP NAME	DP I.D.	CLIENT ID	NO OF SHARES OFFERED	NAME OF BENEFICIARY

12. I/We have done an off market transaction for crediting the equity Shares to the special depository account in NSDL styled **"ISRL IMP Finance Limited - Escrow A/C"** ("Depository Escrow Account") details are as under
DP Name : Indian Overseas Bank Limited
DP IN No. : IN 302437
Client ID Number : 20117348
Depository : National Securities Depository Limited **("NSDL")**

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,
Signed and Delivered:

	FULL NAME (S) OF THE HOLDERS	SIGNATURE (S)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Place:

Date:

Note: In case of joint holdings all the holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board Resolution should be attached.

INSTRUCTIONS

1. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 1700 hours upto the last date of withdrawal i.e. **Tuesday, August 14, 2007**.
2. Shareholders should enclose the following:-
   - **a. For Equity Shares held in demat form:**
     Beneficial owners should enclose
     - i. Duly signed and completed Form of Withdrawal.
     - ii. Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.
     - iii. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
   - **b. For Equity Shares held in physical form:**
     Registered Shareholders should enclose:
     - i. Duly signed and completed Form of Withdrawal.
     - ii. Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.
     - iii. In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.

   Unregistered owners should enclose:
   - Duly signed and completed Form of Withdrawal.
   - Copy of the Form of Acceptance cum Acknowledgement/Plain paper application submitted and the Acknowledgement slip
3. The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
5. The Form of Withdrawal along with enclosure should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from MFSL. The facility of partial withdrawal is available only on to registered shareholders.
7. **Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.**