



## MUNOTH FINANCIAL SERVICES LIMITED

### BOARD OF DIRECTORS

Lalchand Munoth, Chairman  
Jaswant Munoth, Managing Director  
Bharat Munoth, Managing Director  
Vikas Munoth  
Tansri Rajandram  
Mah Sau Cheong  
Ajit Kumbhat  
M.Jayantilal Jain

### SECRETARY

A G Nandini

### AUDITORS

Mardia & Associates  
Chartered Accountants  
1-A, Valliammal Road,  
Chennai - 600 007.

### BANKERS

HDFC Bank  
Union Bank of India  
Bank of Baroda  
The Federal Bank Ltd.

### LEGAL ADVISORS

Aiyar & Dolia  
Advocates  
29 & 30, Law Chambers  
High Court Buildings  
Chennai - 600 104.

### REGISTRARS AND SHARE TRANSFER AGENTS

Cameo Corporate Services Limited  
"Subramanian Building"  
1, Club House Road,  
Chennai - 600 002.

### REGISTERED OFFICE

Munoth Centre, Suite No. 46 & 47  
3rd Floor, 343, Triplicane High Road,  
Chennai - 600 005.

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## **MUNOTH FINANCIAL SERVICES LIMITED**

### **MUNOTH FINANCIAL SERVICES LIMITED**

REGD. OFFICE: SUITE NO. 46 & 47, MUNOTH CENTRE  
3RD FLOOR, 343 TRIPLICANE HIGH ROAD  
CHENNAI - 600 005

#### **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twentieth Annual General Meeting of the Company will be held on, Tuesday, August 23, 2011 at 11.00 A.M. at the Nahar Hall (South India Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47, Whites Road, Royapettah, Chennai - 600 014 to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Lalchand Munoth who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Tansri Rajandram who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs.75,000 /- plus out of pocket expenses.

#### **SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION.

“RESOLVED THAT pursuant to the provisions of Section 198,269,309,310 and 311 and other applicable provisions, if any of the Companies Act, 1956, and in particular, Schedule XIII thereto, consent of Members be and is hereby accorded to the re-appointment of Mr. Vikas Munoth as Whole Time Director of the Company for a period of five year with effect from 27.09.2011 upon the terms and conditions as set out in the explanatory statement annexed to the Notice convening this meeting (a copy whereof initialed by a Director for the purposed of identification is placed before the meeting), with liberty to the Board of Directors to alter and/or vary such terms and conditions including the remuneration as not to exceed the limits prescribed in part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be mutually agreed upon by the Board of Directors and Mr. Vikas Munoth.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all steps that may be necessary or desirable to give effect to this resolution.”

By order of the Board  
for **MUNOTH FINANCIAL SERVICES LIMITED**

**A.G.NANDINI**  
**COMPANY SECRETARY**

Chennai  
May 14, 2011



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **NOTES:**

#### **EXPLANATORY STATEMENT**

The relevant explanatory statement pursuant to sec 173 of the Companies Act, 1956 is annexed hereto.

#### **APPOINTMENT OF PROXY**

The Shareholder 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 Shareholder of the Company. The proxy, in order to be effective, must be received by the company not later than 48 hours before the meeting.

#### **CLOSURE OF REGISTER OF MEMBER:**

The Register of Members and the Share Transfer Books of the Company will remain closed from August 22, 2011 to August 23, 2011 (Both days inclusive)

#### **CHANGE OF ADDRESS:**

The Shareholders are requested to intimate the change, if any, in their Registered Address, to Cameo Corporate Services Ltd, "Subramaniam Building", No.1, Club House Road, Chennai - 600 002. In case of shares held in dematerialised form this information should be passed on to the respective Depository Participant without any delay.

#### **ATTENDANCE SLIP:**

For the convenience of the Shareholders Attendance slip is annexed to the proxy form. The Shareholders are requested to fill in and affix their signatures at the space provided therein and hand over the attendance slip at the entrance of the place of the meeting. Proxy/Representative of Shareholders should mark on the attendance slip as "Proxy" or "Representative" as the case may be. Members who hold shares in dematerialised form are requested to bring their client ID and DP ID for easy identification of attendance at the meeting.

#### **CONSOLIDATION OF FOLIOS:**

It is strongly recommended that shareholders having more than one folio in the same name or with identical names in the same order in case of Joint holdings, are requested to write to the company's Share Transfer Agents, viz Cameo Corporate Services Ltd immediately along with the relevant share certificates to enable consolidation of such holdings in a single folio. If the shares are jointly held such requests should be signed by all the joint holders.

#### **DEMATERIALISATION OF SHARES:**

The company's equity shares have been notified for compulsory dematerialisation. Accordingly trading of these shares through Stock Exchange would be facilitated if the share certificates are dematerialised. Members having the physical share certificates are advised to consider opening of a Demat account with an authorised Depository participant and arrange for dematerialising their shareholdings in the company.

#### **REQUEST TO MEMBERS:**

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting. They are further requested to occupy their seats at least fifteen minutes before the scheduled time for the commencement of the meeting to avoid interruption in the proceedings.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **ANNEXURE TO NOTICE**

#### **Explanatory Statement under Section 173 of the Companies Act, 1956**

Mr. Vikas Munoth was appointed as Whole Time Director on September 27, 2006 for a period of five years. During the last five years, Mr. Vikas Munoth has managed Merchant Banking and Portfolio division and the Board of Directors have reappointed him as a Whole Time Director for a period of five years with effect from September 27, 2011 and his reappointment as whole time Director for a period of five years is subject to the approval of the Members of the Company in the General Meeting.

Mr. Vikas Munoth is a graduate in Commerce and has Masters Degree in Business Administration. He is CFA with specialization in Finance and Marketing and has a extensive knowledge in the field of Finance and investments. No remuneration will be payable to him during the new term of reappointment since he has opted to waive his salary and other monetary benefits.

The Directors recommend passing of the resolution contained in item No. 5 of the accompanying notice. None of the Directors except Mr. Jaswant Munoth, Mr, Bharat Munoth, Mr. Vikas Munoth and Mr. Lalchand Munoth are concerned or interested in the resolution.

This explanatory statement relating to the resolution and accompanying Notice may be treated as an abstract of the terms of appointment of Mr. Vikas Munoth as Whole Time Director and the Memorandum of Interest of Directors in such appointment as required under Section 302 of the Companies Act, 1956.

By order of the Board  
for **MUNOTH FINANCIAL SERVICES LIMITED**

**A.G.NANDINI**  
**COMPANY SECRETARY**

Chennai  
May 14, 2011



## MUNOTH FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT

#### To The Members

Your Directors have pleasure in presenting their Twentieth Annual Report together with the Audited Accounts for the year ended March 31, 2011.

#### FINANCIAL RESULTS:

Particulars	2010-2011 Rs.in Lacs	2009-2010 Rs. in Lacs
Total Income	104.16	129.30
Gross Profit/(Loss)	(23.37)	16.29
Less : Depreciation	8.57	11.13
Profit /(Loss)before Tax	(31.94)	5.16
Provision for Tax	(0.47)	(1.07)
Profit/(Loss) after Tax	(31.47)	6.23
Balance brought forward from Previous Year	151.61	145.38
Balance carried forward	120.14	151.61

#### OPERATIONAL REVIEW:

The year 2010-11 has seen the Indian capital market put the worst behind and move towards strong growth. Bombay Stock Exchange's (BSE) Sensitive Index (Sensex) has been range bound this year overing around 17,000 - 20,000. However, 2010-11 has been another record year for the Indian capital markets with 124 IPOs (Initial Public Offerings) and FPOs (Follow on Public Offerings) and 41 QIPs (Qualified Institutional Placements). Proceeds from fresh issues (IPOs) by Indian companies in 2010 surpassed even the levels reached in 2007. The Government made a strong mark on the markets, raising significant capital with string of IPOs and FPOs. Till March 2011, 124 IPOs had accounted for Rs. 51,000 crore in capital raised, averaging close to a billion dollar every month

#### STOCK BROKING:

The total broking turnover of the company in the capital market segment for the year ended March 31st 2011 is at Rs 1322.93 crores and derivative segment is at Rs. 864.79 Crores . The income from Stock broking operation has decreased to Rs. 76.84 Lakhs in the current year as against Rs. 86.36 Lakhs in the previous year. The Company also provides institutional broking business.

#### MERCHANT BANKING OPERATIONS:

The Company has Merchant Banking division and is focusing on getting more business .

#### DEPOSITORY BUSINESS:

As a Depository Participant, the Company offers facilities to both institutional and retail investors to maintain their investments in securities in electronic form. The Company manages about 5030 accounts of both individual and corporate.

#### PORTFOLIO MANAGEMENT SERVICES:

The Company continues to provide PMS services to high networth NRI clients. During the current year, PMS activities will also be focused on domestic clients.



## MUNOTH FINANCIAL SERVICES LIMITED

### **FUTURE PROSPECTS:**

The company will continue to focus on getting more clients in the retail and institution segment in stock broking division and to get more clients in Portfolio Management Division. The long term future of capital market industry is bright and your company will position itself to get a good share of this growth.

### **DIVIDEND:**

The Board of Directors has decided not to recommend any dividend.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm and state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year (March 31, 2011) and of the profit and loss of the company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

### **STOCK EXCHANGES**

The Company's shares are listed on Madras Stock Exchange and The Stock Exchange, Mumbai. The Listing Fees to all Stock Exchanges have been paid up to date.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.**

The Company has no activities relating to conservation of energy, technology absorption, foreign exchange earning and outgo.

### **FIXED DEPOSITS**

The Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of balance sheet.

### **PARTICULARS OF EMPLOYEES**

There are no persons employed in the Company during the year or for part of the year who were in receipt of remuneration exceeding the sums prescribed under the provisions of Section 217(2A) of the Companies Act, 1956.

### **DIRECTORS:**

In terms of the provisions of the Articles of Association, Mr. Lalchand Munoth and Tansri Rajandram retire by rotation at the forthcoming Annual General Meeting and they being eligible offers themselves for re-appointment.

### **CORPORATE GOVERNANCE:**

The Securities and Exchange Board of India (SEBI) has introduced a code of Corporate Governance for implementation by Companies listed on the Stock Exchange. A report of Corporate Governance along with the Management Discussion and analysis report pursuant to Clause 49 of the Listing Agreement are annexed hereto.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **AUDIT COMMITTEE:**

The Audit Committee that was constituted pursuant to Section 292A of the Companies Act, 1956 has Mr.Ajit Kumbhat (Chairman), Mr.M Jayantilal Jain and Mr.Mah Sau Cheong as its Members.

### **REMUNERATION COMMITTEE:**

The Remuneration Committee, which was constituted pursuant to the amendment, made to the Schedule XIII of the Companies Act, 1956 has Mr. M Jayantilal Jain (Chairman), Mr.Ajit Kumbhat and Tansri Rajandram as its Members.

### **AUDITORS, AUDITORS' REPORT & CERTIFICATE**

M/s.Mardia Associates, Chartered Accountants, the Auditors of the Company, retire at the close of the ensuing Annual General Meeting and are eligible for re-appointment.

The Auditor's have certified the Company's Compliance of the requirements of Corporate Governance in terms of the Listing Agreement and the same is enclosed as an annexure to the Corporate Governance Report.

The comments made by the Auditors in their report vide (f) have been duly explained in the attached Notes on Accounts. (Note No. 9(b))

### **ACKNOWLEDGEMENTS:**

Your Directors would like to express their gratitude to the Shareholders, vendors, bankers and customers for their support and co-operation. They wish to thank all the employees of the Company for their sincere and dedicated services.

For and on behalf of the Board of Directors

Chennai  
May 14, 2011

**LALCHAND MUNOTH**  
**CHAIRMAN**



## MUNOTH FINANCIAL SERVICES LIMITED

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-2011

(as required under Clause 49 of the Listing Agreement entered into with stock exchanges)

#### A MANDATORY REQUIREMENTS:

##### 1. Company's Philosophy on code of corporate Governance

Munoth Financial Services Limited (MFSL)'s philosophy in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms fully to laws, regulations and guidelines and to promote ethical conduct throughout the Company with an emphasis on accountability beyond the stipulations required for fulfillment of the requirements of the Listing Agreement with Stock Exchanges. MFSL remains focused on pursuing a business that optimized long term stakeholder value.

##### 2. Board of Directors

###### Composition of Board

The Board consists of four Executive Directors and four Non Executive Directors and all the four non executive directors are independent.

###### Non Executive Director's Disclosure and Pecuniary relationship

The Company does not have any pecuniary relationship or transaction other than sitting fees paid to the non- executive directors during the Financial year

Mr. M Jayantilal Jain, the non executive director holds 1000 shares of the Company.

###### Board Procedures

During the year 2010-11, the board of directors met four times on the following dates May 21, 2010, July 30, 2010, October 29, 2010 and January 31, 2011 and the dates of the meetings were decided well in advance.

###### Information Supplied to the Board

The board is presented with all the relevant information well in advance before each meeting on various matters affecting the working of the company and the Directors have separate and independent access to senior management at all times. In addition to items which are required to be placed before the board for its noting and/or approval under the statutes or regulations, information is also provided for the periodic review/information on various items, such as:

- Financial performance and operations
- Quarterly Financial results
- Minutes of meetings of audit committee and other committees of the Board
- Staff matters, including senior appointments and extensions
- Legal proceedings by or against the company
- Legal compliance reports
- Share transfer and demat compliance
- Donations and other significant matters
- Significant Labour matters and human resource issues





## MUNOTH FINANCIAL SERVICES LIMITED

### Outside directorships and committee positions:

Table showing the number of outside directorships and committee positions held by the directors are given below with the details of attendance of each director at the board meetings and the last AGM.

Name of Director	Attendance		Directorships (Private Cos excluded)		Chairman / Member of Committees of Listed Companies
	Board Meeting	AGM	Listed Cos	Unlisted Public Companies	
Mr. Lalchand Munoth (Chairman)	3	yes	1	2	1
Mr. Jaswant Munoth (Managing Director)	3	yes	1	2	1
Mr. Bharat Munoth ( Managing Director)	4	yes	1	3	-
Mr. Vikas Munoth	4	yes	-	2	-
Mr. Mah Sau Cheong	-	No	-	-	-
Datuk Rajandram	-	No	-	-	-
Mr. M Jayantilal Jain	3	yes	1		2
Mr. Ajit Kumbhat	4	yes	1	1	2

#### Notes:

Only audit committee and shareholders' grievance committee are considered for the purpose of committee positions as per listing agreement. None of the directors was a member in more than ten committees, nor a chairman in more than five committees across all companies in which he was a director.

The brief background, functional experience of the Director's seeking reappointment is given below.

Tansri Rajandram is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment. He is a Fellow of Australian Society of Certified practicing Accountants, a member of Association of Certified Public Accountants (Malaysia) and an Associate of the Bankers' Institute of Australasia. He was the Executive Deputy Chairman of Rating Agency Malaysia, and Independent Credit Rating Agency established in 1990 in response to an emerging Malaysian Corporate bond Market.

Mr. Lalchand Munoth is retiring by rotation at his Annual General Meeting and being eligible offers himself for reappointment. He holds a Bachelor Degree in Arts from the Mysore University. He is a senior member of the board and a guiding figure for the Munoth Team. His stature in the industry and array of corporate relationships are valuable for the Company. He is the architect behind several successful finance & investment companies and has vast experience in the finance field.

He is also the Director of Munoth Communication Limited, Munoth Industries Limited, Jaswant Estates Private Limited, South India Chemicals and Leasing Pvt. Ltd., Munoth Bioscience Limited.

#### Code of Conduct

The Board has laid down a code of conduct for all Board members and senior management of the Company and the Annual Report of the Company contains a declaration to this effect signed by the CEO.



### **Legal Compliance Reporting**

As required under Clause 49 of the Listing Agreement, the Board periodically reviews compliances of various laws applicable to the Company.

#### **3. Audit committee**

##### **Brief Description of terms of reference**

The terms of reference of the audit committee are extensive and include all that is mandated in Clause 49 of the listing agreement and section 292A of the Companies Act, 1956. Apart from overseeing and monitoring the financial reporting system within the company and considering un-audited and audited financial results for the relevant quarter and the year as the case may be, before being adopted by the board, the audit committee focuses its attention on topics, such as:

- Review of annual revenue and capital budgets
- Annual internal audit plan
- Legal compliance reporting system
- Related party transactions of a material nature
- Presentation of consolidated financial statement
- Review of internal control systems
- Audit methodology and process
- Major accounting policies and practices
- Compliance with accounting standards and risk management.

##### **Composition, Meetings and Details of attendance**

The company has been reviewing and making appropriate changes in the composition and working of the committee from time to time to bring about greater effectiveness and to comply with various requirements under the Companies Act, 1956 as well as Clause 49 of the listing agreement.

During 2010-11, the audit committee met four times on May 8, 2010, July 29, 2010, October 28, 2010 and January 30, 2011.. The meetings were scheduled well in advance. In addition to the members of the audit committee, these meetings were attended by the heads of finance and internal audit functions, the statutory auditors of the company and those executives of the company who were considered necessary for providing inputs to the committee. The company secretary acted as the secretary to the audit committee. Details of Members and their attendance is given below

Name of the Director	Status	No. of Meetings attended
Mr. Ajit Kumbhat	Chairman	4
Mr. M Jayantilal Jain	Member	4
Mr. Mah Sau Cheong	Member	Nil

All members of the audit committee are independent, non-executive directors. Mr. Ajit Kumbhat, the Chairman of the Audit Committee attended the last Annual General Meeting of the Company

The committee also continued to advise the management on areas where greater internal audit focus was needed, and on new areas to be taken up for audit purposes.



**4. Remuneration Committee**

The Remuneration Committee comprises of three independent, non-executive Directors viz. Mr.M Jayantilal Jain (Chairman), Mr. Ajit Kumbhat and Tansri Rajandram to review or recommend the remuneration paid to Executive Directors. The committee is vested with all necessary powers and authority to determine and recommend the remuneration payable to Executive Directors. There was no meeting held during the financial year.

**Remuneration Policy**

**Non-Executive Independent Directors:**

Other than sitting fees , no other remuneration is being paid to the non executive directors

**Executive Directors**

.The remuneration paid to Managing Director for the year ended 31.03.2011 is as follows:

	Rs.
Salary	12,87,000
Commission	-
Perquisites & other allowances	-
Total	<u>12,87,000</u>

**5. Shareholders' and investors' grievance committee**

The committee specifically looks into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report etc. In addition, the committee also oversees the share transfers and transmission.

**Composition and the process of share transfer**

The Committee comprises of Mr. M Jayantilal Jain (Chairman), Mr. Jaswant Munoth (Managing Director), Mr. Ajit Kumbhat and Tansri Rajandram. The Company Secretary of the Company has been designated as the Compliance Officer.

The process of share transfers is assigned to Cameo Corporate Services Limited, the Registrars & Share Transfer Agent, for the Company, who take care of the share transfer formalities on an ongoing basis.

The total number of shareholder complaints received during the financial year was nil and there are no share transfer pending as on March 31, 2011.

**Meetings, attendance and topics discussed**

During the year under review, the committee met five times on May 8, 2010, July 29 2010, October 28, 2010, November 30, 2010 and January 30, 2011, to review the status of investors' services rendered.

Name of the Director	Status	No of Meetings attended:
Mr. M Jayantilal Jain	Chairman	5
Mr. Ajit Kumbhat	Member	5
Mr. Jaswant Munoth	Member	5
Tansri Rajandram	Member	Nil



## MUNOTH FINANCIAL SERVICES LIMITED

The company secretary (who is the compliance officer for looking into shareholders' grievances on a day-to-day basis), was also present. The committee focused its attention on various topics, such as

- Complaints of investors routed by SEBI/Stock Exchanges
- Transfer, transmission, dematerialisation and rematerialisation of shares
- :investors' queries and complaints regarding transfer, annual reports, etc
- New share certificates with the changed corporate identity.
- Secretarial Audit reporting

### 6. General Body Meetings:

The details of the last three Annual General Meetings are as under:

year	Location	Date	Time
2007-2008	Nahar Hall Desabandhu Plaza, I Floor , 47, Whites Road, Royapettah, Chennai - 600 014.	22nd August 2008	10.15 A M
2008-2009	Nahar Hall Desabandhu Plaza, I Floor, 47, Whites Road, Royapettah, Chennai - 600 014.	31st August 2009	10.15 A M
2009-2010	Nahar Hall Desabandhu Plaza, I Floor, 47, Whites Road, Royapettah, Chennai - 600 014.	12th August 2010	10.45 A M

During the year ended 31 March 2011, there has been no resolution passed by the Company's Shareholders by Postal Ballot. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot.

### 7. Disclosures:

- a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc, that may have potential conflict with the interests of the Company at large.

NIL

- b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to Capital Markets, during the last three years.

NIL

- c. Whistle Blower Policy has been adopted by the Company and employees are free to raise issues, if any pertaining to Company's operations and report them to Audit Committee.
- d. The Company has complied with the mandatory requirements of revised Clause 49 of the Listing Agreement.

### 8. Means of Communication:

- \* Quarterly Results : Quarterly results are published with in the time stipulated in the listing agreement. MFSL does not send half yearly report to each household of the shareholders.



## MUNOTH FINANCIAL SERVICES LIMITED

- \* Newspapers wherein results normally : The Trinity Mirror  
are published Makkal Kural (Tamil Daily)
- \* website of the Company : www.munothfinancial.com
- \* Whether it also displays, official : Yes  
news releases and Presentations  
made to institutional Investors/  
Analysis
- \* Whether Management Discussion & : Yes  
Analysis (MD & A) report is a part of  
Annual Report:
- \* Whether shareholder information : Yes  
Section forms part of the  
Annual Report

### 9. General Shareholder information:

a)	<b>Annual General Meeting</b>	Tuesday , August 23, 2011 at 11. 00 AM at Nahar Hall, Desabandhu Plaza, I Floor 47, Whites Road, Royapettah, Chennai - 600 014
b)	<b>Financial Calendar:</b>	First Quarter Results: July Second Quarter Results: October Third Quarter Results: January Last Quarter Results and : within 60 days of the end of Annual Results financial year
c)	<b>Dates of Book Closure</b>	<b>August 22, 2011 to August 23, 2011 (Both days inclusive)</b>
d)	<b>Dividend Payment Date</b>	Not applicable
e)	<b>Listing on Stock Exchanges and Stock Code</b>	Name Address code The Stock Exchange, Phiroze Jeejeebhoy 531821 Mumbai Towers Dalal Street, Mumbai – 400 023  Madras Stock Exchange Building MNFS Exchange Limited PO Box No. 183 11, Second Line Beach Chennai – 600 001  Listing fees to all the stock exchanges for the financial year 2011-2012 has been paid.
f)	<b>International Securities Identification Number (ISIN)</b>	<b>INE348D01019 (CDSL &amp; NSDL)</b>



## MUNOTH FINANCIAL SERVICES LIMITED

**g) Market Price data:** (Bombay stock Exchange Limited, Mumbai)

Month	High	Low Price
10-Apr	13.11	8.67
10-May	9.1	7.06
10-Jun	6.73	5.66
10-Jul	6.57	5.42
10-Aug	7.07	6.12
10-Sep	7.82	6.15
10-Oct	12.35	8.21
10-Nov	14.9	9.28
10-Dec	8.82	6.15
11-Jan	6.89	6.57
11-Feb	6.82	6.28
11-Mar	6.82	6.19

**h) Registrar and Share Transfer Agents**

Cameo Corporate Services Limited  
"Subramanian Building"  
1, Club House Road,  
Chennai – 600 002.

- i) Share Transfer System:** Trading in equity shares of the Company is permitted only in dematerialized form. Share Transfers in physical form are registered and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects by the Share Transfer Agents of the Company and the power to approve the transfer and transmission has been delegated by the board to the Share Transfer/ Investor Grievance Committee.

**j) Dematerialisation of shares:**

As on 31st March 2011, 77.66 % of the total shares of the Company have been dematerialised

**k) Outstanding GDR/Warrants and Convertible bonds, conversion date and likely impact on the equity.**

There are no outstanding warrants and convertible bonds as on March 31, 2011 and therefore there will be no consequential impact on equity

- l) Plant Locations:** As this a service industry, no need for any plant set up.

- m) Address for Correspondence:** The Company Secretary,  
Munoth Financial Services Limited,  
Suite No. 46& 47, Munoth Centre,  
343, Triplicane High Road,  
Chennai – 600 005.

**n) Details of use of public funds obtained in the last three years:**

No funds have been raised from the public in the last three years



**MUNOTH FINANCIAL SERVICES LIMITED**

**o) Distribution of Shareholding as on March 31, 2011**

Shareholding of nominal value of	Shareholders		Shareholding	
	Rs.	Number	In Rs.	% to Total Amount
	[1]	[2]	[4]	[5]
10-5000	2460	96.8885	8749930	17.0387
5001-10000	37	1.4572	310350	0.6043
10001-20000	15	0.5907	230330	0.4485
20001-30000	1	0.0393	22000	0.0428
30001-40000	7	0.2756	245390	0.4778
40001-50000	3	0.1181	135000	0.2628
50001-100000	3	0.1181	235000	0.4576
100000 AND ABOVE	13	0.5120	41425000	80.6671
<b>TOTAL</b>	<b>2539</b>	<b>100.000</b>	<b>51353000</b>	<b>100.00</b>

**i) Categories of shareholders as on March 31, 2011**

CATEGORY	No. of shares held	Percentage of shareholding
<b>A. Promoter's holding</b>		
<b>1. Promoters*</b>		
Indian Promoters	<b>28,63,800</b>	<b>55.77</b>
Foreign Promoters	<b>NIL</b>	<b>Nil</b>
<b>2. Persons acting in concert #</b>	<b>NIL</b>	<b>NIL</b>
<b>Sub- Total</b>	<b>28,63,800</b>	<b>55.77</b>
<b>B. Non-Promoters Holding</b>		
<b>3. Institutional Investor</b>		
a. Mutual Funds and UTI	<b>NIL</b>	<b>NIL</b>
b. Banks, Financial Institutions, Insurance Companies [central/State Govt. Institutions/Non-Government Institutions]	<b>NIL</b>	<b>NIL</b>
c. FIs	<b>2,25,000</b>	<b>4.38</b>
<b>Sub- Total</b>	<b>2,25,000</b>	<b>4.38</b>
<b>4. Others</b>		
a. Private Corporate Bodies	<b>10,77,518</b>	<b>20.97</b>
b. Indian Public	<b>9,68,982</b>	<b>18.90</b>
NRIs/OCBs	<b>NIL</b>	<b>NIL</b>
<b>Sub- Total</b>	<b>20,46,500</b>	<b>39.85</b>
<b>Grand Total</b>	<b>51,35,300</b>	<b>100.00</b>



## MUNOTH FINANCIAL SERVICES LIMITED

### B. NON MANDATORY REQUIREMENTS:

**1. Chairman of the Board:**

The Company has a non executive promoter Chairman and chairman's office is maintained at the Company's expense.

**2. Remuneration Committee:**

The Listing agreement with the stock exchanges provides that a company may appoint a committee for recommending managerial remuneration payable to the Directors. The Company already has a remuneration committee for the said purpose. Please refer item no. 4 under the heading Mandatory requirement.

**3. Shareholders Rights:**

As the Company's half yearly results are published in an English Newspaper having circulation all over India and in a Tamil Newspaper widely circulated in Tamil Nadu the same are not sent to reach household of shareholders.

**4. Postal Ballot:**

The provisions related to Postal Ballot will be complied with in respect of matters wherever applicable.

**5. Whistle Blower Policy:**

Whistle Blower Policy has been adopted by MFSL and employees are free to raise issues, if any pertaining to the operations of the Company and report the same to the Audit Committee.

On behalf of the Board of Directors  
**For MUNOTH FINANCIAL SERVICES LIMITED**

**Lalchand Munoth**  
Chairman

Chennai  
May 14, 2011

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### MANAGEMENT DISCUSSION AND ANALYSIS (MD &A)

#### Environment:

The year 2010-11 has seen the Indian capital market put the worst behind and move towards strong growth. Bombay Stock Exchange's (BSE) Sensitive Index (Sensex) has been range bound this year overing around 17,000 - 20,000. However, 2010-11 has been another record year for the Indian capital markets with 124 IPOs (Initial Public Offerings) and FPOs (Follow on Public Offerings) and 41 QIPs (Qualified Institutional Placements). Proceeds from fresh issues (IPOs) by Indian companies in 2010 surpassed even the levels reached in 2007. The Government made a strong mark on the markets, raising significant capital with string of IPOs and FPOs. Till March 2011, 124 IPOs had accounted for Rs. 51,000 crores in capital raised, averaging close to a billion dollar every month.

#### Segment- wise product performance

The Company's main business is broking and the Company is the Member of National Stock Exchange (NSE), Madras Stock Exchange (MSE) and OTCEI and hence can be called as a single segment Company.

#### Opportunities & Threats

Indian Capital Market is characterized by its maturity, growth potential and a largebase of investors. In spite of existing poor business environment and crisis in the capital market, it has the inherent strength to withstand the pressure of ongoing crisis and tide over the bad phase efficiently. Once the major economic fundamentals start showing sign of improvement, there would be enough room for your company to capitalize the opportunities that might come in the way. The Company provides all Capital Market related activities like broking, depository, portfolio management services, Share transfer agent and merchant banking activity and hence growth opportunities are high in future.





## **MUNOTH FINANCIAL SERVICES LIMITED**

The Capital Market Sector faces competitive pressures from the banking sector, which enjoys access to lower cost factoring.

### **Risks and Concerns**

The ongoing crisis in the Financial services sector and stagnation in the capitalmarket might have adverse effect on the financial performance of the company. However, a dedicated customer base and prudential business strategies would enable the company to tide over the recent turmoil in the financial market.

### **Outlook:**

Against the backdrop of expected expansion of activity in the Indian capital market, the importance of ensuring healthy and orderly conditions in the market becomes more urgent. Ensuring stable conditions in the market is the responsibility of policymakers, regulators as well as market participants. While the policy initiatives are required to be well calibrated to transmit the right policy signals unambiguously, the regulators need to remain proactive and vigilant to obviate the occurrence of any irregularities in the conduct of business in the market. Investors' awareness is equally important from the market stability angle as investment in equities could be based on incomplete analysis and guided by short-term speculative gains. Individual investors need to take informed decisions and remain cautious. They would do well to resist from commonly observed "herd mentality" and "panic" in their buying and selling operations

### **Adequacy of Internal Controls:**

The Company follows an extensive internal control system to ensure that prudential business policies are followed regularly in managing existing clients and developing new business contacts. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

The Audit Committee reviews the adequacy of internal control system on regular basis

### **Financial Review:**

During the year, the Company has recorded total revenue of Rs. 104.16 Lacs..

### **Human Resource Development:**

The Company has a team of able and experienced professionals and the Company considers that the main strength is its human resources, who create a climate to suit its growth and excellence.

### **Cautionary Statement**

Statements in the Management Discussion and Analysis regarding the Company's objectives, estimates and expectations are within the scope of applicable laws and regulations. Actual performance might differ from those either expressed or implied.

Chennai  
May 14 , 2011

By order of the Board

**Mr. Lalchand Munoth**  
Chairman



## MUNOTH FINANCIAL SERVICES LIMITED

### Annexure – 1

#### Auditors' Certificate on Corporate Governance CERTIFICATE

To the members of Munoth Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by Munoth Financial Services Limited, for the year ended 31<sup>st</sup> March 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Share Transfer and Shareholder/ Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or the effectiveness with the management has conducted the affairs of the company.

For Mardia & Associates  
Chartered Accountants  
**(MANISH MARDIA)**

Proprietor  
M. No. 205307

Date : May 14, 2011  
Place : Chennai.

### Annexure- 2

#### Declaration by Chief Executive Officer (CEO)

I, Jaswant Munoth, Managing Director of Munoth Financial Services Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31 March 2011 compliance with the code of conduct of the company laid down for them.

Date : May 14, 2011  
Place : Chennai.

**Jaswant Munoth**  
Managing Director

### Annexure- 3

#### Certificate by Chief Executive Officer (CEO)

I, Jaswant Munoth, Managing Director of Munoth Financial Services Limited hereby certify

1. That I have reviewed the financial statements and the cash flow statement for the year ended 31 March 2011 and that to the best of my knowledge and belief,
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. That I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That I have informed the auditors and the audit committee of:
  - Significant changes in internal control during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
  - Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Date : May 14, 2011  
Place : Chennai.

**Jaswant Munoth**  
Managing Director



## MUNOTH FINANCIAL SERVICES LIMITED

### AUDITOR'S REPORT

To

The Member of

**M/s MUNOTH FINANCIAL SERVICES LTD,**  
Chennai

We have audited the attached Balance Sheet of M/S. **MUNOTH FINANCIAL SERVICES LTD**, as at 31<sup>st</sup> March 2011 and the Profit and Loss Account, Cash Flow for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with accounting standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.

Further to our comments in the Annexure referred to in paragraphs 1 above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit and Loss Account, Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of the written representation received from the directors as on 31<sup>st</sup> March 2011 and taken on record by Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2011 from being appointed as the directors under clause (g) of sub section (1) of the section 274 of the Companies Act, 1956
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, **subject to note No. 9(b) regarding non-provision of Rs.2,21,18,170/- being diminution in the market value of quoted Investments and its effect on the profit and other notes thereon**, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011
  - (ii) In the case of the Profit and Loss Account, of the LOSS of the company for the year ended 31<sup>st</sup> March 2011
  - (iii) In the case of the Cash Flow Statement of the cash flows for the year ended 31<sup>st</sup> March 2011

**For MARDIA & ASSOCIATES**

Chartered Accountants

Reg No. : 007888S

**MANISH MARDIA**

(Proprietor)

Membership No: 205307

Place : Chennai  
Date : 14.05.2010



## MUNOTH FINANCIAL SERVICES LIMITED

### ANNEXURE TO THE AUDITORS REPORT

#### REF: M/s MUNOTH FINANCIAL SERVICES LTD

(Referred to in paragraph (1) of our report of even date)

1. a. The company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.  
c. There is no substantial disposal of fixed assets during the year.
2. The company is not holding any inventory therefore the provisions of clause 4(ii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
3. According to the information and explanation given to us the company has not granted taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act, 1956 and as such, clauses 4 (iii) (a) to 4 (iii) (g) of the Companies (Auditor Report) order, 2003 (as amended) are not applicable.
4. According to information and explanation given to us and in our opinion there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets, and for sale of services.  
  
During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
5. a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that are need to be entered in the register in pursuance of Section 301 have been so entered.  
b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted deposits from the public attracting the provisions of Section 58 A of the Companies Act 1956 and the rules framed thereunder.
7. In our opinion and according to explanations and information given to us, the company has an internal audit system commensurate with its size and nature of its business.
8. In our opinion, the company is not required to maintain the cost accounts and records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act 1956.
9. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
10. The Company does not have any accumulated loss at the end of the Financial year. The company has incurred cash losses of Rs.23.37 Lacs in the current financial year. However the company did not incur any cash loss in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holder.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provision of any special statute applicable to chit fund, mutual fund, society are not applicable to the company.
14. The company has maintained proper records of the transactions and contracts and has timely entries in respect of its dealing of trading in shares, securities, debentures register showing proper particulars



## **MUNOTH FINANCIAL SERVICES LIMITED**

of transactions. **The investments are in the name of the company other than those specified in schedule 'E' forming part of Balance Sheet amounted to Rs.1,75,56,107/-**

15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanation given to us the company has not taken any term loan hence clause (XVI) of the order is not applicable.
17. According to the balance sheet and other records examined by us and information and explanations given to us, on an overall basis, funds raised on short term basis have prima facie not been used during the year for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. The company has not issued any debentures during the year.
20. The company has not received any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For MARDIA & ASSOCIATES**

Chartered Accountants

Reg No. : 007888S

**MANISH MARDIA**

(Proprietor)

Membership No: 205307

Place : Chennai

Date : 14.05.2011



**MUNOTH FINANCIAL SERVICES LIMITED**

**BALANCE SHEET AS ON 31.03.2011**

	SCH	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b><u>SHARE HOLDER'S FUNDS</u></b>			
Share Capital	A'	51,612,500	51,612,500
Reserves & Surplus	B'	32,264,054	35,411,447
Share Application Money		-	15,000,000
		<u>83,876,554</u>	<u>102,023,947</u>
<b><u>LOAN FUNDS</u></b>			
Secured Loans	C'	13,410,848	11,536,175
DEFERRED TAX LIABILITY		176,229	223,415
<b>TOTAL</b>		<u>97,463,631</u>	<u>113,783,537</u>
<b>II. APPLICATION OF FUNDS</b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	D'	26,043,697	25,945,644
Less: Depreciation Reserve		<u>16,648,644</u>	<u>16,225,677</u>
Net Block		9,395,053	9,719,967
<b>INVESTMENTS</b>	E'	62,089,646	64,549,753
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Current Assets	F'	16,921,761	34,057,904
Loans & Advances	G'	<u>12,604,679</u>	<u>12,733,413</u>
		29,526,440	46,791,317
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISION</u></b>			
Current Liabilities	H'	<u>3,547,509</u>	<u>7,277,500</u>
Net Current Assets		<u>25,978,931</u>	<u>39,513,817</u>
<b>TOTAL</b>		<u>97,463,631</u>	<u>113,783,537</u>

Notes on Accounts & Significant Accounting Policies O'

The Schedules A-O referred to above form an integral part of the financial statements.

As per our report of even date attached.

**For MARDIA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg No. : 007888S

**(MANISH MARDIA)**

Proprietor  
M. No 205307  
PLACE : CHENNAI  
DATE : 14-05-2011

**JASWANT MUNOTH**  
**BHARAT MUNOTH**  
Managing Directors

**LALCHAND MUNOTH**  
Chairman

**A.G. NANDINI**  
Company Secretary



## MUNOTH FINANCIAL SERVICES LIMITED

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	SCH	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>Income :</b>			
Income from Operations	I'	9,238,213	11,734,044
Interest Income	J'	896,681	815,419
Other Income	K'	281,124	381,422
	<b>TOTAL</b>	<b>10,416,017</b>	<b>12,930,885</b>
<b>Expenditure :</b>			
Financial Expenses	L'	2,065,546	1,753,476
Staff Cost	M'	4,388,935	4,764,554
Administrative & Other Expenses	N'	4,370,089	4,783,376
Loss on Sale of Investments, Derivatives & Commodities		1,928,667	-
	<b>TOTAL</b>	<b>12,753,237</b>	<b>11,301,406</b>
Profit before depreciation & tax		(2,337,220)	1,629,479
Less: Depreciation		857,358	1,113,405
Profit before tax		(3,194,578)	516,074
Less: Provision for Taxation -Income Tax		-	-
-Deferred Tax		(47,185)	(107,288)
Profit after tax		(3,147,393)	623,362
Balance B/f. from Previous Year		15,161,447	14,538,085
Profit available for appropriation	<b>TOTAL</b>	<b>12,014,054</b>	<b>15,161,447</b>
<b>Appropriation :</b>			
Transfer to General Reserve		-	-
Surplus Carried Forward		12,014,054	15,161,447
	<b>TOTAL</b>	<b>12,014,054</b>	<b>15,161,447</b>
Earnings per share (Basic & Diluted)		(0.61)	0.12
Notes on Accounts & Significant Accounting Policies		O'	

The Schedules A- O referred to above form an integral part of the financial statements.

As per our report of even date attached.

**For MARDIA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg No. : 007888S

**JASWANT MUNOTH**  
**BHARAT MUNOTH**  
Managing Directors

**LALCHAND MUNOTH**  
Chairman

**(MANISH MARDIA)**  
Proprietor  
M. No 205307  
PLACE : CHENNAI  
DATE : 14-05-2011

**A.G. NANDINI**  
Company Secretary



## MUNOTH FINANCIAL SERVICES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2011

	<u>As on 31.03.2011</u>	<u>As on 31.03.2010</u>
	Rs.	Rs.
<b><u>SCHEDULE 'A' SHARE CAPITAL</u></b>		
<b><u>Authorised Share Capital</u></b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed & Paid up capital 51,35,300 (52,26,000) Equity Shares of Rs. 10/- each (Of the above 1,12,000 equity shares of Rs. 10/- each allotted as fully paid up pursuant to a contract for consideration other than cash.)	<u>51,353,000</u>	51,353,000
Add: Forfeited Shares	<u>259,500</u>	259,500
<b>Total</b>	<u><b>51,612,500</b></u>	<u><b>51,612,500</b></u>
<b><u>SCHEDULE 'B' RESERVES &amp; SURPLUS</u></b>		
Share Premium A/C	<u>20,250,000</u>	20,250,000
Profit & Loss Account	<u>12,014,054</u>	15,161,447
<b>Total</b>	<u><b>32,264,054</b></u>	<u><b>35,411,447</b></u>
<b><u>SCHEDULE 'C' SECURED LOANS</u></b>		
Overdraft from Banks (Secured Against Property with Federal Bank Ltd)	<u>13,188,108</u>	11,536,175
Federal Bank Ltd - Car Loan (Secured Against Hypothecation of Car)	<u>222,740</u>	-
<b>Total</b>	<u><b>13,410,848</b></u>	<u><b>11,536,175</b></u>
<b><u>SCHEDULE 'F' CURRENT ASSETS</u></b>		
Cash in Hand	<u>269,938</u>	273,996
Balances with Schedule Banks:-		
In Current Accounts	<u>2,768,516</u>	20,145,971
In Other Bank Deposits	<u>12,192,374</u>	11,577,801
Accrued Interest on Deposits	<u>70,568</u>	276,798
Sundry Debtors:- (Unsecured - considered good)		
Debts outstanding for a period Exceeding Six Months	<u>791,450</u>	983,324
Others	<u>828,914</u>	800,015
<b>Total</b>	<u><b>16,921,761</b></u>	<u><b>34,057,904</b></u>





Rs.

**SCHEDULE - D**  
**FIXED ASSETS & DEPRECIATION**

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS ON 01/04/2010	ADDITION	DELETION	AS ON 31/03/2011	AS ON 01/04/2010	FOR THE YEAR	DEDUCTION ADJUSTMENT	UP TO 31/03/2011	AS ON 31/03/2010	AS ON 31/03/2011
MSE Membership Card	2,000,000	-	-	2,000,000	-	-	-	-	2,000,000	2,000,000
Motor Car	1,337,501	366,697	520,542	1,183,656	716,130	200,064	434,391	481,803	621,371	701,853
Computer	5,678,466	151,898	-	5,830,364	5,441,827	107,093	-	5,548,920	236,639	281,444
Software	4,462,550	100,000	-	4,562,550	4,147,945	145,678	-	4,293,623	314,605	268,927
Airconditioner	973,791	-	-	973,791	360,147	23,620	-	383,767	613,643	590,024
Furniture & Fixtures	4,320,821	-	-	4,320,821	3,077,401	225,059	-	3,302,460	1,243,420	1,018,361
Land	2,479,430	-	-	2,479,430	-	-	-	-	2,479,430	2,479,430
Building	3,342,043	-	-	3,342,043	1,639,622	85,121	-	1,724,743	1,702,421	1,617,300
Music System	26,556	-	-	26,556	22,155	612	-	22,767	4,401	3,789
Fire Alarm	139,004	-	-	139,004	115,965	3,205	-	119,170	23,039	19,834
Office Equipments	919,288	-	-	919,288	501,189	58,158	-	559,346	418,100	359,942
Office Equipment Access Control	57,624	-	-	57,624	29,294	3,941	-	33,235	28,330	24,389
Electrical Fittings	208,570	-	-	208,570	174,001	4,809	-	178,810	34,569	29,760
<b>Total</b>	<b>25,945,644</b>	<b>618,595</b>	<b>520,542</b>	<b>26,043,697</b>	<b>16,225,677</b>	<b>857,357.71</b>	<b>434,391</b>	<b>16,648,644</b>	<b>9,719,967</b>	<b>9,395,053</b>
As on 31.03.2010	26,198,894	506,250	759,500	25,945,644	15,727,594	1,113,405	615,322	16,225,677	10,471,300	9,719,967



## MUNOTH FINANCIAL SERVICES LIMITED

<b>SCHEDULE : E-INVESTMENTS</b> ( Listed & Quoted Investments)	<b>AS ON 31.03.2011</b>		<b>AS ON 31.03.2010</b>	
	QTY	AMT.IN Rs.	QTY	AMT.IN Rs.
<b>INVESTMENTS (AT COST)</b>				
<b>LONG TERM INVESTMENTS</b>				
<b>NON-TRADE</b>				
<b>In Equited Shares of Indian Companies</b>				
<b>A) Company Under the Same Management</b>				
<b><u>QUOTED</u></b>				
Munoth Communication Ltd	791200	15,877,675.00	791200	15,877,675.00
<b><u>UN QUOTED</u></b>				
South India Chemicals & Leasing P Ltd	7500	2,400,000.00	7500	2,400,000.00
Sankeshwara Finance & Investments P Ltd	20000	2,000,000.00	20000	2,000,000.00
Jaswant Estates P Ltd	5000	500,000.00	5000	500,000.00
Munoth Neg Windfarm	133700	362,932.00	133700	362,932.00
Munoth Industries Limited	450000	4,500,000.00	450000	4,500,000.00
		<b><u>25,640,607.00</u></b>		<b><u>25,640,607.00</u></b>
<b><u>B) Others</u></b>				
<b>(i) Quoted</b>				
# Bafna Spinning	500	2,900.00	500	2,900.00
# Bonanza Pharma	100	775.00	100	775.00
# Oswal Chemicals	50	12,636.00	50	12,636.00
# Siris Ltd	200	16,846.00	200	16,846.00
Agritech India	2140	2,140.00	2140	2,140.00
ALEMBIC CHEMICALS	11000	1,046,129.00	11000	1,046,129.00
Antartica Ltd	1000	2,368.70	1000	2,368.70
Arihant Constyn	150	600.00	150	600.00
ATV Projects	300	5,100.00	300	5,100.00
B H E L	-	-	500	1,195,959.91
Bajaj Auto	200	180,881.62	100	180,881.62
Bajaj Finserv Ltd	100	54,619.73	100	54,619.73
BAJAJ Holding and Investment Ltd	100	144,206.30	100	144,206.30
Bhirwani Denim	200	1,250.00	200	1,250.00
Biofil Chemical	1000	1,000.00	1000	1,000.00
Blue Bend Petro	350	1,050.00	350	1,050.00
BRIGADE ENTERPRISES LTD	1000	406,344.00	1000	406,344.00
BTW Industries	100	300.00	100	300.00
Cable Corporation	1000	1,500.00	1000	1,500.00
Celebrity Fashions	1873	256,099.49	1873	256,099.49
INDIAN TERRIAN FASHIONS LTD	535	-	-	-
Computer Power	184000	65,900.00	184000	65,900.00
Concert Spices	100	300.00	100	300.00



## MUNOTH FINANCIAL SERVICES LIMITED

<b>SCHEDULE : E-INVESTMENTS</b>	<b>AS ON 31.03.2011</b>		<b>AS ON 31.03.2010</b>	
	<b>QTY</b>	<b>AMT.IN Rs.</b>	<b>QTY</b>	<b>AMT.IN Rs.</b>
Consolidated Fibre	100	400.00	100	400.00
Coromandel Finance	900	6,300.00	900	6,300.00
CT Cotton Yarn	300	3,550.00	300	3,550.00
Deccan Granites	100	1,100.00	100	1,100.00
Dhampur Sugars	5066	676,506.40	5066	676,506.40
DSQ Biotech Ltd	170	23,800.00	170	23,800.00
Dynavision	200	650.00	200	650.00
Europeon Software	600	300.00	600	300.00
Fab Worth	100	1,975.00	100	1,975.00
Finolex Industries	100	6,035.45	100	6,035.45
Gangadharan Appliances	226	2,599.00	226	2,599.00
Golden Textiles	1300	3,900.00	1300	3,900.00
Gujrat Ambuja Cot Spin Limited	400	3,200.00	400	3,200.00
Gujrat Cotex	300	2,955.00	300	2,955.00
Harayana Petro	400	3,000.00	400	3,000.00
HDFC BANK LTD	22	39,748.95	22	39,748.95
Hindustan Lever Ltd	1	173.27	1	173.27
Induj Infotech	105	105.00	105	105.00
INFORMATION TECH LTD	5425	5,425.00	5425	5,425.00
Innovation Sec	1400	4,200.00	1400	4,200.00
Ispat Industries	4000	118,920.00	4000	118,920.00
IT People (India)	3636	514,400.00	10000	514,400.00
ITI	12000	942,574.14	12000	942,574.14
Jaswal Granites	600	3,100.00	600	3,100.00
Jay Flash	19500	58,500.00	19500	58,500.00
Kirlosker Electricals	100	1,926.00	100	1,926.00
Krishna Life	1000	993.00	1000	993.00
Kumar Metallurgical	300	750.00	300	750.00
L M L	450	7,534.00	450	7,534.00
MCC Finance Ltd	7000	77,000.00	7000	77,000.00
Midland Plastics	200	1,800.00	200	1,800.00
Modern Synthetics	1150	14,892.50	1150	14,892.50
Modi Threads	200	900.00	200	900.00
NAHAR SPINNING MILLS	2000	243,985.00	2000	243,985.00
Nath Bio Genes	2354	2,354.00	2354	2,354.00
Nath Seeds	6206	6,206.00	6206	6,206.00
Natural Stone	900	5,400.00	900	5,400.00
NEPC INDIA	200	4,188.00	200	4,188.00
Network Ltd	200	6,100.00	200	6,100.00



## MUNOTH FINANCIAL SERVICES LIMITED

<b>SCHEDULE : E-INVESTMENTS</b>	<b>AS ON 31.03.2011</b>		<b>AS ON 31.03.2010</b>	
	<b>QTY</b>	<b>AMT.IN Rs.</b>	<b>QTY</b>	<b>AMT.IN Rs.</b>
OMNITECH INFOSOLU LT	3000	801,981.69	-	-
Oswal Agro	350	546.43	350	546.43
Padmini Technology	700	1,400.00	700	1,400.00
Pan Asia Industries	100	1,200.00	100	1,200.00
PBA INFRASTRUCTURE	17733	2,306,172.15	17733	2,306,172.15
POWER GRID CORPORATION LTD	10078	1,658,335.70	10078	1,658,335.70
Premier Ltd	100	5,324.67	100	5,324.67
Premier Plantations	100	200.00	100	200.00
Rajarathan Synthetic	600	3,000.00	600	3,000.00
Rathi Alloy and Steel	300	1,350.00	300	1,350.00
Reliance Capital Limited	2400	3,399,655.19	2400	3,399,655.19
RELIANCE COMMUNICATION LTD	3300	1,712,845.22	3300	1,712,845.22
RELIANCE INDUSTRIES LTD (RPL)	250	450,973.00	250	450,973.00
Rishab Financial Services Ltd	18000	448,740.00	18000	448,740.00
RELIANCE POWER LTD	5000	1,930,429.00	20000	1,930,429.00
S Kumar Online	1000	2,000.00	1000	2,000.00
SAL STEEL	10000	247,809.00	10000	247,809.00
Sanghi Poly Ltd	300	6,195.00	300	6,195.00
Sarala Gems Ltd	200	650.00	200	650.00
Silver Tech	6	590.00	6	590.00
Silverline Animation technologies ltd	2	196.50	2	196.50
SPICE JET	5000	195,815.64	20000	1,293,294.29
State Bank of India	13	14,046.58	13	14,046.58
Sudati Hosiery	300	3,000.00	300	3,000.00
Sunpharma Ltd	100	-	100	-
Super Forgings	200	3,300.00	200	3,300.00
SUPREME PETROCHEMICALS	-	-	20000	968,650.00
Tirumal Textiles Process	400	2,000.00	400	2,000.00
TN Sponge	100	400.00	100	400.00
TNPL	100	8,254.00	100	8,254.00
Uniworth International	150	1,550.00	150	1,550.00
Vantel Tech	50	50.00	50	50.00
Veena Textiles	200	1,500.00	200	1,500.00
Videocon VCR	100	1,600.00	100	1,600.00
Vikas WSP Ltd	3000	3,000.00	3000	3,000.00
Vishal Exports-(Bonus)	1000	-	1000	-
WELWIN	100	1,800.00	100	1,800.00
		<b>18,216,301.32</b>		<b>20,676,408.19</b>



## MUNOTH FINANCIAL SERVICES LIMITED

<b>SCHEDULE : E-INVESTMENTS</b>	<b>AS ON 31.03.2011</b>		<b>AS ON 31.03.2010</b>	
	<b>QTY</b>	<b>AMT.IN Rs.</b>	<b>QTY</b>	<b>AMT.IN Rs.</b>
<b>(ii) UNQUOTED</b>				
ARIHANT Fabrics	50	100.00	50	100.00
# Benaras Bank	87490	4,811,950.00	87490	4,811,950.00
# Deve Sugar	9400	1,410,000.00	9400	1,410,000.00
# Parvathi Hi tech	10000	100,000.00	10000	100,000.00
*# Rayalaseema Paper Mills	1120000	11,200,000.00	1120000	11,200,000.00
# Rhino Tyres	200	1,000.00	200	1,000.00
Madras Stock Exchange	285000	15,000.00	285000	15,000.00
India Mobile Network P Ltd	50000	500,000.00	50000	500,000.00
MSE Financial Services Ltd	13479	161,748.00	13479	161,748.00
Essar Steel	114	32,940.00	114	32,940.00
		<b>18,232,738.00</b>		<b>18,199,798.00</b>
		<b>43,873,345.00</b>		
GRAND TOTAL		<b>62,089,646.32</b>		<b>64,516,813.19</b>

\* Received as consideration against preferential issue of 112000 equity shares of Rs.10/- each at a premium of Rs.90/- each.

# Shares are not held in the Name of the Company.

### QUOTED INVESTMENTS

<b>COST</b>	<b>34,093,976</b>
<b>MARKET VALUE</b>	<b>11,975,806</b>

### SHARES HELD NOT IN THE NAME OF THE COMPANY

# Bafna Spinning	500	2,900	500	2,900
# Bonanza Pharma	100	775	100	775
# Oswal Chemicals	50	12,636	50	12,636
# Siris Ltd	200	16,846	200	16,846
# Benaras Bank	87,490	4,811,950	87,490	4,811,950
# Deve Sugar	9,400	1,410,000.00	9,400	1,410,000.00
# Parvathi Hi tech	10,000	100,000	10,000	100,000
*# Rayalaseema Paper Mills	1,120,000	11,200,000	1,120,000	11,200,000
# Rhino Tyres	200	1,000	200	1,000
TOTAL		<b>1,75,56,107.00</b>		<b>1,75,56,107.00</b>



## MUNOTH FINANCIAL SERVICES LIMITED

	<u>As on 31.3.2011</u>	<u>As on 31.3.2010</u>
	Rs.	Rs.
<b><u>SCHEDULE 'G' LOANS &amp; ADVANCES</u></b>		
(considered good unless otherwise stated)		
Tax Deducted at Sources	88,857	155,811
Deposits	8,511,585	7,948,473
Income - Tax Refund Due	2,322,156	2,217,506
Prepaid Expenses	458,227	1,016,511
Other Receivables	1,172,693	1,395,112
Mat Tax Credit (F.Y.2009-2010)	51,161	-
<b>Total</b>	<b>12,604,679</b>	<b>12,733,413</b>
<b><u>SCHEDULE 'H'</u></b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
Trade Creditors	1,724,435	1,824,592
Sundry Creditors	894,714	4,572,314
Outstanding Expenses & Other Liabilities	928,360	880,594
<b>Total</b>	<b>3,547,509</b>	<b>7,277,500</b>
<b><u>SCHEDULE 'I' - INCOME FROM OPERATIONS :</u></b>		
Brokerage and other charges	7,683,979	8,635,574
Merchant Banking Income	-	500,000
Income from DP operations	1,058,337	962,333
PMS/Consultancy fees received	4,726	240,587
Profit on Sale Of Shares	491,171	1,395,550
<b>Total</b>	<b>9,238,213</b>	<b>11,734,044</b>
<b><u>SCHEDULE 'J' - INTEREST INCOME:</u></b>		
Interest - Bank	896,681	815,419
<b>Total</b>	<b>896,681</b>	<b>815,419</b>
<b><u>SCHEDULE 'K' - OTHER INCOME :</u></b>		
Dividend	166,178	184,914
Miscellaneous income	27,185	36,971
Bad Debts Recovery	1,912	14,903
Profit On F & O Trading/Intraday	-	144,635
Profit On Sale Of Fixed Asset	85,849	-
<b>Total</b>	<b>281,124</b>	<b>381,422</b>



## MUNOTH FINANCIAL SERVICES LIMITED

	<u>As on 31.3.2011</u>	<u>As on 31.3.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>SCHEDULE 'L' - FINANCIAL EXPENSES</u></b>		
Interest Payments	1,633,668	1,355,501
Bank charges	33,042	89,479
Bank Guarantee Charges	398,836	308,495
<b>Total</b>	<b>2,065,546</b>	<b>1,753,476</b>
<b><u>SCHEDULE 'M' - STAFF COST</u></b>		
Salaries and allowances	2,480,115	3,424,674
Bonus	64,760	74,124
Directors Sitting Fees	5,000	40,000
Managerial Remuneration	1,287,000	828,000
ESI Contribution	58,544	47,150
EPF Contribution	252,988	225,957
Labour Fund Contribution	315	270
Staff welfare Expenses	135,667	124,379
Ex-gratia	104,546	-
<b>Total</b>	<b>4,388,935</b>	<b>4,764,554</b>
<b><u>SCHEDULE 'N' - ADMINISTRATIVE &amp; OTHER EXPENSES</u></b>		
Advertisement expenses	22,837	68,803
Annual Fees & Subscription	553,207	759,673
Listing charges (MFSL)	36,000	36,000
Auditor's Remuneration	229,000	196,500
Books & Periodicals	20,526	20,575
Business Promotion	137,110	165,233
CDSL expenses	21,071	31,359
Donation	-	50,000
Electricity Charges	468,539	512,179
Filing Fees	9,640	-
Fines & Penalties (FUT & NSE)	2,550	-
General expenses	84,314	118,194
Gratuity	48,031	33,512
Insurance	72,448	60,733
Lease Line Charges	134,637	15,562
Loss On Sale Of Fixed Asset	-	87,178
NSDL Transaction Charges	181,139	131,278
Postage, Courier & telegram	111,740	112,654



## MUNOTH FINANCIAL SERVICES LIMITED

	<u>As on 31.3.2011</u>	<u>As on 31.3.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
Printing and Stationery	183,330	165,758
Professional fees	34,990	102,333
Professional Tax	1,720	2,190
Property Taxes	50,245	13,015
Registration expenses	390,556	390,764
Rent, rates & taxes	645	24,575
Repairs and Maintenance	616,182	627,860
SEBI turnover charges	14,085	18,629
SEBI Administration charges	-	50,000
Service Tax	216,285	140,462
Share transfer expenses	42,000	42,764
Stamp charges	44,167	44,275
Telephone charges	238,663	248,665
Transaction charges - Equity and F&O	299,585	381,246
Travelling & conveyance	90,529	117,085
Water Sewage Tax	14,320	14,320
<b>Total</b>	<b><u>4,370,089</u></b>	<b><u>4,783,376</u></b>





**SCHEDULE 'P' - NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES**

**1. Significant Accounting Policies**

a) Accounting Convention

The accompanying financial statements are consistently prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards issued by the Institute of Chartered Accountants of India (to the extent applicable) and in accordance with the generally accepted accounting principles, the provisions of the Companies Act, 1956.

b) Fixed Assets and Depreciation :

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The Company provides pro-rata depreciation from the date on which asset is acquired / put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. On all assets, depreciation has been provided using the Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956. However no depreciation has been provided on MSE Membership Card.

c) Investments :

Investments are long-term in nature and stated at cost. Provision for diminution in value of long-term investments is made only, if such a decline is other than temporary in the opinion of the management. Bonus entitlements are recognised as ex-bonus dates and no cost is attributed to bonus shares.

d) Taxation :

Income tax expenses comprises current tax and deferred tax charge or credit. The deferred tax charge or credit is recognized using current tax rates. Where there is unabsorbed depreciation and/or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

e) Retirement Benefits

- i) Company's contribution under Provident Fund Act are charged to profit and loss account on accrual basis.
- ii) The Company has provided for gratuity being the estimated liability in terms of payment of Gratuity Act, 1972. The liability has not been ascertained on actuarial basis.

2. The company's business activity falls within a single primary business segment i.e. stock broking & Capital Market.

As such there is no separate reportable segment as per Accounting Standard 17.

3. Related party disclosures under Accounting Standard - 18.

Related Parties

A ( I ) Associate Companies

- a) Munoth Communication Limited
- b) Munoth Industries Limited
- c) South India Chemicals & Leasing (P) Ltd
- d) Maharana Finance & Investments (P) Ltd
- e) Shankeswar Finance & Investments (P) Ltd
- f) Jaswant Estates (P) Ltd
- g) Munoth Negwind Farm (P) Ltd



## MUNOTH FINANCIAL SERVICES LIMITED

( II ) Key Management personnel and their relatives:-

- a) Lalchand Munoth
- b) Jaswant Munoth
- c) Bharat Munoth
- d) Vikas Munoth
- e) Leela Devi
- f) Vijayalaksmi Munoth
- g) Aruna Munoth
- h) Kanchan Munoth

B. Related Party Transactions	Current Year Rs.	Previous Year Rs.
<b>I) With Associate Companies</b>		
a) Purchase of Investments	-	2,400,000
b) Sale of Investments	-	2,400,000
c) Rendering of services		232,975
d) Outstanding balances in loans & Advances	NIL	NIL
e) Interest Paid	NIL	NIL
<b>C. With Key Management Personnel and their Relatives</b>		
a) Remuneration and perks	1,287,000	828,000
b) Incentive Paid	-	-
c) Rendering of services		87,585
d) Rental Deposit Outstanding	-	-
e) Share Application Money Received	-	15,000,000
4. Break up of Deferred Tax Liability as on 31-03-2011 is as follows:		
Timing difference on Depreciation	Rs.	Rs.
Opening Balance	(223,414)	(330,703)
Depreciable assets	47,186	107,289
	<u>(176,228)</u>	<u>(223,414)</u>
5. We have been informed that Current Assets Loans and Advances other than doubtful have the value at which they are stated in the Balance sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.		
6. Balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.		
7. Auditor's Remuneration include towards		
	Current Year	Previous Year
Statutory Audit	65,000	62,500
Tax Audit	10,000	10,000
Taxation & Other Services	32,000	38,000
Internal Audit	122,000	108,000



## MUNOTH FINANCIAL SERVICES LIMITED

8. Contingent Liability  
Contingent liabilities comprise Bank Gurantees amounting to Rs. 150.00 Lacs provided to Stock Exchanges. (Previous year - Rs. 213.50 Lacs).
- 9 a) Investment includes Rs. 1,75,56,107- being cost of shares not held in the name of the company (Prev. Year Rs. 1,75,56,107/-).  
b) The company has not made provision for a sum of Rs 2,21,18,170/- being fall in the market value of quoted investments. Such provision has not been made as the management perceives that the investments are of long term in nature and such diminution in value is temporary. The Current value of unquoted investments cannot be ascertained in the absence of availability of latest financial results.
- 10 The company has received a letter from RBI exempting it from Registration as a Non Banking Financial Company as it is already registered as stock broker with SEBI.
- 11 Bangalore branch transactions are consolidated in respective heads in Head office account
- 12 Loans and Advances includes Rs. Nil (Prev. Year Rs.NIL ) due from the company under the same management.
- 13 a) Sundry creditors includes:
- |   | Current Year |     |
|---|--------------|-----|
| Amount due to Directors                           | NIL          | NIL |
| Amount due to Companies under same management     | NIL          | NIL |
| Amounts due to Small Scale Industrial Undertaking | NIL          | NIL |
- b) Sundry debtors include :
- |   |     |     |
|---|-----|-----|
| Amount due from Directors                       | NIL | NIL |
| Amount due from companies under same management | NIL | NIL |
- 14 Managerial Remuneration
- |                                | Current Year<br>RS. | Previous Year<br>RS. |
|--------------------------------|---------------------|----------------------|
| Salaries & Perquisites         | 1,287,000           | 828,000              |
| Contribution to Provident fund | 52,944              | 52,941               |
15. Foreign Currency Transaction :
- |   |     |     |
|---|-----|-----|
| Earnings (yet to be realized)           | NIL | NIL |
| Expenditure<br>(towards Foreign Travel) | NIL | NIL |
16. Previous year figures have been regrouped and rearranged wherever necessary to conform to this year classification.

(Signatures to Schedules A to Q)

As per our report of even date attached.

**For MARDIA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg No. : 007888S

**(MANISH MARDIA)**

Proprietor  
M. No 205307

PLACE : CHENNAI  
DATE : 14-05-2011

**JASWANT MUNOTH**  
**BHARAT MUNOTH**  
Managing Directors

**LALCHAND MUNOTH**  
Chairman

**A.G. NANDINI**  
Company Secretary

**MUNOTH FINANCIAL SERVICES LIMITED****CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET PURSUANT TO CLAUSE 32  
OF THE LISTING AGREEMENT****(Rs.)**

	<b>As on 31.03.11</b>	<b>As on 31.03.10</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	(3,194,578)	(13,366,215)
Add: Financial expenses	2,065,546	1,753,476
Depreciation	857,358	1,113,405
Loss / Profit on sale of investments	(491,171)	(1,395,550)
Loss / Profit on sale of Fixed Assets	(85,849)	87,178
Loss on F & O Trading	1,928,667	(144,635)
Dividend received	(166,178)	(184,914)
Interest received	(896,681)	(815,419)
Miscellaneous expenses written off	-	-
	<u>3,211,692</u>	<u>413,542</u>
Operating profit before working cap adjustments	<u>17,115</u>	<u>929,615</u>
Decrease / Increase in Debtors	162,973	2,955,147
Decrease / Increase in Loans & Advances	128,733	286,871
Decrease / Increase in Current Liabilities	(3,729,991)	(7,368,808)
	<u>(3,438,284)</u>	<u>(4,126,790)</u>
Cash generated from operations	<u>(3,421,170)</u>	<u>(3,197,175)</u>
Financial expenses	(2,065,546)	(1,753,476)
Profit on F & O Trading	(1,928,667)	144,635
Cash from operating activities	<u>(7,415,383)</u>	<u>(4,806,016)</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase in Bank deposits	(408,343)	(314,721)
Sale of Investments	19,337,144	8,555,553
Purchase of Investments	(16,385,867)	(6,400,609)
Sale of Assets	172,000	57,000
Purchase of Assets	(618,595)	(506,250)
Interest Received	896,681	815,419
Dividend Received	166,178	184,914
	<u>3,159,197</u>	<u>2,391,306</u>
	<u>(4,256,186)</u>	<u>(2,414,710)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Share Capital	-	-
Increase in Share Premium	-	-
Increase in Share Application	(15,000,000)	15,000,000
Increase in Bank Borrowing	1,874,673	119,271
Net increase in cash	<u>(13,125,327)</u>	<u>15,119,271</u>
Cash and Cash equivalents at the beginning of the year	20,419,967	7,715,406
Cash and Cash equivalents at the end of the year	3,038,454	20,419,967



## **MUNOTH FINANCIAL SERVICES LIMITED**

Notes :

1. The cashflow has been prepared under the Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash out flows.
3. Previous year's figures have been regrouped to confirm to current year's presentation.

For & on Behalf of Board

Place : Chennai  
Date : 14-05-2011

**BHARAT MUNOTH**  
MANAGING DIRECTOR

### **AUDITORS CERTIFICATE**

We have examined the above cash flow statement of M/s Munoth Financial Services Limited for the year ended March 31, 2011 . The above cash Flow Statement has been complied and is based on the audited accounts of Munoth Financial Services Limited for the year ended March 31 ,2011. According to the informations and explanations given, together with Notes thereon, the aforesaid Cash Flow Statement has been prepared pursuant to clause 32 of the Listing Agreement with Stock Exchanges and the reallocations required for the same are as made by the company.

For **MARDIA & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg No. : 007888S

Place : Chennai  
Date : 14-05-2011

**(MANISH MARDIA)**  
Proprietor  
M. No 205307



## MUNOTH FINANCIAL SERVICES LIMITED

### BALANCESHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE OF VI TO THE COMPANIES ACT, 1956.

1. Registration	Registration No.	State Code
	19,836	18
	Balance Sheet date	
	31.03.2011	
II. Capital raised during the year (Amount in Rs. Thousands)	Public Issue	Right Issue
	-	-
	Bonus Issue	Private Placement
	-	-
III. Capital raised during the year (Amount in Rs. Thousands)	Total Liabilities	Total Assets
	97,463	97,463
Source of Funds	Paid up Capital	Reserves & Surplus
	51,612	32,264
	Secured Loans	Unsecured Loans
	13,410	-
	Deferred Tax Liability	
	176	
Application of Funds	Net Fixed Assets	Investments
	9,395	62,089
	Deferred Tax Assets	
	-	
	Net Current Assets	Misc. Expenditure
	29,526	-
	Accumulated Losses	
	-	
IV. Performance of Company (Amount in Rs. Thousands)	Total Income	Total Expenditure
	10,416	13,610
	+Profit(Loss) Before Tax	+Profit(Loss) After Tax
	(3,194)	(3,147)
	Earning per share in Rs.	Dividend Rate %
	(0.61)	-
V. Generic Name of the Principal Products/ services of Company (as per monetary terms) Item Code No. (ITC Code) Product Description		NOT APPLICABLE NOT APPLICABLE

## MUNOTH FINANCIAL SERVICES LIMITED

Regd. Off: 3rd Floor, Suite No. 46 & 47, Munoth Centre, 3rd Floor,  
343, Triplicane High Road, Triplicane, Chennai - 600 005.

### PROXY FORM

Reg. Folio No. .... No. of Shares.....

DPID : Client ID .....

I/We ..... of .....

In the district of ..... being a member/members .....

of the above name Company hereby appoint ..... of

in the district of ..... or falling him

..... of ..... in the district of

..... as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Tuesday 23rd August, 2011 at 11.00 A.M. at Nahar Hall, (SouthIndia Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47 Whites Road, Royapettah, Chennai - 600 014. and at any adjournment thereof.

Signed this ..... day of ..... 2011.

Affix 1 Re  
Revenue  
Stamp

Signature .....

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

----- T E A R   H E R E -----

## MUNOTH FINANCIAL SERVICES LIMITED

Regd. Off: 3rd Floor, Suite No. 46 & 47, Munoth Centre, 3rd Floor,  
343, Triplicane High Road, Triplicane, Chennai - 600 005.

### ATTENDANCE SLIP

#### 20<sup>th</sup> ANNUAL GENERAL MEETING

Reg. Folio No. .... No. of Shares.....

DPID : Client ID .....

I certify that I am the registered share holder/Proxy for the registered shareholder of the Company. I hereby record my presence at the Twentieth Annual General Meeting of the Company held on Tuesday 23rd August, 2011 at 11.00 A.M. at Nahar Hall, (South India Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47 Whites Road, Royapettah, Chennai - 600 014.

Members / Proxy's Name in Block Letters    Member's / Proxy Signature

Address:

- Note
1. Only members or their proxies are allowed to attend the meeting. Memebers are requested to produce the above attendance slip duly filled in the signed in accordance with their speciman signature registered with Company for admission to the meeting hall.
  2. Members/Proxy holders, desiring to attend the meeting should bring their copy of the Annual Report for reference at the Meeting.
  3. No Gifts will be distributed at the Annual General Meeting.