



## **MUNOTH FINANCIAL SERVICES LIMITED**

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### **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.



## **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 Nineteenth Annual General Meeting of the Company will be held on, Thursday 12th August, 2010 at 10.45 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, 2010 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. Ajit Kumbhat 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 Mr. Mah Sau Cheong 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.

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

Chennai  
May 21, 2010

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

#### **NOTES:**

##### **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 10th August 2010 To 12th August 2010 (Both days Inclusive)

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

The Shareholders are requested to intimate the change, if any, in their Registered Address, to



## **MUNOTH FINANCIAL SERVICES LIMITED**

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

### DIRECTORS' REPORT

#### To The Members

Your Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts for the year ended March 31, 2010.

#### FINANCIAL RESULTS:

Particulars	2009-2010 Rs.in Lacs	2008-2009 Rs. in Lacs
Total Income	129.31	79.50
Gross Profit/(Loss)	16.29	(121.24)
Less : Depreciation	11.13	12.42
Profit /(Loss)before Tax	5.16	(133.66)
Provision for Tax	(1.07)	0.20
Profit after Tax	6.23	(133.46)
Balance brought forward from Previous Year	145.38	278.84
Balance carried forward	151.61	145.38

#### OPERATIONAL REVIEW:

Indian equity markets witnessed a revival in the secondary market segment, which had recorded a sharp decline in the wake of the global financial crisis during the later half of 2008 . The secondary market staged a handsome recovery in 2009 following stimulus measures implemented by the Government and resurgence of foreign portfolio flows displaying renewed interest by foreign investors. The subdued global commodity prices in the beginning of 2009 also lifted the sentiments in the Indian capital market. Furthermore, election results announced in May 2009 removed uncertainty on economic policies and as such boosted Indian equity markets and both benchmark and sectoral indices rallied. The equity markets gained further till September 2009 on positive cues from the global markets, before declining during October 2009. Market sentiments improved during November-December 2009, leading to gains in equity prices and an uptrend in equity market indices. Against the backdrop of these trends in Indian equity markets, the regulatory measures initiated during the year were clearly in the direction of introducing greater transparency, protecting investors' interests and improving efficiency in the working of Indian equity markets, while also ensuring the soundness and stability of the Indian capital market. Turnover in the spot and derivatives segment on the NSE recorded an increase of 19.6 per cent and 33.6 per cent respectively in 2009.

#### STOCK BROKING:

The broking turnover of the company in the capital market segment for the year ended March 31st 2010 is at Rs. 445.04 Crores (Last year Rs. 433.50 Crores) and derivative segment is at Rs. 1154.95 Crores (Last year Rs.495.04 Crores). The income from Stock broking operation has increased to Rs.86.36 Lakhs in the current year as against Rs. 53.50 Lakhs in the previous year. The Company also provides institutional broking business.

#### MERCHANT BANKING OPERATIONS:

The Company managed business pertaining to FBT certification of SanDisk Corporation.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **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.

### **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 have decided not to recommend any dividend with a view to conserve resources.

### **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, 2010) 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.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **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. Ajit Kumbhat and Mr. Mah Sau Cheong 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.

### **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, having Firm Reg No. 007888S 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. 10(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  
for **MUNOTH FINANCIAL SERVICES LIMITED**

Chennai  
May 21, 2010

**LALCHAND MUNOTH**  
**CHAIRMAN**



## MUNOTH FINANCIAL SERVICES LIMITED

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-2010

(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 firmly believes that any meaningful policy on the Corporate Governance must create a mechanism of checks and balances which ensures that the decision making and the power to achieve them are used with care and responsibility to meet Shareholders aspirations. MFSL remains focused on pursuing a business that optimized long term stakeholder value.

##### 2. Board of Directors

###### (A) Composition of Board

The Board of directors have an optimum combination of executive and non-executive directors and the Chairman is the promoter of the Company. The Board consists of four Executive and four Non Executive Directors and all the four non executive directors are independent.

###### (B) Non executive directors' compensation and disclosures

Non Executive Independent Directors are paid sitting fees for every meeting of the Board attended by them and it is within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government.

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

###### (C) Other provisions as to Board and Committees

###### (i) Board Procedures

During the year 2009-10, the board of directors met eight times on the following dates April 30, 2009, June 30, 2009, July 31, 2009, August 31, 2009, October 29, 2009, January 29, 2010, February 11, 2010 and March 26, 2010 and the dates of the meetings were decided well in advance.

###### (ii) 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. In addition to items which are required to be placed before the board, information is also provided for the periodic review on various items, such as :

- Quarterly results for the company
- Operations of the Company and its financial performance
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment of financial head and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important by or against the Company



## MUNOTH FINANCIAL SERVICES LIMITED

- All Compliance reports and Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as delay in share transfer etc.
- Any material default in financial obligations to and by the company, or substantial nonpayment of dues to the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Donations and other significant matters.
- Significant labour matters and human resource issue.
- Sale of material nature, of investments, assets, which is not in normal course of business.

**(iii) Details of attendance and 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)	7	yes	1	2	1
Mr. Jaswant Munoth (Managing Director)	7	yes	1	2	1
Mr. Bharat Munoth ( Managing Director)	8	yes	1	2	-
Mr. Vikas Munoth	8	yes	-	1	-
Mr. Mah Sau Cheong	-	No	-	-	-
Tansri Rajandram	1	No	-	-	-
Mr. M Jayantilal Jain*	5	yes	1		2
Mr. Ajit Kumbhat	8	yes	1	1	
Mr. V Sankaran*	3	Yes	3	-	2

**Explanation:**

- a. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies are included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act are excluded.





## **MUNOTH FINANCIAL SERVICES LIMITED**

- b. For the purpose of reckoning the limit under this sub-clause, Chairmanship/ membership of the Audit Committee and the Shareholders' Grievance Committee alone are considered.
- c. \*At the last Annual General Meeting held on August 31, 2009 Mr. V Sankaran, an independent director retired and Mr. M Jayantilal Jain who was appointed as Additional Director by the Board of Directors on July 31, 2009 was appointed as the Director of the Company liable to retire by rotation. .

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

Mr. Ajit Kumbhat, is a Practising Chartered Accountant with more than 30 years experience in finance and taxation. He is the partner of M/s. Kumbhat & Co, Chartered Accountants, Chennai. He is a director of M/s. Kumbhat Financial Services Limited; a company specializes in financial services, M/s. Kumbhat Electricals Pvt. Ltd., M/s. Litaski Electricals Pvt. Ltd. and M/s. Vasadi Properties Pvt. Ltd. He is also well known person in sports field and holds various positions in different governing bodies.

Mr. Mah Sau Cheong is the owner of the South Malaysian Industries Group with interest in Real Estate, Entertainment, Stock Broking and Insurance.

### **(D) 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.

### **(E) 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:**

### **i. 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 focused 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.

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.



## MUNOTH FINANCIAL SERVICES LIMITED

### ii. 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 2009-10, the audit committee met four times on June 29, 2009, July 30, 2009, October 15, 2009 and January 28, 2010. 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. V Sankaran*	Member	2
Mr. M Jayantilal Jain*	Member	2
Mr. Mah Sau Cheong	Member	Nil

\*Mr. V Sankaran, retired from the Board on August 31, 2009 and Mr. M Jayantilal Jain was elected as the Member of the Audit Committee on the Board Meeting held on August 31, 2009.

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

### 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 for the financial year 2009-10 .

#### Remuneration Policy

##### Non-Executive Independent Directors:

Non Executive Independent Directors are paid sitting fees for every meeting of the Board attended by them and it is within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government

##### Executive Directors

The remuneration paid to Managing Director for the year ended 31.03.2010 is as follows:

	Rs.
Salaries and Perks	8,28,000
Total	<u>8,28,000</u>



## MUNOTH FINANCIAL SERVICES LIMITED

### 5. Shareholders / Investor Grievance Committee:

#### Composition of the Committee

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, 2010.

#### Meetings, attendance and topics discussed

During the year, the committee met five times on April 30, 2009, July 30, 2009; October 15, 2009. November 16, 2009 and January 28, 2010 to review the status of investors' services rendered.

Name of the Director	No of Meetings attended:
Mr. V Sankaran*	2
Mr. M Jayantilal Jain*	3
Mr. Ajit Kumbhat	5
Mr. Jaswant Munoth	5
Tansri Rajandram	Nil

\*Mr. V Sankaran, retired from the Board on August 31, 2009 and Mr. M Jayantilal Jain was elected as the Member of the Committee on the Board Meeting held on August 31, 2009.

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 audits

### 6. General Body meetings:

- i. Location and time, where last three AGMs held.

Year	Location	Date	Time
2006-2007	Nahar Hall Desabandhu Plaza, I Floor 47, Whites Road, Royapettah, Chennai - 600 014.	27 <sup>th</sup> August 2007	10.40 A M



## MUNOTH FINANCIAL SERVICES LIMITED

2007-2008	Nahar Hall Desabandhu Plaza, I Floor, 47, Whites Road, Royapettah, Chennai - 600 014.	22 <sup>nd</sup> August 2008	10.15 A M
2008-2009	Nahar Hall Desabandhu Plaza, I Floor 47, Whites Road, Royapettah, Chennai - 600 014	31 <sup>st</sup> August 2009	10.15 A M

- ii. special resolutions passed in the previous 3 AGMs

There were two special resolutions passed in the Annual General Meeting held on 22<sup>nd</sup> August 2008.

- \* Reappointment of Mr. Jaswant Munoth as Managing Director of the Company.
- \* Reappointment of Mr. Bharat Munoth as Managing Director of the Company.

- iii. postal ballot

During the year ended 31 March 2010, 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:

- i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.

NIL

- ii. Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

NIL

- iii. 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.
- iv. The Company has complied with the mandatory requirements of revised Clause 49 of the Listing Agreement. The non mandatory requirements adopted by the Company are separately given in the annual report.

### 8. Means of communication:

- i. Quarterly results                      Quarterly results are published within the time stipulated under the Listing Agreement. MFSL does not send half yearly report to each household of the shareholders
- ii. Newspapers wherein results normally published              Trinity Mirror and Makkal Kural (Tamil Daily)



## MUNOTH FINANCIAL SERVICES LIMITED

- iii. website of the Company      www.munothfinancial.com
- iv. Whether it also displays      Yes  
official news releases and  
presentations made to  
institutional investors/  
Analysis
- v. Whether Management      Yes  
Discussion & Analysis  
(MD & A) report is a part of  
Annual Report:
- vi. Whether shareholder      Yes  
information Section  
forms part of the  
Annual Report

### 9. General Shareholder information:

i	Annual General Meeting:	Thursday 12th August, 2010 at 10.45 A.M. at Nahar Hall, Desabandhu Plaza, I Floor, 47, Whites Road, Royapettah, Chennai - 600 014.		
ii	Financial Calendar	First Quarter Results      :    July Second Quarter Results    :    October Third Quarter Results      :    January Annual Results                :    Within 60 days of the end of the financial year		
iii	Dates of Book Closure:	10th August, 2010 to 12th August, 2010		
iv	Dividend Payment Date:	Not applicable		
v	Listing on Stock exchanges and Stock Code	<u>Name</u> The Stock Exchange, Mumbai	<u>Address</u> P.J Towers Dalal Street, Mumbai – 400 023.	<u>Stock Code</u> 531821
		Madras Stock Exchange Limited	Exchange Building, PO Box No. 183 11, Second Line Beach, Chennai – 600 001.	MNFS
		Listing fees to all the stock exchanges for the financial year 2009-2010 has been paid.		
vi	International Securities Identification Number (ISIN)	INE348D01019      (CDSL & NSDL)		



## MUNOTH FINANCIAL SERVICES LIMITED

vii Market Price Data: High, Low during each month in last financial year

Month	High	Low Price
9-Apr	5.7	4.57
9-May	5.52	3.25
9-Jun	4.12	3.75
9-Jul	4.32	4.32
9-Aug	4.98	4.53
9-Sep	5.48	5.22
9-Oct	5.75	5.75
9-Nov	6.03	6.03
9-Dec	6.34	5.76
10-Jan	7.68	6.65
10-Feb	7.66	6.95
10-Mar	12.49	7.35

- viii Registrar and Transfer Agents Cameo Corporate Services Limited  
“Subramanian Building”  
1, Club House Road,  
Chennai – 600 002.
- ix Share Transfer System Trading in equity shares of the Company is permitted only in dematerialized form. Share transfers and transmission 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.
- x Dematerialization of shares and liquidity As on March 31, 2010, 77.61% of the total shares of the Company have been dematerialized.
- xi Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity There are no outstanding GDRs/ADRs/Warrants and convertible bonds as on March 31, 2010 and therefore there will be no impact on equity
- xii Plant Locations As MFSL is a service industry, there is no need for any plant set up
- xiii Address for correspondence The Company Secretary,  
Munoth Financial Services Limited,  
Suite No. 46& 47, Munoth Centre,  
343, Triplicane High Road,  
Chennai – 600 005.
- xiv Details on 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

### xv. Distribution of shareholding as on March 31 , 2010

Shareholding of nominal value of	Shareholders		Shareholding		
	Rs. [1]	Number [2]	% to Total Nos. [3]	In Rs. [4]	% to Total Amount [5]
10-5000		2460	96.9649	8766910	17.0718
5001-10000		35	1.3795	304190	0.5923
10001-20000		14	0.5518	219640	0.4277
20001-30000		4	0.1576	95260	0.1855
30001-40000		5	0.1970	172000	0.3349
40001-50000		3	0.1182	135000	0.2628
50001-100000		3	0.1182	235000	0.4576
100000 AND ABOVE		13	0.5124	41425000	80.6671
<b>TOTAL</b>		<b>2537</b>	<b>100.000</b>	<b>51353000</b>	<b>100.00</b>

### xvi Categories of shareholders as on March 31, 2010

	CATEGORY	No. of shares held	Percentage of shareholding
<b>A.</b>	<b>Promoter's holding</b>		
<b>1.</b>	<b>Promoters*</b>		
	Indian Promoters	<b>28,63,800</b>	<b>55.77</b>
	Foreign Promoters	<b>NIL</b>	<b>Nil</b>
<b>2.</b>	<b>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.</b>	<b>Non-Promoters Holding</b>		
<b>3.</b>	<b>Institutional Investors</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.</b>	<b>Other</b>		
a.	Private Corporate Bodies	<b>10,73,877</b>	<b>20.91</b>
b.	Indian Public	<b>9,72,623</b>	<b>18.94</b>
c.	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>



**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**

Chennai  
May 21, 2010

**LALCHAND MUNOTH**  
**CHAIRMAN**





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

### **Environment:**

The Indian economy has performed with remarkable stability in the last two years when most countries, with a few exceptions witnessed a period of economic instability and financial crisis on a scale never witnessed before. The Indian economy showed a GDP growth of 6.7% in the financial year 2008-09 and a further growth of 7.2% in 2009-10 when most countries were striving to get back on their feet with massive financial support from their Governments for their banking and financial sectors. The credit for our remarkable performance in these difficult years must go to the conservative and pragmatic policies followed by our economic and monetary authorities by taking appropriate measures to regulate and stimulate fiscal policies as required from time to time.

Measures to provide fiscal stimulus, enabled the corporate sector across the board to show improved Performance during 2009-10 over the previous financial year. This, in turn, has attracted large foreign capital.

The performance of the Company under the review has to be viewed against the background of the performance of the economy.

### **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:**

A growing economy needs investment to sustain its growth process. Such investments can be quickly and efficiently undertaken if investors have access to a well-developed financial market. Historically, banks have played the role of intermediaries matching savers with investors. However, the modern world of business requires a much more sophisticated level of intermediation. The Services Sector in India is expected to contribute at a faster pace to the overall economy in the future. This is likely to create a positive environment for the financial services industry in India. 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.

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

### **Risks & Concerns:**

Indian capital market is characterized by its high degree of volatility which has been instrumental in both creating and destroying the wealth of many investors. Considering global monetary concerns over rising interest rates amid high inflationary pressures, the market appears to be overheated at current valuations and market may take a modest beating in the near future. This may lead the investors to concentrate on long term investments.

Since the start of the current financial year.(2010-11),the BSE Sensex.has shown a declining trend from the level of 17500 as at 31 st March, 2010 partly due to similar trends in foreign markets. Though most authorities expect the GDP growth rate to improve to 8%-9%, it is difficult to predict the trend of the stock market during the rest of the year, partly due to the unpredictability of capital inflows or outflows.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **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

While the corporate sector should continue to benefit from, the higher growth rate, the ability to absorb the higher input costs across the board would depend on the ability of different industries to offset such higher costs through increased prices and cost-saving-measures. The availability of adequate liquidity of funds at reasonable rates of interest will also be important factors for the corporate sector considering the Government's own large requirement funds and also the requirements of the large infrastructure projects which the country badly needs. In addition, any adverse development abroad would also have an effect on our Stock Exchanges as we are not totally insulated from such events.

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

The Company has a proper and adequate system of internal controls to ensure that all activities are monitored and controlled against any unauthorized use or disposition of assets, and that the transactions are authorized, recorded and reported correctly. The Company also ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The audit committee of the Board of Directors reviews the adequacy of internal controls

### **Financial Review:**

During the year, the Company has recorded total revenue of Rs.129.31 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.

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

Chennai  
May 21, 2010

**LALCHAND MUNOTH**  
**CHAIRMAN**



## **MUNOTH FINANCIAL SERVICES LIMITED**

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### **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 2010 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 21, 2010  
Place : Chennai.

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### **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 2010 compliance with the code of conduct of the company laid down for them.

Date : May 21, 2010  
Place : Chennai.

**Jaswant Munoth**  
**Managing Director**

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## **MUNOTH FINANCIAL SERVICES LIMITED**

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### **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 2010 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 21, 2010  
Place : Chennai.

**Jaswant Munoth**  
**Managing Director**

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## 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 2010 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 2010 and taken on record by Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2010 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.2,24,11,007/- 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 2010
  - (ii) In the case of the Profit and Loss Account, of the PROFIT of the company for the year ended 31<sup>st</sup> March 2010
  - (iii) In the case of the Cash Flow Statement of the cash flows for the year ended 31<sup>st</sup> March 2010

**For MARDIA & ASSOCIATES**

Chartered Accountants

Reg No. : 077888S

**MANISH MARDIA**

(Proprietor)

Membership No: 205307

Place : Chennai

Date : 21.05.2010



## 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 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 and it has not incurred cash losses in the current financial year. **[However the company has incurred cash losses during 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 of



## **MUNOTH FINANCIAL SERVICES LIMITED**

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 tem 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. : 077888S

**MANISH MARDIA**

(Proprietor)

Membership No: 205307

Place : Chennai  
Date : 21.05.2010



**MUNOTH FINANCIAL SERVICES LIMITED**

**BALANCE SHEET AS ON 31.03.2010**

	SCH	As at 31.03.2010 Rs.	As at 31.03.2009 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'	35,411,447	34,788,085
Share Application Money		15,000,000	-
		<u>102,023,947</u>	<u>86,400,585</u>
<b><u>LOAN FUNDS</u></b>			
Secured Loans	C'	11,536,175	11,416,904
DEFERRED TAX LIABILITY		223,414	330,703
	<b>TOTAL</b>	<u>113,783,537</u>	<u>98,148,192</u>
<b>II. APPLICATION OF FUNDS</b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	D'	25,945,644	26,198,894
Less: Depreciation Reserve		<u>16,255,677</u>	<u>15,727,594</u>
Net Block		<u>9,719,967</u>	<u>10,471,300</u>
<b><u>INVESTMENTS</u></b>			
	E'	64,549,753	65,309,148
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Current Assets	F'	34,057,904	23,993,769
Loans & Advances	G'	12,733,413	13,020,284
		<u>46,791,317</u>	<u>37,014,053</u>
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISION</u></b>			
Current Liabilities	H'	<u>7,277,500</u>	<u>14,646,308</u>
Net Current Assets		<u>39,513,817</u>	<u>22,367,744</u>
	<b>TOTAL</b>	<u>113,783,537</u>	<u>98,148,192</u>
Notes on Accounts & Significant Accounting Policies	P'		

The Schedules A-P 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 : MAY 21, 2010

**A.G. NANDINI**  
Company Secretary





**MUNOTH FINANCIAL SERVICES LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

	SCH	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
<b><u>Income :</u></b>			
Income from Operations	I'	11,734,044	6,612,611
Interest Income	J'	815,419	1,103,937
Other Income	K'	381,422	233,829
	<b>TOTAL</b>	<b>12,930,885</b>	<b>7,950,377</b>
<b><u>Expenditure :</u></b>			
Financial Expenses	L'	1,753,476	1,790,607
Staff Cost	M'	4,764,554	4,714,437
Administrative & Other Expenses	N'	4,783,376	5,117,715
Loss on Sale of Investments, Derivatives & Commodities		-	8,416,658
Provisions & write off	O'	-	34,716
	<b>TOTAL</b>	<b>11,301,406</b>	<b>20,074,133</b>
Profit before depreciation & tax		1,629,479	(12,123,755)
Less: Depreciation		1,113,405	1,242,460
Profit before tax		516,074	(13,366,215)
Less: Provision for Taxation -Income Tax		-	-
-Fringe Benefit Tax		-	80,182
-Deferred Tax		(107,288)	(100,250)
Profit after tax		623,362	(13,346,147)
Balance B/f. from Previous Year		14,538,085	27,884,232
Profit available for appropriation	<b>TOTAL</b>	<b>15,161,447</b>	<b>14,538,085</b>
<b><u>Appropriation :</u></b>			
Transfer to General Reserve		-	-
Surplus Carried Forward		15,161,447	14,538,085
	<b>TOTAL</b>	<b>15,161,447</b>	<b>14,538,085</b>
Earnings per share (Basic & Diluted)		0.12	(2.60)

Notes on Accounts & Significant Accounting

Policies 'P'

The Schedules A-P 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 : MAY 21, 2010

**A.G. NANDINI**  
Company Secretary



## MUNOTH FINANCIAL SERVICES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2010

	<u>As on 31.03.2010</u>	<u>As on 31.03.2009</u>
	Rs.	Rs.
<b>SCHEDULE 'A' SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>100,000,000.00</u>	<u>100,000,000.00</u>
Issued, Subscribed & Paid up capital 51,35,300 (52,26,000) Equity Shares of Rs. 10/- each	<b>51,353,000</b>	51,353,000
(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.)		
Add:Forfeited Shares	<u>259,500</u>	<u>259,500</u>
<b>Total</b>	<b><u>51,612,500</u></b>	<b><u>51,612,500</u></b>
<b>SCHEDULE 'B' RESERVES &amp; SURPLUS</b>		
Share Premium A/C	<b>20,250,000</b>	20,250,000
Profit & Loss Account	<u>15,161,447</u>	<u>14,538,085</u>
<b>Total</b>	<b><u>35,411,447</u></b>	<b><u>34,788,085</u></b>
<b>SCHEDULE 'C' SECURED LOANS</b>		
Overdraft from Banks	<b>11,536,175</b>	11,416,904
( Secured Against Property with Federal Bank Ltd)		
<b>Total</b>	<b><u>11,536,175</u></b>	<b><u>11,416,904</u></b>
<b>SCHEDULE 'F' CURRENT ASSETS</b>		
Cash in Hand	<b>273,996</b>	217,144
Balances with Schedule Banks:-		
In Current Accounts	<b>20,145,971</b>	7,498,262
In Other Bank Deposits	<b>11,577,801</b>	11,047,075
Accrued Interest on Deposits	<b>276,798</b>	492,803
Sundry Debtors:- (Unsecured - considered good)		
Debts outstanding for a period Exceeding Six Months	<b>983,324</b>	3,251,010
Others	<u>800,015</u>	<u>1,487,475</u>
<b>Total</b>	<b><u>34,057,904</u></b>	<b><u>23,993,769</u></b>



**MUNOTH FINANCIAL SERVICES LIMITED**

**Rs.**

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

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS ON 01/04/2009	ADDITION	DELETION	AS ON 31/03/2010	AS ON 01/04/2009	FOR THE YEAR	DEDUCTION ADJUSTMENT	UP TO 31/03/2010	AS ON 31/03/2009	AS ON 31/03/2010
MSE Membership Card	2,000,000	-	-	2,000,000	-	-	-	-	2,000,000	2,000,000
Motor Car	1,337,501	-	-	1,337,501	499,057	217,073	-	716,130	838,444	621,371
Computer	5,678,466	-	-	5,678,466	5,284,067	157,760	-	5,441,827	394,399	236,639
Software	4,462,550	-	-	4,462,550	3,938,209	209,736	-	4,147,945	524,341	314,605
Airconditioner	1,227,041	506,250	759,500	973,791	893,183	82,287	615,322	360,148	333,858	613,643
Furniture & Fixtures	4,320,821	-	-	4,320,821	2,802,604	274,797	-	3,077,401	1,518,217	1,243,420
Land	2,479,430	-	-	2,479,430	-	-	-	-	2,479,430	2,479,430
Building	3,342,043	-	-	3,342,043	1,550,021	89,601	-	1,639,622	1,792,022	1,702,421
Music System	26,556	-	-	26,556	21,444	711	-	22,155	5,112	4,401
Fire Alarm	139,004	-	-	139,004	112,243	3,722	-	115,965	26,761	23,039
Office Equipments	919,288	-	-	919,288	433,634	67,554	-	501,188	485,654	418,100
Office Equipment Access Control	57,624	-	-	57,624	24,717	4,577	-	29,294	32,907	28,330
Electrical Fittings	208,570	-	-	208,570	168,415	5,586	-	174,001	40,155	34,569
<b>Total</b>	<b>26,198,894</b>	<b>506,250</b>	<b>759,500</b>	<b>25,945,644</b>	<b>15,727,594</b>	<b>1,113,405</b>	<b>615,322</b>	<b>16,225,677</b>	<b>10,471,300</b>	<b>9,719,967</b>
As on 31.03.2009	23,519,411	2,679,483	-	26,198,894	14,485,134	1,242,460	-	15,727,594	9,034,277	10,471,300



## MUNOTH FINANCIAL SERVICES LIMITED

<b>SCHEDULE : E-INVESTMENTS</b> ( Listed & Quoted Investments)	<b>AS ON 31.03.2010</b>		<b>AS ON 31.03.2009</b>	
	<b>QTY</b>	<b>AMT.IN Rs.</b>	<b>QTY</b>	<b>AMT.IN Rs.</b>
<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	<b>791200</b>	<b>15877675</b>	791200	15877675
<b><u>UN QUOTED</u></b>				
South India Chemicals & Leasing P Ltd	<b>7500</b>	<b>2,400,000.00</b>	7500	1,500,000.00
Shankeswar Finance & Investments P Ltd	<b>20000</b>	<b>2,000,000.00</b>	20000	2,000,000.00
Jaswant Estates P Ltd	<b>5000</b>	<b>500,000.00</b>	5000	500,000.00
Munoth Neg Windfarm P Ltd	<b>133700</b>	<b>362,932.00</b>	129700	322,932.00
Munoth Industries Limited	<b>450000</b>	<b>4,500,000.00</b>	450000	4,500,000.00
		<b><u>25,640,607.00</u></b>		<b><u>24,700,607.00</u></b>
<b><u>B) Others</u></b>				
<b>(i) Quoted</b>				
# Bafna Spinning	<b>500</b>	<b>2,900.00</b>	500	2,900.00
# Bonanza Pharma	<b>100</b>	<b>775.00</b>	100	775.00
# Oswal Chemicals	<b>50</b>	<b>12,636.00</b>	50	12,636.00
# Siris Ltd	<b>200</b>	<b>16,846.00</b>	200	16,846.00
Agritech India	<b>2140</b>	<b>2,140.00</b>	2140	2,140.00
ALEMBIC CHEMICALS	<b>11000</b>	<b>1,046,129.00</b>	11000	1,046,129.00
Antartica Ltd	<b>1000</b>	<b>2,368.70</b>	1000	2,368.70
Arihant Constyn	<b>150</b>	<b>600.00</b>	150	600.00
ATV Projects	<b>300</b>	<b>5,100.00</b>	300	5,100.00
B H E L	<b>500</b>	<b>1,195,959.91</b>	1000	1,353,221.49
Bajaj Auto	<b>100</b>	<b>180,881.62</b>	100	56,406.36
Bajaj Finserv Ltd	<b>100</b>	<b>54,619.73</b>	100	54,619.73
BAJAJ Holding and Investment Ltd	<b>100</b>	<b>144,206.30</b>	100	144,206.30
Bhirwani Denim	<b>200</b>	<b>1,250.00</b>	200	1,250.00
Biofil Chemical	<b>1000</b>	<b>1,000.00</b>	1000	1,000.00
Blue Bend Petro	<b>350</b>	<b>1,050.00</b>	350	1,050.00
Brigade Enterprises Ltd	<b>1000</b>	<b>406,344.00</b>	1000	406,344.00
BTW Industries	<b>100</b>	<b>300.00</b>	100	300.00
Cable Corporation	<b>1000</b>	<b>1,500.00</b>	1000	1,500.00
Celebrity Fashions	<b>1873</b>	<b>256,099.49</b>	1873	256,099.49
Computer Power	<b>184000</b>	<b>65,900.00</b>	184000	65,900.00



## MUNOTH FINANCIAL SERVICES LIMITED

### SCHEDULE : E-INVESTMENTS

	AS ON 31.03.2010		AS ON 31.03.2009	
	QTY	AMT.IN Rs.	QTY	AMT.IN Rs.
Concert Spices	100	300.00	100	300.00
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	1,253,287.53
DSQ Biotech Ltd	170	23,800.00	170	23,800.00
Dynavision	200	650.00	200	650.00
Essar Steel	114	32,940.00	114	32,940.00
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	28,453.09
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
LIC Housing Finance	0	-	1000	377,194.50
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



## MUNOTH FINANCIAL SERVICES LIMITED

<b>SCHEDULE : E-INVESTMENTS</b>	<b>AS ON 31.03.2010</b>		<b>AS ON 31.03.2009</b>	
	<b>QTY</b>	<b>AMT.IN Rs.</b>	<b>QTY</b>	<b>AMT.IN Rs.</b>
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
Oswal Agro	350	546.43	300	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	2000	450,973.00
Rishab Financial Services Ltd	18000	448,740.00	18000	448,740.00
RNRL	20000	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	65	786.50
Silverline Animation technologies ltd	2	196.50	0	-
Spice Jet	20000	1,293,294.29	20000	1,293,294.29
State Bank of India	13	14,046.58	13	18,320.47
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	20000	968,650.00
Surya Pharma ltd	0	-	400	41,506.00
Tata Motors	0	-	1602	1,178,148.47
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



## MUNOTH FINANCIAL SERVICES LIMITED

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
		<u>20,709,348.19</u>		<u>22,908,742.64</u>

### **(ii) UNQUOTED**

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	14679	176,748.00
India Mobile Network P Ltd	50000	500,000.00	-	-
MSE Financial Services Ltd	13479	161,748.00	-	-
		<u>18,199,798.00</u>		<u>17,699,798.00</u>
GRAND TOTAL		<u>64,549,753.19</u>		<u>65,309,147.64</u>

\* 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

COST	36,587,023
MARKET VALUE	14,176,016

**MUNOTH FINANCIAL SERVICES LIMITED**

	<u>As on 31.3.2010</u>	<u>As on 31.3.2009</u>
	Rs.	Rs.
<b>SCHEDULE 'G' LOANS &amp; ADVANCES</b>		
(considered good unless otherwise stated)		
Advance Income Tax	-	100,000
Advance Fringe Benefit Tax	-	79,458
Tax Deducted at Sources	155,811	217,048
Deposits	7,948,473	7,848,473
Income - Tax Refund Due	2,217,506	1,900,458
Prepaid Expenses	1,016,511	1,368,380
Share application Money	-	540,000
Other Receivables	1,395,112	966,467
<b>Total</b>	<u>12,733,413</u>	<u>13,020,284</u>
<b>SCHEDULE 'H'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Trade Creditors	1,824,592	1,777,893
Sundry Creditors	4,572,314	11,804,827
Outstanding Expenses & Other Liabilities	880,594	983,406
Provision for Fringe Benefit Tax	-	80,182
<b>Total</b>	<u>7,277,500</u>	<u>14,646,308</u>
<b>SCHEDULE 'I' - INCOME FROM OPERATIONS :</b>		
Brokerage and other charges	8,635,574	5,350,068
Merchant Banking Income	500,000	-
Income from DP operations	962,333	972,056
PMS/Consultancy fees received	240,587	290,488
Profit on Sale Of Shares	1,395,550	-
<b>Total</b>	<u>11,734,044</u>	<u>6,612,612</u>
<b>SCHEDULE 'J' - INTEREST INCOME:</b>		
Interest - Bank	815,419	1,103,937
<b>Total</b>	<u>815,419</u>	<u>1,103,937</u>





## MUNOTH FINANCIAL SERVICES LIMITED

	<u>As on 31.3.2010</u>	<u>As on 31.3.2009</u>
	Rs.	Rs.
<b>SCHEDULE 'K' - OTHER INCOME :</b>		
Dividend	184,914	214,483
Miscellaneous income	36,971	19,345
Bad Debts Recovery	14,903	-
Profit On F & O Trading/Intraday	144,635	-
<b>Total</b>	<u>381,422</u>	<u>233,829</u>
<b>SCHEDULE 'L' - FINANCIAL EXPENSES</b>		
Interest Payments	1,355,501	1,491,495
Bank charges	89,479	15,598
Bank Guarantee Charges	308,495	283,515
<b>Total</b>	<u>1,753,476</u>	<u>1,790,607</u>
<b>SCHEDULE 'M' - STAFF COST</b>		
Salaries and allowances	3,424,674	2,494,612
Bonus	74,124	64,825
Directors Sitting Fees	40,000	60,000
Managerial Remuneration	828,000	1,500,000
ESI Contribution	47,150	41,413
EPF Contribution	225,957	275,244
Labour Fund Contribution	270	240
Staff welfare Expenses	124,379	278,103
<b>Total</b>	<u>4,764,554</u>	<u>4,714,437</u>
<b>SCHEDULE 'N' - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement expenses	68,803	19,906
Annual Fees & Subscription	759,673	702,157
Annual Listing charges (MFSL)	36,000	36,000
Auditor's Remuneration	196,500	188,000
Books & Periodicals	20,575	18,703
Business Promotion	165,233	226,361
CDSL expenses	31,359	19,121
Director's travelling	-	339,793
Donation	50,000	8,000
DP Marketing Expenses	-	158,088



## MUNOTH FINANCIAL SERVICES LIMITED

	<u>As on 31.3.2010</u>	<u>As on 31.3.2009</u>
	Rs.	Rs.
Electricity Charges	512,179	435,913
Exgratia	-	49,496
Fringe Benefit Tax	-	16,567
General Expenses	118,194	214,535
Gratuity	33,512	33,512
Insurance	60,733	45,105
Lease Line Charges	15,562	203,560
Loss On Sale Of Fixed Asset	87,178	-
NSDL Transaction Charges	131,278	210,659
Postage, Courier & telegram	112,654	122,448
Printing and Stationery	165,758	139,367
Professional fees	102,333	29,662
Professional Tax	2,190	1,620
Property Taxes	13,015	26,030
Registration Expenses	390,764	294,181
Rent, rates & taxes	24,575	27,448
Repairs and Maintenance	627,860	627,151
SEBI turnover charges	18,629	20,202
SEBI Administration charges	50,000	
Service Tax	140,462	129,485
Share transfer expenses	42,764	38,860
Stamp charges	44,275	21,607
Telephone Charges	248,665	253,293
Transaction charges - Equity and F&O	381,246	255,576
Travelling & conveyance	117,085	190,990
Water Sewage Tax	14,320	14,320
<b>Total</b>	<u>4,783,376</u>	<u>5,117,715</u>
<b>SCHEDULE 'O' - PROVISIONS &amp; WRITE OFF</b>		
Bad Debts written off	-	34,716
<b>Total</b>	<u>-</u>	<u>34,716</u>



**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 on 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



## MUNOTH FINANCIAL SERVICES LIMITED

- e) Shankeswar Finance & Investments (P) Ltd
- f) Jaswant Estates (P) Ltd
- g) Munoth Negwind Farm (P) Ltd

( 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	NIL
b) Sale of Investments	2,400,000	NIL
c) Rendering of services	232,975	NIL
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	828,000	1,500,000
b) Incentive Paid	142,407	147,726
c) Rendering of services	87,585	-
d) Rental Deposit Outstanding	-	(285,086)
e) Share Application Money Received	15,000,000	-

4. Break up of Deferred Tax Liability as on 31-03-2010 is as follows:

	Rs.	Rs.
Timing difference on Depreciation		
Opening Balance	(330,703)	(430,953)
Depreciable assets	107,289	100,250
	<u>(223,414)</u>	<u>(330,703)</u>

5. The Company has since refunded the Share Application money of Rs.1.5 Crs on 04.04.2010 due to pending completion of formalities with regards to issue of share on preferential allotment basis.
6. 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.



## MUNOTH FINANCIAL SERVICES LIMITED

7. Balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.

8. Auditor's Remuneration include towards

	<b>Current Year</b>	Previous Year
Statutory Audit	<b>60,000</b>	60,000
Tax Audit	<b>10,000</b>	7,500
Taxation & Other Services	<b>40,500</b>	5,000
Internal Audit	<b>1,08,000</b>	1,08,000

9. Contingent Liability

Contingent liabilities comprise Bank Gurantees amounting to Rs. 213.50 Lacs provided to Stock Exchanges. (Previous year - Rs. 213.50 Lacs).

10 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 2,24,11,007/- 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.

11 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.

12 Bangalore branch transactions are consolidated in respective heads in Head office account.

13 Loans and Advances includes Rs. Nil (Prev. Year Rs.NIL ) due from the company under the same management.

14 a) Sundry creditors includes:	<b>Current Year</b>	Previous Year
Amount due to Directors	<b>NIL</b>	NIL
Amount due to Companies under same management	<b>NIL</b>	NIL
Amounts due to Small Scale Industrial Undertaking	<b>NIL</b>	NIL

b) Sundry debtors include :

Amount due from Directors	<b>NIL</b>	NIL
Amount due from companies under same management	<b>NIL</b>	NIL

15 Managerial Remuneration	<b>Current Year Rs.</b>	Previous Year Rs.
Salaries & Perquisites	<b>828,000</b>	1,500,000
Contribution to Provident fund	<b>52,941</b>	105,876



**MUNOTH FINANCIAL SERVICES LIMITED**

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16. Foreign Currency Transaction :	<b>Rs.</b>	<b>Rs.</b>
Earnings (yet to be realized)	<b>NIL</b>	<b>NIL</b>
Expenditure (towards Foreign Travel)	<b>NIL</b>	<b>339,793</b>

17. Previous year figures have been regrouped and rearranged wherever necessary to conform to this year classification.

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(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 : May 21, 2010

**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 31.03.10</b>	<b>As on 31.03.09</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	516,073.70	(13,366,215.16)
Add: Financial expenses	1,753,475.82	1,790,607.40
Depreciation	1,113,405.21	1,242,459.81
Loss / Profit on sale of investments	(1,395,549.92)	4,640,997.12
Loss / Profit on sale of Fixed Assets	87,178.00	-
Profit on F & O Trading	(144,634.76)	3,775,660.49
Dividend received	(184,913.78)	(214,483.40)
Interest received	(815,418.98)	(1,103,936.99)
Miscellaneous expenses written off	-	-
	<u>413,541.59</u>	-
Operating profit before working cap adjustments	<u>929,615.29</u>	<u>10,131,304.43</u> <u>(3,234,910.73)</u>
Decrease / Increase in Debtors	2,955,146.99	6,149,193.54
Decrease / Increase in Loans & Advances	286,871.11	6,510,410.51
Decrease / Increase in Current Liabilities	(7,368,808.29)	(4,126,790.19) (3,001,850.69) <u>9,657,753.36</u>
Cash generated from operations	<u>(3,197,174.90)</u>	6,422,842.63
Financial expenses	(1,753,475.82)	(1,790,607.40)
Profit on F & O Trading	<u>144,634.76</u>	<u>(3,775,660.49)</u> (5,566,267.89)
Cash from operating activities	<u>(4,806,016)</u>	(1,790,607.40) 856,574.74
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase in Bank deposits	(314,721.23)	(1,736,050.53)
Sale of Investments	8,555,552.93	10,363,926.76
Purchase of Investments	(6,400,608.70)	(14,803,714.95)
Sale of Assets	57,000.00	-
Purchase of Assets	(506,250.00)	(2,679,483.00)
Interest Received	815,418.98	1,103,936.99
Dividend Received	184,913.78	214,483.40
	<u>2,391,305.76</u>	<u>(7,536,901.33)</u>
	<u>(2,414,710)</u>	(1,790,607.40) (6,680,326.59)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Share Capital	-	-
Increase in Share Premium	-	-
Increase in Share Application	15,000,000.00	-
Increase in Bank Borrowing	119,271.22	15,119,271.22 9,852,479.93 <u>9,852,479.93</u>
Net increase in cash	<u>12,704,561.02</u>	<u>3,172,153.34</u>
Cash and Cash equivalents at the beginning of the year	7,715,405.97	4,543,252.63
Cash and Cash equivalents at the end of the year	<u>20,419,966.99</u>	<u>7,715,405.97</u>



## **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 : May 21, 2010

**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, 2010 . 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 ,2010. 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

Place : Chennai  
Date : May 21, 2010

**(MANISH MARDIA)**  
Proprietor





## 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	
	31.03.2010	
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
	1,13,783	1,13,783
Source of Funds	Paid up Capital	Reserves & Surplus
	51,612	35,411
	Secured Loans	Unsecured Loans
	11,536	-
	Deferred Tax Liability	
	223	
Application of Funds	Net Fixed Assets	Investments
	9,719	64,549
	Deferred Tax Assets	
	-	
	Net Current Assets	Misc. Expenditure
	46,791	-
	Accumulated Losses	
	-	
IV. Performance of Company (Amount in Rs. Thousands)	Total Income	Total Expenditure
	12,930	12,414
	+Profit(Loss) Before Tax	+Profit(Loss) After Tax
	516	623
	Earning per share in Rs.	Dividend Rate %
	0.12	-
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 Nineteenth Annual General Meeting of the Company to be held on Thursday 12th August, 2010 at 10.45 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 ..... 2010.

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

#### 19<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 Nineteenth Annual General Meeting of the Company held on Thursday 12th August, 2010 at 10.45 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.

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