



# **Munoth Financial Services Limited**

**23<sup>rd</sup> Annual Report 2013-2014**



## **MUNOTH FINANCIAL SERVICES LIMITED**

---

### **BOARD OF DIRECTORS**

Lalchand Munoth, Chairman  
Jaswant Munoth, Managing Director  
Bharat Munoth, 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  
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.

### **CIN NO:**

**L65991TN1990PLC019836**



| <b>CONTENTS</b>                           | <b>Page No.</b> |
|---|-----------------|
| Notice                                    | 3               |
| Director's Report                         | 11              |
| Report on Corporate Governance            | 14              |
| Management Discussion and Analysis Report | 23              |
| Independent Auditor's Report              | 27              |
| Balance Sheet                             | 30              |
| Statement of Profit & Loss                | 31              |
| Notes to Financial Statement              | 32              |
| Cash Flow Statement                       | 45              |



## **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

**CIN NO: L65991TN1990PLC019836**

### **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Saturday , 20<sup>th</sup> September 2014 at 10:30 A.M.at Nahar Hall (South India Hire Purchase Association), Desabandhu Plaza, 1<sup>st</sup> floor, 47, Whites Road, Royapettah, Chennai – 600 014 to transact the following business.

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial statements of the Company for the financial year ended March 31, 2014 including the audited Balance Sheet as on that date and the Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Lalchand Munoth (DIN No: 01693640) 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. Bharat Munoth (DIN No.00769588) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. Appointment of Auditors

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Mardia & Associates, Chartered Accountants having Firm Registration no: 007888S be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Twenty Sixth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, and out-of-pocket ,etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

#### **.SPECIAL BUSINESS**

5. To appoint Mr. M Jayantilal Jain (DIN:01407484 as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as and Ordinary Resolution:

“RESOLVED THAT pursuant of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014( including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. M Jayantilal Jain (DIN NO: 01407484) a non executive Independent Director of the Company whose term of appointment is liable to retire by rotation, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years from 20<sup>th</sup> September 2014 to 19<sup>th</sup> September 2019.”



## MUNOTH FINANCIAL SERVICES LIMITED

6. To appoint Mr. Ajit Kumbhat (DIN :01101399) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as and Ordinary Resolution:
- “RESOLVED THAT pursuant of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014( including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ajit Kumbhat (DIN NO:01101399) a non executive Independent Director of the Company whose term of appointment is liable to retire by rotation, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years from 20<sup>th</sup> September 2014 to 19<sup>th</sup> September 2019.”
7. To appoint Tansri Rajandram (DIN : 02482369) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as and Ordinary Resolution:
- “RESOLVED THAT pursuant of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014( including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Tansri Rajandram (DIN NO:02482369) a non executive Independent Director of the Company whose term of appointment is liable to retire by rotation, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years from 20<sup>th</sup> September 2014 to 19<sup>th</sup> September 2019.”
8. To appoint Mah Sau Cheong as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as and Ordinary Resolution:
- “RESOLVED THAT pursuant of Sections 149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014( including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Mah Sau Cheong a non executive Independent Director of the Company whose term of appointment is liable to retire by rotation, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years from 20<sup>th</sup> September 2014 to 19<sup>th</sup> September 2019.”

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

Date : May 20, 2014  
Place : Chennai

**LALCHAND MUNOTH**  
CHAIRMAN



## MUNOTH FINANCIAL SERVICES LIMITED

### NOTES:

#### EXPLANATORY STATEMENT

The relevant explanatory statement pursuant to Sec 102 of the Companies Act, 2013 is annexed hereto

#### APPOINTMENT OF PROXY

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder..

#### CLOSURE OF REGISTER OF MEMBERS:

The Register of Members and the Share Transfer Books of the Company will remain closed from 18/09/2014 to 20/09/2014 (both days inclusive)

#### CHANGE OF PARTICULARS:

Members holding shares in dematerialised form are requested to intimate all particulars of mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such details to Cameo Corporate Services Ltd, "Subramaniam Building", No.1, Club House Road, Chennai - 600 002

The Notice is being sent to all the members of the Company whose name appears in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") as on 14<sup>th</sup> August, 2014 (Cut-off date/Benpos date).

#### 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. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

#### 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.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **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.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form, are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts, Members holding shares in physical form can submit their PAN to the registrars, Cameo Corporate services Limited

Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

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.

### **GREEN INITIATIVE**

In accordance with Green Initiative circular issued by Ministry of Corporate Affairs (MCA), members are requested to inform their current E-mail address in the following manner:

- For shares held in Electronic form: to their Depository Participant (DP).
- For shares held in Physical Form: to the Company or its Registrars and Share Transfer Agents (RTA) Cameo Corporate Services Ltd.

In terms of the aforesaid Green Initiative circular of MCA, the Company is sending Annual Report and other communications/ documents required to be sent to its Members under Section 219 of the Companies Act, 1956 by E-mail to Members whose E-mail address is registered. In case your E-mail address is not registered with your Depository Participant/ the Company, a physical copy of the Annual Report and other communications/ documents will be sent to you. You can also change your instructions at any time hereafter and request the Company to send communications to you in physical form.

### **VOTING THROUGH ELECTRONIC MEANS**

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 and Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

Voting Rights are reckoned on the basis of the shares registered in the names of the members/beneficial owners as on the record date fixed for this purpose i.e 14<sup>th</sup> August 2014

It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below:

#### **The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on September 13, 2014 9:00 A M and ends on September 15, 2014 at 6:00 P M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) August 14, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



## MUNOTH FINANCIAL SERVICES LIMITED

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

### For Members holding shares in Demat Form and Physical Form

|                       |  |
|-----------------------|--|
| PAN                   | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. (Sequence number has been provided as Serial Number (SL NO.) in the Address Label.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul> |
| DOB                   | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>   |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>  |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.





## MUNOTH FINANCIAL SERVICES LIMITED

- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s)for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA)which they have issued in favour of the Custodian,if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The results of the e-voting along with the scrutinizer’s report shall be placed in the Company s website [www.munothfinancial.com](http://www.munothfinancial.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

Mr. V Chandramowli, practicing Company Secretary has been appointed as scrutinizer for conducting the e- voting process in fair and transparent manner.

### **Particulars of Directors seeking appointment/ re- appointment as required under clause 49 of the Listing Agreement.**

The particulars in respect of Directors seeking appointment/ re-appointment in the forthcoming Annual General Meeting as required under clause 49 of the Listing Agreement, areavailable in the ‘Board of Directors’ section in the report on Corporate Governance in the Annual Report. DIN No has been applied for Mr. Mah Sau Cheong.



## MUNOTH FINANCIAL SERVICES LIMITED

### **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ('the Act')**

The following statements sets out all material facts relating to the Special Business mentioned in the accompanying notice.

#### **Item No. 5 & 6**

Mr. M Jayantilal Jain and Mr. Ajit Kumbhat are Non Executive Independent Directors of the Company and have held the positions as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. M Jayantilal Jain and Mr. Ajit Kumbhat as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years for five (5) consecutive years from 20<sup>th</sup> September 2014 to 19<sup>th</sup> September 2019.”

Mr. M Jayantilal Jain and Mr. Ajit Kumbhat are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. M Jayantilal Jain and Mr. Ajit Kumbhat for the office of Directors of the Company.

The Company has also received declarations from Mr. M Jayantilal Jain and Mr. Ajit Kumbhat that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. M Jayantilal Jain and Mr. Ajit Kumbhat fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement.

Brief resume of Mr. M Jayantilal Jain and Mr. Ajit Kimbhat , nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. M Jayantilal Jain and Mr. Ajit Kumbhat as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. M jayantilal Jain and Mr. Ajit Kumbhat are interested in the resolutions set out respectively at Item Nos. 5 and 6 of the Notice with regard to their respective appointments.

Mr. M Jayantilal Jain and his relatives and Mr. Ajit Kumbhat and his relatives may be deemed to be interested in the resolutions set out respectively at Item Nos.5 and 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at item Nos 5 & 6 of the Notice for approval by the shareholders.



## MUNOTH FINANCIAL SERVICES LIMITED

### Item No. 7 & 8

Mr. Tansri Rajandram and Mr. Mah Sau Cheong are Non Executive Independent Foreign Directors of the Company and have held the positions as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Tansri Rajandram and Mr. Mah Sau Chong as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years five (5) consecutive years from 20<sup>th</sup> September 2014 to 19<sup>th</sup> September 2019.”

Mr. Tansri Rajandram and Mr. Mah Sau Cheong have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Tansri Rajandram and Mr. Mah Sau Cheong for the office of Directors of the Company.

The Company has also received declarations from Tansri Rajandram and Mr. Mah sau Cheong that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Tansri Rajandram fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement.

Brief resume of Tansri Rajandram and Mah Sau Cheong, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Mr. Tansri Rajandram and Mr. Mah Sau Cheong as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Tansri Rajandram and Mr. Mah Sau Cheong are interested in the resolutions set out respectively at Item Nos. 7 and 8 of the Notice with regard to their respective appointments.

Tansri Rajandram and his relatives and Mr. Mah Sau Cheong and his relatives may be deemed to be interested in the resolutions set out respectively at Item Nos. 7 and 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at item No 7 of the Notice for approval by the shareholders.

The Board recommends the Ordinary Resolutions set out at item No 8 of the Notice for approval by the shareholders subject to Mr. Mah Sau Cheong has been allotted the Director Identification Number in compliance with Section 152(3) of Companies Act, 2013.

By order of the Board

for **MUNOTH FINANCIAL SERVICES LIMITED**

Date : May 20, 2014

Place : Chennai

**LALCHAND MUNOTH**  
CHAIRMAN



## MUNOTH FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS:

Your Directors have pleasure in presenting their Twenty Third Annual Report together with the Audited Accounts for the year ended March 31, 2014.

#### FINANCIAL RESULTS:

| Particulars             | 2013-2014<br>Rs.in Lacs | 2012-2013<br>Rs. in Lacs |
|-------------------------|-------------------------|--------------------------|
| Total Revenue           | 121.67                  | 100.35                   |
| Total Expenses          | 134.98                  | 119.82                   |
| Profit/(Loss)before Tax | (13.31)                 | (19.47)                  |
| Tax Expenses            | 0.76                    | (0.42)                   |
| Profit/(Loss) after Tax | (14.07)                 | (19.05)                  |

#### OPERATIONAL REVIEW:

During the financial year 2013-14, the Company's total revenue has increased to Rs. 121.67 lakhs compared to Rs. 100.35 lakhs in the previous year. The total income from operations has increased to Rs. 104.13 lakhs compared to Rs. 86.33 lakhs in the previous year. The Company was able to reduce losses to Rs. 14.07 lakhs as against Rs. 19.05 lakhs in the previous year.

#### STOCK BROKING

Income from stock broking operations has increased from Rs. 24.49 lakhs in the previous year to Rs. 26.90 lakhs in the current year. The broking turnover of the company in cash segment is Rs. 188.69 crores compared to Rs. 223.24 crores in the last financial year and in F & O segment is Rs. 501.10 crores compared to Rs. 78.32 crores in the last financial year.

The reduction in the cash segment turnover is mainly due to the negative sentiment in the market leading to few client participation in stock broking.

The Company provides institutional broking business and is empanelled with several public sector banks and insurance companies.

#### DEPOSITORY PARTICIPANT:

As a Depository Participant the company offers facilities to both institutional and retail investors to maintain their investments in securities in electronic form.

Income from Depository operations has increased to Rs. 10.05 lakhs against Rs. 4.34 lakhs in the previous year.

#### PORTFOLIO MANAGEMENT SERVICES:

The Company continues to provide PMS services under both discretionary and non – discretionary basis.

The Company has been appointed as Investment Managers by IL & FS Trust Company Limited for Valmark Infra and Realty Trust, a SEBI registered Alternate Investment Fund – Category II (AIF II) .and the first scheme of the trust is targeting a corpus of Rs 125 crores comprising of units of INR 1 crore



## **MUNOTH FINANCIAL SERVICES LIMITED**

each on private placement basis for investment horizon of 3 to 5 years. The fund announced its first closing on October 29, 2013

Income from Management services amounted to Rs. 59.16 Lakhs in the current financial year.

### **MERCHANT BANKING:**

The Company acted as the lead manager to the rights issue of Pierce Leslie India Limited and did ESOP certification of Sterling Holidays Resorts (India) Limited during the financial year.

Income from Merchant Banking services amounted to Rs. 8 lakhs in the current financial year

### **FUTURE PROSPECTS**

The Company will endeavor to increase income from operations by focusing on HNI's in the retail segment in stock broking division. The Company has started internet Based trading to all clients. The Company is also working on getting itself empanelled with more public sector banks and insurance companies under institutional broking. The Company will continue to focus on getting more HNIs and NRIs in both discretionary and non-discretionary basis in Portfolio Management service division. The Company is currently acting as adviser to Mona Textiles Limited for delisting/ open offer. The company will try to work along with Merchant Bankers based out of Mumbai in Merchant Banking division.

### **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, 2014) 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.

### **CORPORATE GOVERNANCE:**

A report on Corporate Governance along with the Auditor's Certificate regarding compliance of the conditions of Corporate Governance and also a Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

### **DIRECTORS:**

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



## **MUNOTH FINANCIAL SERVICES LIMITED**

Four of the existing directors namely Mr. M Jayantilal Jain, Mr. Ajit Kumbhat, Tansri Rajandram and Mr Mah Sau Cheong have been selected for appointment as Independent Directors subject to the approval of Members in the AGM for a term of 5 consecutive years from the date of the ensuing annual general meeting, as required under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement

### **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.

### **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 have been duly explained in the attached Notes on Accounts. (Note No. 1 (I))

### **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 20, 2014

**LALCHAND MUNOTH**  
CHAIRMAN



## MUNOTH FINANCIAL SERVICES LIMITED

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-2014

(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 uphold the core values of transparency, integrity and accountability in all facets of its operations and maintain the highest standards of corporate Governance in its conduct towards the shareholders, customers and the Government. MFSL believes that good corporate Governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the goal of maximizing value to its stakeholders.

##### **2. Board of Directors**

###### **2.1 Composition of Board**

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

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

The Company does not have any pecuniary relationship or transaction other 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.

###### **2.3 Board Procedures**

During the year 2013-14, the board of directors met six times on the following dates April 15, 2013, May 29, 2013, July 31, 2013, October 28, 2013, January 29, 2014 and March 31, 2014 and the dates of the meetings were decided well in advance.

###### **2.4 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

### **2.5 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<br>(Private Cos excluded) |                           | Chairman /<br>Member of<br>Committees of<br>Listed Companies |
|---|---------------|-----|---|---------------------------|--|
|   | Board Meeting | AGM | Listed Cos                              | Unlisted Public Companies |  |
| Mr. Lalchand Munoth<br>(Chairman)         | 6             | yes | 1                                       | 2                         | 1  |
| Mr. Jaswant Munoth<br>(Managing Director) | 6             | yes | 1                                       | 2                         | 1  |
| Mr. Bharat Munoth<br>(Director)           | 6             | yes | 1                                       | 2                         | -  |
| Mr. Vikas Munoth                          | 6             | yes | 1                                       | 1                         | -  |
| Mr. Mah Sau Cheong                        | -             | No  | -                                       | -                         | 1  |
| Tansri Rajandram                          | -             | No  | -                                       | -                         | 1  |
| Mr. M Jayantilal Jain                     | 5             | yes | 1                                       | -                         | 4  |
| Mr. Ajit Kumbhat                          | 5             | 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.

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

Mr. Lalchand Munoth is retiring by rotation at his Annual General Meeting and being eligible offers himself for reappointment. Mr. Lalchand Munoth, aged 75 years 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 the director of the Company since 1990. He is also director of Munoth Communication Limited, Misrimal Navajee Estates Private Limited formerly Jaswant Estates Private Limited, Munoth Industries Limited, Munoth Bioscience Limited and South India Chemicals and Leasing Private Limited.

Mr. Bharat Munoth is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment. Mr. Bharat Munoth, aged 44 years is a commerce graduate and he has extensive knowledge and experience in the field of finance and investments. He is the director of the company since 1990. He is also the director of Munoth Communication Limited, Munoth Industries Limited, Munoth Bioscience Limited, South India chemicals and Leasing Private Limited, Maharana





## MUNOTH FINANCIAL SERVICES LIMITED

Finance and Investments Private Limited and Shankeswar Finance and Investments Private Limited.

Mr. M Jayantilal Jain, was appointed to the Board in the year 2009 and he has been an independent director of the Company in terms of Clause 49 of the Listing Agreement. He is proposed to be appointed as Independent Director under Section 149 of the Companies Act, 2013 for a term of 5 consecutive years from the date of the ensuing Annual General Meeting and his appointment is subject to the approval of shareholders in the ensuing Annual General Meeting. He is aged about 50 years and has completed his graduation from Nagarjuna University and did his Chartered Accountants training with M/s. Kumbhat & Co., a leading Chartered Accountant firm in Chennai. He then joined M/s. Krishnan & Giri as partner in 1990. He is in the profession for the last 24 years and is in charge of finalization of Statutory and Tax Audits of Corporate and Non Corporate entities and has made representation before various tax authorities. He is also associated with many philanthropic Jain Association and religious trusts both as an auditor and member. He is also having vast experience in Capital Market segment and derivatives. He is also the Chairman of Investor Grievance Committee and Remuneration Committee and Member of Audit Committee constituted by the Board of Directors of the Company. He is also director of Munoth Communication Limited and JN Securities Private Limited

Mr. Ajit Kumbhat, was appointed to the Board in the year 2007 and he has been an independent director of the Company in terms of Clause 49 of the Listing Agreement. He is proposed to be appointed as Independent Director under Section 149 of the Companies Act, 2013 for a term of 5 consecutive years from the date of the ensuing Annual General Meeting and his appointment is subject to the approval of shareholders in the ensuing Annual General Meeting. Mr. Ajit Kumbhat, aged 62 years is a practicing chartered Accountant with more than 35 years of experience in finance and taxation, He is the partner of M/s. Kumbhat & Co., Chartered Accountants, Chennai. He is the director of M/s. Kumbhat Financial Services Limited, a company specializes in financial services and M/s. Litaski Electricals Pvt. Limited. He is also well known person in sports field and holds various positions in different governing bodies. He is also the Chairman of Audit committee and member of Investor Grievance Committee and Remuneration Committee constituted by the Board of Directors of the Company

Tansri Rajandram, was appointed to the Board in the year 2000 and he has been an independent director of the Company in terms of Clause 49 of the Listing Agreement. He is proposed to be appointed as Independent Director under Section 149 of the Companies Act, 2013 for a term of 5 consecutive years from the date of the ensuing Annual General Meeting and his appointment is subject to the approval of shareholders in the ensuing Annual General Meeting. Tansri Rajandram, aged 77 years 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. He has vast experience in the areas of corporate debt restructuring, recapitalizing financial institution, strengthening the banking system, capital market and capital issues. He is a member of remuneration committee and Shareholder and Investor grievance committee constituted by the Board of Directors.

Mr. Mah Sau Cheong, was appointed to the Board in the year 2000 and he has been an independent director of the Company in terms of Clause 49 of the Listing Agreement. He is proposed to be appointed as Independent Director under Section 149 of the Companies Act, 2013 for a term of 5 consecutive years from the date of the ensuing Annual General Meeting and his appointment is



## MUNOTH FINANCIAL SERVICES LIMITED

subject to the approval of shareholders in the ensuing Annual General Meeting Mr. Mah Sau Cheong aged 64 years is the owner of the South Malaysian Industries Group with interest in Real Estate, Entertainment, Stock Broking and Insurance. He is a member of audit committee constituted by the Board of Directors of the company.

### **2.7 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.

### **2.8 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**

### **3.1 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
- Review of internal control systems
- Audit methodology and process
- Major accounting policies and practices
- Compliance with accounting standards, and risk management.

### **3.2 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.

Four Audit Committee meetings were held on the following dates: May 29, 2013, July 31, 2013, October 28, 2013 and January 29, 2013. 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



## MUNOTH FINANCIAL SERVICES LIMITED

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 one meeting held during the financial year on May 29, 2013

| <b>Name of the Director</b> | <b>Status</b> | <b>No. of Meetings attended</b> |
|-----------------------------|---------------|---------------------------------|
| Mr. M Jayantilal Jain       | Chairman      | 1                               |
| Mr. Ajit Kumbhat            | Member        | 1                               |
| Tansri Rajandram            | Member        | Nil                             |

#### **4.1 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 Directors for the year ended 31.03.2014 is as follows:

Rs.

Salary and perquisites 15, 17,154

Total 15,17,154/-

### **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.

#### **5.1 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, 2014.

#### **5.2 Meetings, attendance and topics discussed**

The committee met 4 times on the following dates: July 31, 2013, October 28, 2013, January 29, 2014 and March 31, 2014 to review the status of investors' services rendered.



## MUNOTH FINANCIAL SERVICES LIMITED

| Name of the Director  | Status   | No of Meetings attended |
|-----------------------|----------|-------------------------|
| Mr. M Jayantilal Jain | Chairman | 4                       |
| Mr. Ajit Kumbhat      | Member   | 4                       |
| Mr. Jaswant Munoth    | Member   | 4                       |
| Tansri Rajendram      | Member   | Nil                     |

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 reporting

### 6. General Body Meetings:

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

| Year      | Location   | Date                         | Time      |
|-----------|--|------------------------------|-----------|
| 2010-2011 | Nahar Hall<br>Desabandhu Plaza, I Floor<br>47, Whites Road,<br>Royapettah,<br>Chennai - 600 014. | 23rd August 2011             | 10.30 A M |
| 2011-2012 | Nahar Hall<br>Desabandhu Plaza, I Floor<br>47, Whites Road,<br>Royapettah,<br>Chennai - 600 014. | 31st August 2012             | 10.25 A M |
| 2012-2013 | Nahar Hall<br>Desabandhu Plaza, I Floor<br>47, Whites Road,<br>Royapettah,<br>Chennai - 600 014. | 14 <sup>th</sup> August 2013 | 10:30 A M |

There was no special resolution passed during the last financial year through postal ballot and there is no special resolution that is proposed to be conducted 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



## MUNOTH FINANCIAL SERVICES LIMITED

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

### 9. General Shareholder information:

| <b>1</b>                      | <b>Annual General Meeting</b>   | Saturday, September 20, 2014 at 10.30 AM<br>at Nahar Hall Desabandhu Plaza, I Floor,<br>47, Whites Road, Royapettah, Chennai - 600 014  |      |         |      |                            |   |        |                               |   |      |
|-------------------------------|---|---|------|---------|------|----------------------------|---|--------|-------------------------------|---|------|
| <b>b)</b>                     | <b>Financial Calendar:</b>  | First Quarter Results: July<br>Second Quarter Results: October<br>Third Quarter Results: January<br>Last Quarter Results and Annual Results within 60 days of the end of financial year   |      |         |      |                            |   |        |                               |   |      |
| <b>c)</b>                     | <b>Dates of Book Closure</b>  | <b>September 18, 2014 to September 20, 2014 (Both days inclusive)</b>   |      |         |      |                            |   |        |                               |   |      |
| <b>d)</b>                     | <b>Dividend Payment Date</b>  | Not applicable  |      |         |      |                            |   |        |                               |   |      |
| <b>e)</b>                     | <b>Listing on Stock Exchanges and Stock Code</b>                                  | <table border="0"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">Address</th> <th style="text-align: left;">code</th> </tr> </thead> <tbody> <tr> <td>The Stock Exchange, Mumbai</td> <td>Phiroze Jeejeebhoy Towers<br/>Dalal Street, Mumbai – 400 023</td> <td>511401</td> </tr> <tr> <td>Madras Stock Exchange Limited</td> <td>Exchange Building<br/>PO Box No. 183<br/>11, Second Line Beach<br/>Chennai – 600 001</td> <td>MNFS</td> </tr> </tbody> </table> <p>Listing fees to BSE for the financial year 2014-2015 has been paid.</p> | Name | Address | code | The Stock Exchange, Mumbai | Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai – 400 023 | 511401 | Madras Stock Exchange Limited | Exchange Building<br>PO Box No. 183<br>11, Second Line Beach<br>Chennai – 600 001 | MNFS |
| Name                          | Address   | code  |      |         |      |                            |   |        |                               |   |      |
| The Stock Exchange, Mumbai    | Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai – 400 023                       | 511401  |      |         |      |                            |   |        |                               |   |      |
| Madras Stock Exchange Limited | Exchange Building<br>PO Box No. 183<br>11, Second Line Beach<br>Chennai – 600 001 | MNFS  |      |         |      |                            |   |        |                               |   |      |
| <b>f)</b>                     | <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 |
|--------|-------|-----------|
| Apr 13 | 11.97 | 11.38     |
| Oct 13 | 10.82 | 10.82     |
| Nov 13 | 11.35 | 11.35     |
| Mar 14 | 11.00 | 10.46     |

- 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 within 15 days form 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 31<sup>st</sup> March 2014 77.69 % 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, 2014 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
- o) Distribution of Shareholding as on March 31, 2014**

| Shareholding of nominal value of | Shareholders |            | Shareholding        |            |                       |
|----------------------------------|--------------|------------|---------------------|------------|-----------------------|
|                                  | Rs. [1]      | Number [2] | % to Total Nos. [3] | In Rs. [4] | % to Total Amount [5] |
| 10-5000                          |              | 2464       | 96.8557             | 8741570    | 17.0229               |
| 5001-10000                       |              | 36         | 1.4150              | 301800     | 0.5876                |
| 10001-20000                      |              | 18         | 0.7075              | 263310     | 0.5127                |
| 20001-30000                      |              | 2          | 0.0786              | 43230      | 0.0841                |
| 30001-40000                      |              | 6          | 0.2358              | 208090     | 0.4052                |
| 40001-50000                      |              | 3          | 0.1179              | 135000     | 0.2628                |
| 50001-100000                     |              | 3          | 0.1179              | 235000     | 0.4576                |
| 100000 AND ABOVE                 |              | 12         | 0.4716              | 41425000   | 80.6671               |
| TOTAL                            |              | 2544       | 100.000             | 51353000   | 100.00                |



## MUNOTH FINANCIAL SERVICES LIMITED

### i) Categories of shareholders as on March 31, 2014

|           | CATEGORY  | No. of shares held | Percentage of shareholding |
|-----------|---|--------------------|----------------------------|
| <b>A.</b> | <b>Promoter's holding</b>   |                    |                            |
| <b>1.</b> | <b>Promoters*</b>   |                    |                            |
|           | **Indian Promoters  | 28,63,800          | 55.77                      |
|           | Foreign Promoters   | NIL                | NIL                        |
| <b>2.</b> | <b>Persons acting in concert #</b>  | NIL                | NIL                        |
|           | <b>Sub- Total</b>   | 28,63,800          | 55.77                      |
| <b>B.</b> | <b>Non-Promoters Holding</b>  |                    |                            |
| <b>3.</b> | <b>Institutional Investors</b>  |                    |                            |
| a.        | Mutual Funds and UTI  | NIL                | NIL                        |
| b.        | Banks, Financial Institutions, Insurance Companies [central/State Govt. Institutions/Non-Government Institutions] | NIL                | NIL                        |
| c.        | FII's   | 2,25,000           | 4.38                       |
|           | <b>Sub- Total</b>   | 2,25,000           | 4.38                       |
| <b>4.</b> | <b>Others</b>   |                    |                            |
| a.        | Private Corporate Bodies  | 10,73,830          | 20.91                      |
| b.        | Indian Public   | 9,72,670           | 18.94                      |
|           | NRIs/OCBs   | NIL                | NIL                        |
|           | <b>Sub- Total</b>   | 20,46,500          | 39.85                      |
|           | <b>Grand Total</b>  | 51,35,300          | 100.00                     |

### 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 is complied with wherever necessary . Please refer to point no. 6 under Mandatory requirements.





## MUNOTH FINANCIAL SERVICES LIMITED

### 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 20, 2014

**Lalchand Munoth**  
Chairman

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

#### Environment:

During 2013-14, resource mobilization through the primary market witnessed a downward movement over the previous year with a mean IPO size of Rs. 33 crore went down by 83.33 per cent compared to 2012-13. The public issue of corporate debt increased in 2013-14 by 149 per cent whereas private placement fell by 23.5 per cent during the same period. Indian benchmark indices BSE Sensex and NSE Nifty gained 18.8 and 18.0 per cent in fiscal year 2013-14. Market turnover in the cash segment of the equity market at the BSE and NSE stood at Rs. 5,21,664 crore and Rs. 28,08,489 crore respectively in 2013-14 as compared to Rs. 5,48,774 crore and Rs. 27,08,279 crore respectively in 2012-13. In the equities derivatives segment, all three stock exchanges, NSE, BSE, and Multi-commodity Exchange Stock Exchange (MCX-SX), registered a marked increase in turnover.

#### Financial Review:

During the financial year 2013-14, the Company's total revenue has increased to Rs. 121.67 lakhs compared to Rs. 100.35 lakhs in the previous year. The total income from operations has increased to Rs. 104.13 lakhs compared to Rs. 86.33 lakhs in the previous year. The Company was able to reduce losses to Rs. 14.07 lakhs as against Rs. 19.05 lakhs in the previous year. Income from stock broking operations has increased from Rs. 24.49 lakhs in the previous year to Rs. 26.90 lakhs in the current year. The broking turnover of the company in cash segment is Rs. 188.69 crores compared to Rs. 223.24 crores in the last financial year and in F & O segment is Rs. 501.10 crores compared to Rs. 78.32 crores in the last financial year.

#### Segment- wise product performance

The Company's business activities are all related to capital market segment and can be considered as single segment company.

#### Opportunities & Threats

It was a busy year in the secondary markets as many market segments were liberalized and new products like interest rate futures were launched. Other schemes and reforms include to permit small and medium enterprises, including start-up companies, to list on the SME exchange without being required to make an IPO, and *Reduction and harmonization of securities transaction tax (STT)* for equity futures from 0.017 per cent to 0.01 per cent in 2013-14.

The main threat to Financial markets is that it continue to suffer from illiquidity and the Government's objective should be to develop the bond-currency derivative (BCD) nexus to equity market quality levels

#### Risks ,Concerns and outlook

There are still certain challenges in the development of the Indian financial sector which need to be addressed to make it an important avenue for productive channelization of savings by domestic investors





## **MUNOTH FINANCIAL SERVICES LIMITED**

and a preferred investment destination for international investors. In the short run, factors like expectation of higher relative returns, risk perception of investors and global liquidity will decide the level of flow of funds to the domestic equity market. Investment sentiment started improving in the last few months with foreign investors reposing more confidence in the Indian economy in general and markets in particular. The reform measures initiated by the government recently have been received well by the markets.

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

The Company follows an extensive internal control system to ensure that prudential business policies are followed regularly in managing existing clientele 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

### **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 20 , 2014

By order of the Board

**Mr. Lalchand Munoth**  
Chairman



---

**MUNOTH FINANCIAL SERVICES LIMITED**

---

**Annexure - 1**

**Auditor's Certificate on Corporate Governance**

To the Members of  
Munoth Financial Services Limited, Chennai.

We have examined the compliance of conditions of Corporate Governance by Munoth Financial Services Limited, for the year ended on 31<sup>st</sup> March 2014, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 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/ Investors Grievance Committee.

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

**For Mardia and Associates**

Chartered Accountants

Firm Reg No: 007888S

Place : Chennai  
Date : 20/05/2014

**(MANISH MARDIA)**

PROPRIETOR

M.No 205307

---

**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 March 31, 2014 compliance with the code of conduct of the Company laid down for them.

Date : 20/05/2014  
Place : Chennai

**Jaswant Munoth**  
Managing Director.

---



## MUNOTH FINANCIAL SERVICES LIMITED

---

### 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 statements for the year ended March 31, 2014 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 : 20/05/2014

Place : Chennai

**Jaswant Munoth**

Managing Director



## **Independent Auditor's Report**

### **Independent Auditor's Report to the Members of MUNOTH FINANCIAL SERVICES LIMITED.**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of MUNOTH FINANCIAL SERVICES LIMITED which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis for Qualified Opinion**

**The company has not provided for a provision of Rs. 22,276,170/- being the diminution in the market value of Quoted Investments held by the Company.**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of Qualified Opinion Paragraph, the financial statements give the information required by the Act 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 March 2014;
- ii. in the case of the statement of profit and loss, of the loss for the year ended on that date;  
and
- iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



## **MUNOTH FINANCIAL SERVICES LIMITED**

2. As required by section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
  - the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts [and with the returns received from branches not visited by us];
  - in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Mardia & Associates**

Chartered Accountants

Firm's registration number : 007888S

**(Manish Mardia)**

Proprietor

Membership number: 205307

Place : Chennai

Date : 20/05/2014

### **ANNEXURE TO THE AUDITORS REPORT**

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

**The Annexure referred to in our report to the members of MUNOTH FINANCIAL SERVICES LIMITED for the year ended 31st March 2014. We report that:**

- The company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - There is no substantial disposal of fixed assets during the year.
- 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.
- As Informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. As such, clause 4(iii)(a) to 4(iii)(d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable. The Company has taken an unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The outstanding balance of such loan taken was Rs.36,45,051/- and the maximum amount involved during the year was Rs.36,45,051/-
  - The rate of interest and other terms and condition of the aforesaid loan was prima facie not prejudicial to the interest of the Company.
  - There is no stipulation as to repayment of principal and interest.
- 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



## MUNOTH FINANCIAL SERVICES LIMITED

- 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 has 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 there under.
  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.4.62 Lakhs in the current financial year and cash losses of 12.87 Lakhs in the immediately preceding financial year.
  11. The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
  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 provisions 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 transactions. The investments are in the name of the company other than those specified in Note 11 on Non Current Investments forming part of Balance Sheet amounting 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  
Firm's registration number : 007888S

**( Manish Mardia)**

Place : Chennai  
Date : 20/05/2014

Proprietor  
Membership number: 205307

**MUNOTH FINANCIAL SERVICES LIMITED****Balance Sheet as at 31 March, 2014****(In Rs)**

| Particulars                       | Note No. | As at 31 March, 2014 | As at 31 March, 2013 |
|-----------------------------------|----------|----------------------|----------------------|
| <b>A EQUITY AND LIABILITIES</b>   |          |                      |                      |
| <b>1 Shareholders' funds</b>      |          |                      |                      |
| (a) Share capital                 | 2        | 51,612,500           | 51,612,500           |
| (b) Reserves and surplus          | 3        | 59,001,980           | 60,409,129           |
|                                   |          | <b>110,614,480</b>   | <b>112,021,629</b>   |
| <b>2 Non-current liabilities</b>  |          |                      |                      |
| (a) Deferred tax liability        | 4        | 146,482              | 70,515               |
| (b) Long-term provisions          | 5        | 671,972              | 586,772              |
|                                   |          | <b>818,454</b>       | <b>657,287</b>       |
| <b>3 Current liabilities</b>      |          |                      |                      |
| (a) Short Term Borrowings         | 6        | 19,701,971           | 17,708,460           |
| (b) Trade payables                | 7        | 2,803,677            | 45,750               |
| (c) Other current liabilities     | 8        | 1,990,517            | 1,963,842            |
|                                   |          | 24,496,166           | 19,718,052           |
| <b>TOTAL</b>                      |          | <b>135,929,100</b>   | <b>132,396,968</b>   |
| <b>B ASSETS</b>                   |          |                      |                      |
| <b>1 Non-current assets</b>       |          |                      |                      |
| (a) Fixed assets                  |          |                      |                      |
| (i) Tangible assets               | 9        | 42,554,972           | 42,072,840           |
| (ii) Intangible assets            |          | 3,344,665            | 2,096,814            |
|                                   |          | <b>45,899,637</b>    | <b>44,169,654</b>    |
| (b) Non-current investments       | 10       | 60,375,810           | 61,218,852           |
| (c) Long-term loans and advances  | 11       | 9,666,139            | 10,602,613           |
|                                   |          | <b>70,041,949</b>    | <b>71,821,465</b>    |
| <b>2 Current assets</b>           |          |                      |                      |
| (a) Trade receivables             | 12       | 3,804,631            | 1,468,266            |
| (b) Cash and Bank balances        | 13       | 9,884,139            | 9,803,235            |
| (c) Short-term loans and advances | 14       | 9,238                | 46,724               |
| (d) Other current assets          | 15       | 6,289,507            | 5,087,624            |
|                                   |          | 19,987,514           | 16,405,849           |
| <b>TOTAL</b>                      |          | <b>135,929,100</b>   | <b>132,396,968</b>   |

Significant accounting policies

1

The accompanying notes are 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 : 20/05/2014

**For and on behalf of the Board of Directors****LALCHAND MUNOTH**  
Chairman**JASWANT MUNOTH**  
Managing Director**BHARAT MUNOTH**  
Director**A. G. NANDINI**  
Company Secretary



**MUNOTH FINANCIAL SERVICES LIMITED**

**Statement of Profit and Loss for the year ended 31 March, 2014 (In Rs)**

| <b>Particulars</b>                                     | <b>Note No.</b> | <b>For the year ended<br/>31 March, 2014</b> | <b>For the year ended<br/>31 March, 2013</b> |
|--|-----------------|--|--|
| <b>I</b>   |                 |  |  |
| (a) Revenue from operations                            | 16              | 10,413,271                                   | 8,633,573                                    |
| (b) Other income                                       | 17              | 1,753,843                                    | 1,401,729                                    |
| Total revenue  |                 | <u>12,167,115</u>                            | <u>10,035,302</u>                            |
| <b>II Expenses</b>                                     |                 |  |  |
| (a) Employee benefit expenses                          | 18              | 4,552,072                                    | 3,681,741                                    |
| (b) Finance costs                                      | 19              | 2,833,743                                    | 2,970,417                                    |
| (c) Depreciation and Amortisation expense              | 9               | 868,974                                      | 660,227                                      |
| (d) Other expenses                                     | 20              | 5,243,509                                    | 4,670,376                                    |
| Total expenses   |                 | <u>13,498,297</u>                            | <u>11,982,762</u>                            |
| <b>III Profit / (Loss) before tax</b>                  |                 | (1,331,183)                                  | (1,947,460)                                  |
| <b>IV Tax expense:</b>                                 |                 |  |  |
| (a) Current tax  |                 | -  | -  |
| (b) Deferred tax                                       |                 | 75,967                                       | (41,797)                                     |
| <b>V Profit / (Loss) for the year</b>                  |                 | <u>(1,407,150)</u>                           | <u>(1,905,663)</u>                           |
| <b>VI Earnings per share ( of Rs. 10/- each ) : 21</b> |                 |  |  |
| (a) Basic  |                 | (0.27)                                       | (0.37)                                       |
| (b) Diluted  |                 | (0.27)                                       | (0.37)                                       |

**Significant accounting policies** 1

The accompanying notes are 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 : 20/05/2014

**For and on behalf of the Board of Directors**

**LALCHAND MUNOTH**  
Chairman

**BHARAT MUNOTH**  
Director

**JASWANT MUNOTH**  
Managing Director

**A. G. NANDINI**  
Company Secretary





## MUNOTH FINANCIAL SERVICES LIMITED

### Notes to financial statement for the year ended 31 March 2014

#### CORPORATE INFORMATION

Munoth Financial Services Limited is a public limited company domiciled in India and incorporated during the year 1990, under the provisions of the Companies Act, 1956. Its shares are listed on Bombay and Madras Stock Exchanges. The Company belongs to the reputed Munoth Group, Chennai. The company primarily focuses on Stock Broking, DP Operations, Portfolio Management Services and other Advisory Services.

#### NOTE : 1

#### SIGNIFICANT ACCOUNTING POLICIES

##### A] Basis of Preparation

The financial statements have been prepared under the historical cost convention basis in accordance with the Generally Accepted Accounting Principles (GAAP) in India and to comply with the mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, (as amended), the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable). All items of income and expenditure that have a material bearing on the financial statements are recognized on accrual basis.

##### B] Use of Estimates

The preparation of financial statements is in conformity with Generally Accepted Accounting Principles requiring management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as at the date of financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.

##### C] Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income is recognised on Time Proportion basis taking into account the amount outstanding and the rate applicable.
- ii. Dividend Income from Investments is recognised when the Company's right to receive payment is established.

##### D] Interest on Income Tax Refunds / Demands

It is accounted as Income in the year when granted and as tax expenses when determined by Tax Authorities.

##### E] Foreign Exchange Transactions

Transactions in Foreign Currency are recorded at Exchange rates prevailing at the time of the Transaction, while those remaining unsettled at the year end are translated at the Year end rates resulting in exchange difference being recognised as Income/Expenses(Net).

##### F] Taxation

- i. Income tax expenses comprises of Current tax and Deferred tax.
- ii. Current Income Tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Indian Income Tax Act, 1961.
- iii. Deferred Tax assets and liabilities arising on account of Timing differences which are capable of reversal in subsequent periods are recognised using Current Year Tax Rates.
- iv. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only when there is a virtual certainty of realization of such assets. The carrying amount of deferred tax assets are reviewed as at each balance sheet date and written down or, written up to reflect the amount that is reasonably / virtually certain (as the case may be ) to be realized.

##### G] Retirement Benefits

- i. Company's contribution under Provident Fund Act are charged to profit and loss account on accrual basis.



## MUNOTH FINANCIAL SERVICES LIMITED

- 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.

### **H] Fixed Assets & Depreciation**

#### **i. Tangible Assets**

##### **Gross Block :**

- a) Fixed Assets are stated at cost of acquisition inclusive of Inland freight and any attributable cost of bringing the asset to its working condition for its intended use with due adjustments for Cenvat credits.

##### **Depreciation :**

- a) 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. Individual Assets acquired for less than Rs. 5,000 are entirely depreciated in the year of acquisition.

#### **ii. Intangible Assets**

Intangible Assets are stated at cost less Amortization thereon. No Amortization has been provided on MSE Membership card.

### **I] 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.

### **J] Segment Reporting**

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.

### **K] Earnings Per Share**

Basic Earnings per share are calculated by dividing the net Profit/Loss for the period attributable to Equity Shareholders by the Weighted Average Number of Equity Shares outstanding during the period.

For the Purpose of calculating Diluted earnings per share the Net profit/loss for the period attributable to Equity Shareholders by the Weighted Average Number of Equity Shares outstanding during the period are adjusted for the effects of all dilutive Potential Equity shares.

### **L] Cash Flow Statements**

Cash Flows are reported using Indirect Method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature any deferrals or accruals of past or future cash receipts or payments.

The Cash Flow from regular Revenue generating, financing and Investing Activities of the Company are segregated as per Accounting Standard 3.

### **M] Cash & Cash Equivalents**

Cash & Cash Equivalents comprises of Cash at Bank, Cash/ Cheques in Hand and Fixed Deposits with Banks with maturity period of 3 months or less.

### **N] Provisions & Contingent liabilities**

The 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.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, are disclosed as Contingent Liabilities.



## MUNOTH FINANCIAL SERVICES LIMITED

### Note 2 Share capital (In Rs)

| Particulars                                     | As at 31 March, 2014    |                          | As at 31 March, 2013    |                          |
|---|-------------------------|--------------------------|-------------------------|--------------------------|
|   | Number of shares        | Amount                   | Number of shares        | Amount                   |
| (a) Authorised Shares                           |                         |                          |                         |                          |
| Equity shares of Rs.10 each with voting rights  | 10,000,000              | 100,000,000              | 10,000,000              | 100,000,000              |
| (b) Issued, Subscribed and Fully Paid up Shares |                         |                          |                         |                          |
| Equity shares of Rs.10 each with voting rights  | 5,135,300               | 51,353,000               | 5,135,300               | 51,353,000               |
| (c) Forfeited shares                            | -                       | 259,500                  | -                       | 259,500                  |
| <b>Total</b>                                    | <b><u>5,135,300</u></b> | <b><u>51,612,500</u></b> | <b><u>5,135,300</u></b> | <b><u>51,612,500</u></b> |

Of the above 51,35,300 Equity Shares, 1,11,200 were allotted as fully paid up pursuant to a Contract for consideration other than Cash.

#### [A] Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

|                                      |           |            |           |            |
|--------------------------------------|-----------|------------|-----------|------------|
| Opening number of shares outstanding | 5,135,300 | 51,612,500 | 5,135,300 | 51,612,500 |
| Closing number of shares outstanding | 5,135,300 | 51,612,500 | 5,135,300 | 51,612,500 |

#### [B] Terms/Rights attached to Equity shares

The Company has only one class of Equity shares having a Par value of Rs.10/- Per share. Each Holder of Equity Share is entitled to one vote per share. No dividend has been recognised as distribution to Equity shareholders for the Year ended 31.03.2014 ( 31.03.2013 : Rs. NIL )

In the event of Liquidation of the Company, the holders of Equity shares will be entitled to receive any of the assets of the Company, only after the distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the Shareholders.

#### [C] Details of Shareholders holding more than 5% shares in the Company

| Name of the shareholders   | No. of Shares | % of Holding |
|----------------------------|---------------|--------------|
| 1.Lalchand Munoth          | 562,100       | 10.95        |
| 2 Jaswant munoth           | 620,200       | 12.08        |
| 3 Bharat Munoth            | 572,900       | 11.16        |
| 4 Vikas Munoth             | 905,300       | 17.63        |
| 5 Munoth Communication Ltd | 1,006,300     | 19.60        |

### Note 3 Reserves and surplus (In Rs)

| Particulars   | As at 31 March, 2014     | As at 31 March, 2013     |
|---|--------------------------|--------------------------|
| (a) Securities premium account                          | 20,250,000               | 20,250,000               |
| (b) Revaluation Reserve Account:                        |                          |                          |
| Opening Balance   | 35,976,570               | -                        |
| Add: Revaluation of Freehold Land (refer note 10)       | -                        | 35,976,570               |
| Closing balance   | 35,976,570               | 35,976,570               |
| (c) Surplus / (Deficit) in Statement of Profit and Loss |                          |                          |
| Opening balance   | 4,182,560                | 6,088,223                |
| Add: Profit / (Loss) for the year                       | (1,407,150)              | (1,905,662)              |
| Closing balance   | <u>2,775,410</u>         | <u>4,182,560</u>         |
| <b>Total</b>  | <b><u>59,001,980</u></b> | <b><u>60,409,129</u></b> |



## MUNOTH FINANCIAL SERVICES LIMITED

| <b>Note 4 Deferred tax liability (NET)</b> | <b>(In Rs)</b>              |                             |
|--|-----------------------------|-----------------------------|
| <b>Particulars</b>                         | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |
| Opening Balance                            | 70,515                      | 112,312                     |
| DTL on Timing Difference : Depreciation    | <u>75,967</u>               | <u>41,797</u>               |
| <b>Net deferred tax liability</b>          | <b><u>146,482</u></b>       | <b><u>70,515</u></b>        |

| <b>Note 5 Long-term provisions</b>   | <b>(In Rs)</b>              |                             |
|--------------------------------------|-----------------------------|-----------------------------|
| <b>Particulars</b>                   | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |
| (a) Provision for employee benefits: |                             |                             |
| (i) Provision for gratuity           | <u>671,972</u>              | <u>586,772</u>              |
| <b>Total</b>                         | <b><u>671,972</u></b>       | <b><u>586,772</u></b>       |

| <b>Note : 6 Short Term Borrowings</b> | <b>(In Rs)</b>              |                             |
|---------------------------------------|-----------------------------|-----------------------------|
| <b>Particulars</b>                    | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |
| Loans and Advances                    |                             |                             |
| Secured                               |                             |                             |
| Bank Overdraft*                       | 16,056,920                  | 17,643,171                  |
| Federal Bank Car Loan                 | -                           | 65,289                      |
| Unsecured                             |                             |                             |
| Loan from director                    | <u>3,645,051</u>            | <u>-</u>                    |
| <b>Total</b>                          | <b><u>19,701,971</u></b>    | <b><u>17,708,460</u></b>    |

\* Bank Overdraft is secured against Property with Federal Bank Ltd

| <b>Note 7 Trade payables</b> | <b>(In Rs)</b>              |                             |
|------------------------------|-----------------------------|-----------------------------|
| <b>Particulars</b>           | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |
| Trade payables:*             | <u>2,803,677</u>            | <u>45,750</u>               |
| <b>Total</b>                 | <b><u>2,803,677</u></b>     | <b><u>45,750</u></b>        |

\* The company does not have any dues towards Micro, Small and Medium Enterprises

| <b>Note 8 Other current liabilities</b> | <b>(In Rs)</b>              |                             |
|---|-----------------------------|-----------------------------|
| <b>Particulars</b>                      | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |
| Statutory Dues                          | 124,552                     | 100,547                     |
| Margin money received from Clients      | 1,230,677                   | 1,264,153                   |
| Amount due to Employees                 | 302,021                     | 239,741                     |
| Outstandig Expenses                     | 333,268                     | 359,401                     |
| <b>Total</b>                            | <b><u>1,990,517</u></b>     | <b><u>1,963,842</u></b>     |



**NOTES - 9 FIXED ASSETS**

(Rs.)

| NAME OF ASSETS  | GROSS BLOCK         |                          |                         |                        |                      | DEPRECIATION / AMORTIZATION |                   |                    |                     | NET BLOCK            |                      |
|---|---------------------|--------------------------|-------------------------|------------------------|----------------------|-----------------------------|-------------------|--------------------|---------------------|----------------------|----------------------|
|   | As at April 1, 2013 | Addition during the year | Ded/Adj during the year | Revaluation during the | As at March 31, 2014 | Upto March 31, 2013         | For the year year | Ded/Adj during the | Upto March 31, 2014 | As at March 31, 2013 | As at March 31, 2014 |
| <b>Tangible Assets</b>  |                     |                          |                         |                        |                      |                             |                   |                    |                     |                      |                      |
| Freehold Land   | 38,456,000          | -                        | -                       | -                      | 38,456,000           | -                           | -                 | -                  | -                   | 38,456,000           | 38,456,000           |
| Buildings   | 3,342,043           | -                        | -                       | -                      | 3,342,043            | 1,882,431                   | 72,981            | -                  | 1,955,412           | 1,459,612            | 1,386,631            |
| Furnitures & Fixtures   | 4,320,821           | 52,670                   | -                       | -                      | 4,373,491            | 3,637,745                   | 125,935           | -                  | 3,763,680           | 683,076              | 609,811              |
| Vehicles (motor car)  | 1,183,656           | -                        | -                       | -                      | 1,183,656            | 798,178                     | 99,800            | -                  | 897,978             | 385,478              | 285,678              |
| Office Equipment (AC+ Music system+fire alarm+ office eq+access control+ electrical fittings) | 2,550,241           | 629,262                  | 68,008                  | -                      | 3,111,495            | 1,603,408                   | 189,028           | 13,926             | 1,778,510           | 946,833              | 1,332,985            |
| Computer  | 5,880,829           | 468,236                  | -                       | -                      | 6,349,065            | 5,738,988                   | 126,210           | -                  | 5,865,198           | 141,841              | 483,867              |
|   | 55,733,590          | 1,150,168                | 68,008                  | -                      | 56,815,750           | 13,660,750                  | 613,954           | 13,926             | 14,260,778          | 42,072,840           | 42,554,972           |
| <b>Intangible Assets</b>  |                     |                          |                         |                        |                      |                             |                   |                    |                     |                      |                      |
| MSE Membership Card   | 2,000,000           | -                        | -                       | -                      | 2,000,000            | -                           | -                 | -                  | -                   | 2,000,000            | 2,000,000            |
| Software  | 4,562,550           | 1,502,871                | -                       | -                      | 6,065,421            | 4,465,736                   | 255,020           | -                  | 4,720,756           | 96,814               | 1,344,665            |
|   | 6,562,550           | 1,502,871                | -                       | -                      | 8,065,421            | 4,465,736                   | 255,020           | -                  | 4,720,756           | 2,096,814            | 3,344,665            |
| <b>Total ( As on 31.03.2014 )</b>   | <b>62,296,140</b>   | <b>2,653,039</b>         | <b>68,008</b>           | <b>-</b>               | <b>64,881,171</b>    | <b>18,126,486</b>           | <b>868,974</b>    | <b>13,926</b>      | <b>18,981,534</b>   | <b>44,169,654</b>    | <b>45,899,637</b>    |
| <b>Total ( As on 31.03.2013 )</b>   | <b>26,204,837</b>   | <b>129,233</b>           | <b>14,500</b>           | <b>35,976,570</b>      | <b>62,296,140</b>    | <b>17,479,981</b>           | <b>660,227</b>    | <b>-</b>           | <b>18,126,486</b>   | <b>8,724,856</b>     | <b>44,169,654</b>    |

**Note :**

Freehold Land has been revalued as on 31.03.2013 on the basis of an approved valuers report and consequent adjustment to the Gross Block has been credited to Revaluation reserve.



## MUNOTH FINANCIAL SERVICES LIMITED

### Note 10 Non-current investments

(In Rs)

| Particulars                                | As at 31 March, 2014 |            |                          | As at 31 March, 2013 |            |                          |
|--|----------------------|------------|--------------------------|----------------------|------------|--------------------------|
|  | Quoted               | Unquoted   | Total                    | Quoted               | Unquoted   | Total                    |
| (a) Investments (At cost):                 |                      |            |                          |                      |            |                          |
| Non Trade Investment in equity instruments |                      |            |                          |                      |            |                          |
| (i) of Associate Companies                 | -                    | 362,932    | 362,932                  | -                    | 362,932    | 362,932                  |
| (ii) of other entities                     | 32,413,080           | 27,599,798 | <u>60,012,878</u>        | 33,256,122           | 27,599,798 | <u>60,855,920</u>        |
| <b>Total</b>                               |                      |            | <b><u>60,375,810</u></b> |                      |            | <b><u>61,218,852</u></b> |

(i) The Market Value of Aggregated Quoted investments amounts to Rs. 10,136,910/-

(ii) The company has not made provision for a sum of **Rs. 22,276,170/-** (Previous year Rs. 21,958,387) 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.

#### DETAILS OF THE SHARES AS ON 31.3.2014

In Equited Shares of Indian Companies As at 31.03.2014 As at 31.03.2013

#### A) Associate Companies

##### UN QUOTED

|                             |        |                |         |                |
|-----------------------------|--------|----------------|---------|----------------|
| Munoth Neg Windfarm (P) Ltd | 133700 | <u>362,932</u> | 133,700 | <u>362,932</u> |
|                             |        | <u>362,932</u> |         | <u>362,932</u> |

#### B) Others

|                                  | QTY    | AMT.IN Rs. | QTY    | AMT.IN Rs. |
|----------------------------------|--------|------------|--------|------------|
| <b>(i) QUOTED</b>                |        |            |        |            |
| # 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     |
| Agritech India                   | 2140   | 2,140      | 2140   | 2,140      |
| Alembic Pharma                   | 6000   | 570,617    | 11000  | 1,046,129  |
| Alembic limited - ( Bonus )      | 6000   | -          | 11000  | -          |
| Antartica Ltd                    | 1000   | 2,369      | 1000   | 2,369      |
| Arihant Constyn                  | 150    | 600        | 150    | 600        |
| ATV Projects                     | 300    | 5,100      | 300    | 5,100      |
| Bajaj Auto                       | 148    | 271,878    | 200    | 180,882    |
| Bajaj Finserv Ltd                | 110    | 61,120     | 110    | 61,120     |
| Bajaj Holding and Investment Ltd | 100    | 144,206    | 100    | 144,206    |
| Bhirwani Denim                   | 200    | 1,250      | 200    | 1,250      |
| Biofil Chemical                  | 1000   | 1,000      | 1000   | 1,000      |
| Blue Bend Petro                  | 350    | 1,050      | 350    | 1,050      |
| Brigade Enterprises Ltd          | 1000   | 406,344    | 1000   | 406,344    |
| BTW Industries                   | 100    | 300        | 100    | 300        |
| Cable Corporation                | 1000   | 1,500      | 1000   | 1,500      |
| Celebrity Fashions               | 1873   | 256,099    | 1873   | 256,099    |
| Indian Terrian Fashions Ltd      | 535    | -          | 535    | -          |
| Computer Power                   | 184000 | 65,900     | 184000 | 65,900     |



## MUNOTH FINANCIAL SERVICES LIMITED

|                                | QTY    | AMT.IN Rs. | QTY    | AMT.IN Rs. |
|--------------------------------|--------|------------|--------|------------|
| Concert Spices                 | 100    | 300        | 100    | 300        |
| Consolidated Fibre             | 100    | 400        | 100    | 400        |
| Coromandel Finance             | 900    | 6,300      | 900    | 6,300      |
| CT Cotton Yarn                 | 300    | 3,550      | 300    | 3,550      |
| Dcw Shares                     | 22000  | 578,590    | 22000  | 578,590    |
| Deccan Granites                | 100    | 1,100      | 100    | 1,100      |
| Dhampur Sugars                 | 7066   | 742,495    | 7066   | 742,495    |
| DSQ Biotech Ltd                | 170    | 23,800     | 170    | 23,800     |
| Dynavision                     | 200    | 650        | 200    | 650        |
| Essar Steel                    | 114    | 32,940     | 114    | 32,940     |
| Europeon Software              | 600    | 300        | 600    | 300        |
| Fab Worth                      | 100    | 1,975      | 100    | 1,975      |
| Finolex Industries             | 100    | 6,035      | 100    | 6,035      |
| Gangadharan Appliances         | 226    | 2,599      | 226    | 2,599      |
| Golden Textiles                | 1300   | 3,900      | 1300   | 3,900      |
| Gujrat Ambuja Cot Spin Limited | 400    | 3,200      | 400    | 3,200      |
| Gujrat Cotex                   | 300    | 2,955      | 300    | 2,955      |
| Harayana Petro                 | 400    | 3,000      | 400    | 3,000      |
| HDFC Bank Ltd                  | -      | -          | 110    | 39,749     |
| Hindustan Lever Ltd            | 1      | 173        | 1      | 173        |
| Induj Infotech                 | 105    | 105        | 105    | 105        |
| Information Tech Ltd           | 5425   | 5,425      | 5425   | 5,425      |
| Innovation Sec                 | 1400   | 4,200      | 1400   | 4,200      |
| Ispat Industries               | 4000   | 118,920    | 4000   | 118,920    |
| IT People (India)              | 3636   | 514,400    | 3636   | 514,400    |
| ITI                            | 12000  | 942,574    | 12000  | 942,574    |
| Jaswal Granites                | 600    | 3,100      | 600    | 3,100      |
| Jay Flash                      | 19500  | 58,500     | 19500  | 58,500     |
| Kirlosker Electricals          | 100    | 1,926      | 100    | 1,926      |
| Krishna Life                   | 1000   | 993        | 1000   | 993        |
| Kumar Metallurgical            | 300    | 750        | 300    | 750        |
| L M L                          | 450    | 7,534      | 450    | 7,534      |
| MCC Finance Ltd                | 7000   | 77,000     | 7000   | 77,000     |
| Midland Plastics               | 200    | 1,800      | 200    | 1,800      |
| Modern Synthetics              | 1150   | 14,893     | 1150   | 14,893     |
| Modi Threads                   | 200    | 900        | 200    | 900        |
| Munoth Communication Ltd       | 807682 | 15,996,254 | 791200 | 15,877,675 |
| Nahar Spinning Mills           | 2000   | 243,985    | 2000   | 243,985    |
| Nath Bio Genes                 | 2354   | 2,354      | 2354   | 2,354      |
| Nath Seeds                     | 6206   | 6,206      | 6206   | 6,206      |
| Natural Stone                  | 900    | 5,400      | 900    | 5,400      |
| NEPC India                     | 200    | 4,188      | 200    | 4,188      |
| Network Ltd                    | 200    | 6,100      | 200    | 6,100      |
| Omnitech Infosolu LT           | 3000   | 801,982    | 3000   | 801,982    |
| Oswal Agro                     | 350    | 546        | 350    | 546        |
| Padmini Technology             | 700    | 1,400      | 700    | 1,400      |
| Pan Asia Industries            | 100    | 1,200      | 100    | 1,200      |
| PBA Infrastructure             | 17733  | 2,306,172  | 17733  | 2,306,172  |
| Power Grid Corporation         | 78     | 12,835     | 78     | 12,835     |



## MUNOTH FINANCIAL SERVICES LIMITED

|   | QTY    | AMT.IN Rs.               | QTY    | AMT.IN Rs.               |
|---|--------|--------------------------|--------|--------------------------|
| Premier Ltd                             | 100    | 5,325                    | 100    | 5,325                    |
| Premier Plantations                     | 100    | 200                      | 100    | 200                      |
| Rajarathan Synthetic                    | 600    | 3,000                    | 600    | 3,000                    |
| Rathi Alloy and Steel                   | 300    | 1,350                    | 300    | 1,350                    |
| Reliance Capital Limited                | 2400   | 3,399,655                | 2400   | 3,399,655                |
| Reliance Communication Ltd              | 4377   | 1,494,933                | 5377   | 1,836,473                |
| Reliance Industries Ltd                 | 250    | 450,973                  | 250    | 450,973                  |
| Rishab Financial Services Ltd           | 18000  | 448,740                  | 18000  | 448,740                  |
| Reliance Power Ltd                      | 5000   | 1,930,429                | 5000   | 1,930,429                |
| S Kumar Online                          | 1000   | 2,000                    | 1000   | 2,000                    |
| SAL Steel                               | 10000  | 247,809                  | 10000  | 247,809                  |
| Sanghi Poly Ltd                         | 300    | 6,195                    | 300    | 6,195                    |
| Sarala Gems Ltd                         | 200    | 650                      | 200    | 650                      |
| Silver Tech                             | 6      | 590                      | 6      | 590                      |
| Nextgen Animation Media Ltd             | 2      | 197                      | 2      | 197                      |
| Spice Jet                               | -      | -                        | 5000   | 195,816                  |
| State Bank of India                     | 13     | 14,047                   | 13     | 14,047                   |
| Sudati Hosiery                          | 300    | 3,000                    | 300    | 3,000                    |
| Sunpharma Ltd                           | 100    | -                        | 100    | -                        |
| Super Forgings                          | 200    | 3,300                    | 200    | 3,300                    |
| Tirumal Textiles Process                | 400    | 2,000                    | 400    | 2,000                    |
| TN Sponge                               | 100    | 400                      | 100    | 400                      |
| TNPL                                    | 100    | 8,254                    | 100    | 8,254                    |
| Uniworth International                  | 150    | 1,550                    | 150    | 1,550                    |
| Vantel Tech                             | 50     | 50                       | 50     | 50                       |
| Veena Textiles                          | 200    | 1,500                    | 200    | 1,500                    |
| Videocon VCR                            | 100    | 1,600                    | 100    | 1,600                    |
| Vikas WSP Ltd                           | 3000   | 3,000                    | 3000   | 3,000                    |
| Vishal Exports-(Bonus)                  | 1000   | -                        | 1000   | -                        |
| Welwin                                  | 100    | 1,800                    | 100    | 1,800                    |
|   |        | <b><u>32,413,080</u></b> |        | <b><u>33,256,122</u></b> |
| <b>(ii) UNQUOTED</b>                    |        |                          |        |                          |
| Arihant Fabrics                         | 50     | 100                      | 50     | 100                      |
| # Benaras Bank                          | 87490  | 4,811,950                | 87490  | 4,811,950                |
| # Deve Sugar                            | 9400   | 1,410,000                | 9400   | 1,410,000                |
| # Parvathi Hi tech                      | 10000  | 100,000                  | 10000  | 100,000                  |
| *# Rayalaseema Paper Mills              | 112000 | 11,200,000               | 112000 | 11,200,000               |
| # Rhino Tyres                           | 200    | 1,000                    | 200    | 1,000                    |
| Madras Stock Exchange                   | 285000 | 15,000                   | 285000 | 15,000                   |
| India Mobile Network P Ltd              | 50000  | 500,000                  | 50000  | 500,000                  |
| South India Chemicals & Leasing P Ltd   | 7500   | 2,400,000                | 7500   | 2,400,000                |
| Sankeshwara Finance & Investments P Ltd | 20000  | 2,000,000                | 20000  | 2,000,000                |
| Misrimal Navajee Estates P Ltd          | 5000   | 500,000                  | 5000   | 500,000                  |
| Munoth Industries Limited               | 450000 | 4,500,000                | 450000 | 4,500,000                |
| MSE Financial Services Ltd              | 13479  | 161,748                  | 13479  | 161,748                  |
|   |        | <b><u>27,599,798</u></b> |        | <b><u>27,599,798</u></b> |
| TOTAL                                   |        | <b><u>60,012,878</u></b> |        | <b><u>60,855,920</u></b> |
| GRAND TOTAL                             |        | <b><u>60,375,810</u></b> |        | <b><u>61,218,852</u></b> |

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

# Shares not held in the name of the Company





**MUNOTH FINANCIAL SERVICES LIMITED**

| <b>Note 11 Long-term loans and advances</b>                        |                             | <b>(In Rs)</b>              |  |
|--|-----------------------------|-----------------------------|--|
| <b>Particulars</b>   | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |  |
| (a) Security deposits  |                             |                             |  |
| Secured, considered good   | 8,216,971                   | 8,416,971                   |  |
| (b) Prepaid expenses   | 1,398,007                   | 2,134,481.00                |  |
| (c) MAT credit entitlement   | 51,161                      | 51,161                      |  |
| <b>Total</b>   | <b><u>9,666,139</u></b>     | <b><u>10,602,613</u></b>    |  |
| <b>Note 12 Trade Receivables</b>                                   |                             | <b>(In Rs)</b>              |  |
| <b>Particulars</b>   | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |  |
| A. Outstanding for a period exceeding six months from the due date |                             |                             |  |
| Considered good  | 1,174,775                   | 1,205,574                   |  |
| B. Outstanding for a period less than six months from the due date |                             |                             |  |
| Considered good  | 2,629,855                   | 262,692                     |  |
| <b>Total</b>   | <b><u>3,804,631</u></b>     | <b><u>1,468,266</u></b>     |  |
| <b>Note 13 Cash and Bank Balances</b>                              |                             | <b>(In Rs)</b>              |  |
| <b>Particulars</b>   | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |  |
| Cash & Cash Equivalents  |                             |                             |  |
| A. Cash on hand  | 346,694                     | 280,668                     |  |
| B. Balances with banks   |                             |                             |  |
| (i) In current accounts  | 1,733,712                   | 1,883,857                   |  |
|  | <u>2,080,406</u>            | <u>2,164,525</u>            |  |
| Others   |                             |                             |  |
| A. Deposit with bank with 3-12 months maturity                     | 7,803,733                   | 7,638,710                   |  |
| <b>Total</b>   | <b><u>9,884,139</u></b>     | <b><u>9,803,235</u></b>     |  |
| <b>Note 14 Short-term loans and advances</b>                       |                             | <b>(In Rs)</b>              |  |
| <b>Particulars</b>   | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |  |
| (a) Loans and advances to employees                                |                             |                             |  |
| Unsecured, considered good   | 9,238                       | 46,724                      |  |
| <b>Total</b>   | <b><u>9,238</u></b>         | <b><u>46,724</u></b>        |  |
| <b>Note 15 Other current assets</b>                                |                             | <b>(In Rs)</b>              |  |
| <b>Particulars</b>   | <b>As at 31 March, 2014</b> | <b>As at 31 March, 2013</b> |  |
| (a) Accruals   |                             |                             |  |
| Interest accrued on deposits                                       | 77,426                      | 77,650                      |  |
| (b) Others   |                             |                             |  |
| Income Tax Refund Due  | 2,198,541                   | 1,427,125                   |  |
| Prepaid Expenses   | 1,004,374                   | 1,284,867                   |  |
| Federal Bank Interest Receivable                                   | 549,000                     | 549,000                     |  |
| DP Amc and Transactions receivable                                 | 1,574,418                   | 968,416                     |  |
| Service tax input  | 51,633                      | 9,150                       |  |
| TDS Receivable   | 834,115                     | 771,416                     |  |
| <b>Total</b>   | <b><u>6,289,507</u></b>     | <b><u>5,087,624</u></b>     |  |



## MUNOTH FINANCIAL SERVICES LIMITED

| <b>Note 16 Revenue from operations</b>     |  | <b>(In Rs)</b>                               |  |
|--|--|--|--|
| <b>Particulars</b>                         | <b>For the year ended<br/>31 March, 2014</b> | <b>For the year ended<br/>31 March, 2013</b> |  |
| DP and AMC Transaction Charges             | 1,005,644                                    | 434,504                                      |  |
| Merchant Banking                           | 6,716,667                                    | 5,750,000                                    |  |
| Brokerage and Turnover charges             | <u>2,690,960</u>                             | <u>2,449,069</u>                             |  |
| <b>Total</b>                               | <b><u>10,413,271</u></b>                     | <b><u>8,633,573</u></b>                      |  |
| <b>Note 17 Other income</b>                |  | <b>(In Rs)</b>                               |  |
| <b>Particulars</b>                         | <b>For the year ended<br/>31 March, 2014</b> | <b>For the year ended<br/>31 March, 2013</b> |  |
| Interest income                            | 723,438                                      | 1,222,433                                    |  |
| Dividend income                            | 66,275                                       | 106,193                                      |  |
| Intra Day profit on trading                | 10,171                                       | -  |  |
| Net gain on sale of long term investments  | 883,232                                      | -  |  |
| Miscellaneous income                       | <u>70,727</u>                                | <u>73,103</u>                                |  |
| <b>Total</b>                               | <b><u>1,753,843</u></b>                      | <b><u>1,401,729</u></b>                      |  |
| <b>Note 18 Employee benefits expense</b>   |  | <b>(In Rs)</b>                               |  |
| <b>Particulars</b>                         | <b>For the year ended<br/>31 March, 2014</b> | <b>For the year ended<br/>31 March, 2013</b> |  |
| Salaries and wages                         | 4,293,010                                    | 3,265,647                                    |  |
| Contributions to provident and other funds | 216,859                                      | 243,078                                      |  |
| Staff welfare expenses                     | <u>42,203</u>                                | <u>173,016</u>                               |  |
| <b>Total</b>                               | <b><u>4,552,072</u></b>                      | <b><u>3,681,741</u></b>                      |  |
| <b>Note 19 Finance costs</b>               |  | <b>(In Rs)</b>                               |  |
| <b>Particulars</b>                         | <b>For the year ended<br/>31 March, 2014</b> | <b>For the year ended<br/>31 March, 2013</b> |  |
| Interest expenses                          | 2,373,483                                    | 2,666,541                                    |  |
| OD Renewal Charges                         | 110,567                                      | -  |  |
| Bank Guarantee Charges                     | 343,631                                      | 296,351                                      |  |
| Bank charges                               | <u>6,062</u>                                 | <u>7,525</u>                                 |  |
| <b>Total</b>                               | <b><u>2,833,743</u></b>                      | <b><u>2,970,417</u></b>                      |  |
| <b>Note 20 Other expenses</b>              |  | <b>(In Rs)</b>                               |  |
| <b>Particulars</b>                         | <b>For the year ended<br/>31 March, 2014</b> | <b>For the year ended<br/>31 March, 2013</b> |  |
| Power and fuel                             | 452,444                                      | 468,252                                      |  |
| Repairs and maintenance                    |  |  |  |
| - Buildings                                | 88,465                                       | 84,420                                       |  |
| - Machinery                                | 224,111                                      | 200,652                                      |  |
| - Others                                   | 213,055                                      | 187,113                                      |  |
| Investment Manager Fund Expense            | <u>439,824</u>                               | <u>19,406</u>                                |  |



## MUNOTH FINANCIAL SERVICES LIMITED

|   |                         |                         |
|---|-------------------------|-------------------------|
| Insurance                                   | 72,922                  | 58,416                  |
| Rates and taxes                             | 87,052                  | 51,947                  |
| Telephone Charges                           | 203,096                 | 230,980                 |
| Communication                               | 112,708                 | 102,757                 |
| Travelling and conveyance                   | 1,366,535               | 559,903                 |
| Printing and stationery                     | 104,392                 | 121,422                 |
| Business promotion                          | 192,610                 | 221,579                 |
| Legal and professional fees                 | 297,781                 | 380,902                 |
| NSDL Transaction charges                    | 175,351                 | 204,082                 |
| Net Loss From sale Of Long Term Investments | -                       | 502,153                 |
| Loss on Sale of Asset                       | 46,082                  | -                       |
| Provision for gratuity                      | 85,200                  | 25,689                  |
| Vsat charges                                | 21,657                  | 101,996                 |
| Registration fees PMS                       | 166,667                 | 166,666                 |
| Registration fees MBD                       | 166,666                 | 166,667                 |
| Lease Line charges                          | 39,977                  | 109,780                 |
| NSE Transaction charges - Equity & F&O      | 148,083                 | 167,465                 |
| Annual Subscription fees                    | 59,900                  | 150,000                 |
| Clearing & Settlement charges               | 26,142                  | 12,980                  |
| Profit and loss from F&O Trading            | -                       | 22,380                  |
| Professional tax                            | 2,190                   | 2,593                   |
| Auditor's Remuneration :                    |                         |                         |
| - Statutory Audit Fee                       | 75,000                  | 75,000                  |
| - Limited Review                            | 13,500                  | 13,500                  |
| - Certification                             | 31,500                  | 31,500                  |
| Donation                                    | 110,000                 | -                       |
| Miscellaneous expenses                      | 220,599                 | 230,176                 |
| <b>Total</b>                                | <b><u>5,243,509</u></b> | <b><u>4,670,376</u></b> |

### Note 21 Earnings per share

(In Rs)

| Particulars   | For the year ended<br>31 March, 2014 | For the year ended<br>31 March, 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Basic and Diluted</b>  |                                      |                                      |
| Net profit / (loss) for the year from continuing operations attributable to the equity shareholders | -1,407,150                           | -1,905,663                           |
| Weighted average number of equity shares  | 5,135,300                            | 5,135,300                            |
| Par value per share   | 10                                   | 10                                   |
| <b>Earnings per share</b>   | <b>-0.27</b>                         | <b>-0.37</b>                         |



## MUNOTH FINANCIAL SERVICES LIMITED

### Note : 22 Disclosure Of Related Parties/Related Party Transactions

#### A. Name of the Related Parties with whom transactions were carried out during the year and description of relationship :

##### (I) Key Management personnel and their relatives:-

- a) Lalchand Munoth
- b) Jaswant Munoth
- c) Bharat Munoth

##### (II) Enterprises owned or significantly influenced by Key management personnel or their relatives ( either individually or with others )

- a) Munoth Communication Limited

#### B. Disclosure of Related Party Transactions

|  | Party                          | Current Year<br>Rs. | Previous Year<br>Rs. |
|--|--------------------------------|---------------------|----------------------|
| <b>(I) Key Management personnel and their relatives:-</b>  |                                |                     |                      |
| a) Remuneration and perks  | Bharat Munoth & Jaswant Munoth | 1,517,154           | 1,296,000            |
| b) Rendering of services   | Bharat Munoth                  | -                   | 30,183               |
| c) Loan Received   | Lalchand Munoth                | 3,645,051           | -                    |
| d) Outstanding balances in loans & advances  | Bharat Munoth                  | 31                  | 31                   |
| e) Salary Advance  | Bharat Munoth                  | -                   | 17,000               |
| <b>(II) Enterprises owned or significantly influenced by Key management personnel or their relatives ( either individually or with others)</b> |                                |                     |                      |
| a) Purchase of Investments   | Munoth Communication Limited   | 118,579             | -                    |
| b) Rendering of services   | Munoth Communication Limited   | 9,544               | 1,509                |

### Note 23 Employee Benefits ( AS - 15 )

#### Defined contribution plan :

The Company makes Recognized Provident Fund contributions and Employees State Insurance Contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2,16,859 (Year ended 31 March, 2014) for Provident Fund contributions and Employees State Insurance Contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

### Note 24 Expenditure in Foreign Currency

| Particulars                        | Current Year | Previous Year |
|------------------------------------|--------------|---------------|
| Expenditure towards Foreign Travel | 595,434      | 305,612       |

### Note 25 Contingent Liabilities Not Provided For

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| Guarantee given by Federal Bank to Stock Exchanges | 138,500,000  | 138,500,000   |



## **MUNOTH FINANCIAL SERVICES LIMITED**

---

26. 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.
  27. Bangalore branch transactions are consolidated in respective heads in Head office account.
  28. Previous year figures have been regrouped and rearranged wherever necessary to conform to this year classification.
- 

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 : 20/05/2014

**For and on behalf of the Board of Directors**

**LALCHAND MUNOTH**  
Chairman

**JASWANT MUNOTH**  
Managing Director

**BHARAT MUNOTH**  
Director



## MUNOTH FINANCIAL SERVICES LIMITED

### Cash Flow Statement for the year ended 31 March 2014

(In Rs)

|  | Year ended<br>31 March 2014<br>Rs. in '000 | Year ended<br>31 March 2013<br>Rs. in '000 |
|--|--|--|
| <b>A. Cash flow from operating activities</b>                          |  |  |
| <b>[a] Net Profit / (Loss) before tax</b>                              | (1,331,183)                                | (1,947,460)                                |
| <i>Adjustments for:</i>  |  |  |
| Depreciation and amortisation  | 868,974                                    | 660,227                                    |
| (Profit) / loss on sale / write off of assets                          | 46,082                                     | (223)                                      |
| Finance cost   | 2,833,743                                  | 2,970,417                                  |
| Interest income  | (723,438)                                  | (1,222,433)                                |
| Dividend income  | (66,275)                                   | (106,193)                                  |
| Net (gain) / loss on sale of investments                               | (893,403)                                  | 502,153                                    |
|  | <u>2,065,682</u>                           | <u>2,803,948</u>                           |
| <b>[b] Operating profit / (loss) before working capital changes</b>    | 734,499                                    | 856,487                                    |
| <i>Adjustments for (increase) / decrease in operating assets:</i>      |  |  |
| Trade receivables  | (2,336,365)                                | 3,798,899                                  |
| Short-term loans and advances  | 37,486                                     | (401,525)                                  |
| Long-term loans and advances   | 936,474                                    | (1,520,259)                                |
| Other current assets   | (1,201,883)                                | (1,083,204)                                |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> |  |  |
| Short term Borrowings  | 1,993,511                                  | 289,842                                    |
| Trade payables   | 2,757,927                                  | (340,510)                                  |
| Other current liabilities  | 26,675                                     | 826,975                                    |
| Long-term provisions   | 85,200                                     | 25,689                                     |
|  | <u>2,299,027</u>                           | <u>1,595,907</u>                           |
| <b>[c] Net cash from Operating Activities (A)</b>                      | <u>3,033,526</u>                           | <u>2,452,394</u>                           |
| <b>B. Cash flow from investing activities</b>                          |  |  |
| Purchase of Fixed Assets   | (2,653,039)                                | (129,233)                                  |
| Proceeds from sale of fixed assets                                     | 8,000                                      | 1,000                                      |
| Purchase of long-term investments                                      | (390,457)                                  | (708,718)                                  |
| Proceeds from sale of long-term investments                            | 2,126,903                                  | 1,143,348                                  |
| Interest received  | 558,415                                    | 1,060,568                                  |
| Dividend received  | 66,275                                     | 106,193                                    |
| <b>Net Cash From Investing Activities (B)</b>                          | (283,903)                                  | 1,473,158                                  |



## MUNOTH FINANCIAL SERVICES LIMITED

### C. Cash flow from financing activities

|  |                    |                    |
|--|--------------------|--------------------|
| Finance cost   | (2,833,743)        | (2,970,416)        |
|  | <u>(2,833,743)</u> | <u>(2,970,416)</u> |
| <b>Net Cash From Financing Activities (C)</b>                  | <b>(2,833,743)</b> | <b>(2,970,416)</b> |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | <b>-84,119</b>     | <b>955,137</b>     |
| Cash and cash equivalents at the beginning of the year         | <u>2,164,525</u>   | <u>1,209,389</u>   |
| Cash and cash equivalents at the end of the year               | 2,080,406          | 2,164,525          |
| Cash & Cash Equivalents  |                    |                    |
| A. Cash on hand  | 346,694            | 280,668            |
| B. Balances with banks   |                    |                    |
| (i) In current accounts  | <u>1,733,712</u>   | <u>1,883,857</u>   |
|  | <u>2,080,406</u>   | <u>2,164,525</u>   |

The accompanying notes are 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 : 20/05/2014

**For and on behalf of the Board of Directors**

**LALCHAND MUNOTH**  
Chairman

**BHARAT MUNOTH**  
Director

**JASWANT MUNOTH**  
Managing Director

**A. G. NANDINI**  
Company Secretary

### AUDITORS CERTIFICATE

We have examined the above Cash Flow Statement of M/s. Munoth Financial Services Limited for the year ended 31st March 2014 which is based on and in agreement with the audited accounts for the relevant financial year. According to the information and explanation given to us, the aforesaid Cash Flow Statement, prepared by the company, is in accordance with the requirements of Clause 32 of the Listing agreement with the Stock-Exchanges.

**For MARDIA & ASSOCIATES**  
Chartered Accountants  
Firm Reg No: 007888S

Place : Chennai  
Date : 20/05/2014

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



**MUNOTH FINANCIAL SERVICES LIMITED**

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

**CIN:L65991TN1990PLC019836**

**ATTENDANCE SLIP**

**23<sup>rd</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 Twenty Third Annual General Meeting of the Company held on 20<sup>th</sup> September, 2014, at 10.30 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

**Form No. MGT-11**

**23<sup>rd</sup> ANNUAL GENERAL MEETING**

**Proxy form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN: L65991TN1990PLC019836

Name of the company: MUNOTH FINANCIAL SERVICES LIMITED

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

|   |  |  |
|---|--|--|
| 1 | Name(s) of Member(s) including joint holders, if any (in Block Letter(s))                                |  |
| 2 | Registered Address of the Sole/ First named Member   |  |
| 3 | Registered Folio No. / DPID No. / Client ID No. (* Applicable to investors holding shares in demat form) |  |
| 4 | No. of Shares held   |  |

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

- Name : .....  
Address : .....  
E-mail ID : ..... Signature : .....or failing him,
- Name : .....  
Address : .....  
E-mail ID : ..... Signature : .....or failing him,
- Name : .....  
Address : .....  
E-mail ID : ..... Signature : .....or failing him,

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual general meeting of the company, to be held on Saturday 20<sup>th</sup> September, 2014, at 10.30 A.M. at Nahar Hall, South India Hire Purchase Association, Desabandhu, 1st Floor, 47, Whites Road, Royapettah, Chennai - 600 014. and at any adjournment thereof in respect of all the resolutions as are indicated follows:

| SL. No. | RESOLUTIONS  | Opotional |         |
|---------|--|-----------|---------|
|         |  | For       | Against |
|         | Ordinary Business  |           |         |
| 1       | Adopt the Audited Financial statements of the Company for the financial year ended March 31, 2014 including the audited Balance Sheet as on that date and the Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors and Auditors thereon. |           |         |
| 2       | Re-appointment of Mr. Lalchand Munoth as Director who retires by rotation  |           |         |
| 3       | Re-appointment of Mr. Bharat Munoth as Director who retires by rotation  |           |         |
| 4       | Appointment of Auditors and fixing their remuneration  |           |         |
|         | Special Business   |           |         |
| 5       | Appointment of Mr. M. Jayantilal Jain as Independent Director  |           |         |
| 6       | Appointment of Mr. Ajit Kumbhat as Independent Director  |           |         |
| 7       | Appointment of Tansri Rajandram as Independent Director  |           |         |
| 8       | Appointment of Mr. Mah Sau Cheong as Independent Director  |           |         |

Signed this ..... day of ..... 2014

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of first Proxy holder(s)    Signature of Second Proxy holder(s)    Signature of Third Proxy holder(s)

Affix 1/-  
Revenue  
Stamp

**Note:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to Attend and Vote instead of him/herself and the proxy need not be a member of the Company. The Proxy, in order to be effective, must be deposited at The Registered Office of the Company duly completed and signed not less than 48 hours eefore the commencement of the meeting.  
Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

To.

*If undelivered please return to :*

**MUNOTH FINANCIAL SERVICES LIMITED**

MUNOTH CENTRE

3rd Floor, Suite No. 46 & 47,

343, Triplicane High Road,

Chennai - 600 005.




# Munoth Financial Services Limited

Regd. Office : Munoth Centre, Suite No. 46 & 47, 3rd Floor, 343, Triplicane High Road, Chennai - 600 005, INDIA.  
Tele : 91-44-28591185 Fax : 91-44-28591188 E-mail: info@munothfinancial.com  
Branches : Bangalore : Trust Complex 3rd Floor, No. 10, D.V.G. Road, Bangalore - 560 004.  
Ph : 080 - 26603424 / 25 Fax : 080 - 26603423 CIN : L65991TN1990PLC019836

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

|   |   |  |
|---|---|--|
| 1 | Name of the Company   | MUNOTH FINANCIAL SERVICES LIMITED  |
| 2 | Annual Financial statements for the year ended                          | 31 <sup>st</sup> March 2014  |
| 3 | Type of Audit observation   | Matter of Emphasis   |
| 4 | Frequency of observation  | Repetitive since Audit report for the year ended 31/03/2001  |
|   | Relevant Observation Note and page no                                   | page No. 27  |
|   | Management Response to the qualification in Directors report page no:13 | Page No. 33 Note 1(I)  |
| 5 | To be signed by   |  |
|   | * Managing Director   | For MUNOTH FINANCIAL SERVICES LTD.<br><br>Managing Director |

- Member of National Stock Exchange (CM INB 230803634)
- Member of National Stock Exchange Derivatives (INF 230803634)
- Member Madras Stock Exchange (INB 040803634)
- Dealer : OTCEI (INB 200803630)



- Merchant Banker (INM000003739)
- Portfolio Management Service (INP000000308)
- Depository Participant (IN-DP-NSDL-30-97)
- SEBI MAPIN No.: 100002089