



# **Munoth Financial Services Limited**

**28<sup>th</sup> Annual Report 2018-19**



## **MUNOTH FINANCIAL SERVICES LIMITED**

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### **BOARD OF DIRECTORS**

Mr. Lalchand Munoth, Chairman DIN No: 01693640  
Mr. Jaswant Munoth, Managing Director DIN No: 00769545  
Mr. Bharat Munoth DIN No: 00769588  
Mr. Vikas Munoth DIN No: 00769366  
Mr. Ajit Kumbhat DIN No: 01101399  
Ms. Lakshika Mehta DIN No: 07183815

### **COMPANY SECRETARY**

Ms. A G Nandini

### **AUDITORS**

C K Prusty & Associates  
Chartered Accountants  
Chennai

### **SECRETARIAL AUDITOR**

Mr. N Selvam  
Practicing Company Secretary

### **BANKERS**

HDFC Bank  
Bank of Baroda

### **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**





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## **MUNOTH FINANCIAL SERVICES LIMITED**

### **MUNOTH FINANCIAL SERVICES LIMITED**

**CIN NO: L65991TN1990PLC019836**

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

### **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held on Wednesday, August 7, 2019 .at 11.00 A M. at Nahar Hall (South India Hire Purchase Association), Desabandhu Plaza, 1st floor, 47, Whites Road, Royapettah, Chennai – 600 014 to transact the following business.

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial statements of the Company for the financial year ended March 31, 2019 including the audited Balance Sheet as on that date and the Statement of Profit and Loss for the year ended on that date and cash flow statement as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaswant Munoth (DIN No.00769545) 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 Lalchand Munoth (DIN No: 01693640) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment
4. 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.

#### **SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution for remuneration payable and reappointment of Mr. Jaswant Munoth as Managing Director of the Company

“RESOLVED that pursuant to the approval of the Board of Directors and recommendation of Nomination and remuneration committee and subject to the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 approval of Members be and is hereby accorded to Mr. Jaswant Munoth (DIN : 00769545), for reappointment as a director, liable to retire by rotation, and also Managing Director of the Company for a period of two years effective from June 20, 2019 to June 19, 2021 , on the terms and conditions of appointment and remuneration , as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of re-appointment and remuneration so as to not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 read with limits specified in Schedule V to the Companies Act, 2013 and as may be agreed to by the Board of Directors and Mr.Jaswant Munoth.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”



## MUNOTH FINANCIAL SERVICES LIMITED

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Special resolution for re appointment of Mr. Ajit Kumbhat (DIN :01101399) as Independent director of the company:

**“RESOLVED THAT** pursuant to the provisions 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 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ajit Kumbhat (DIN :01101399) who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Companies Act, 2013 be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years from September 20, 2019 to September 19, 2024 on the Board of the Company.”

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

Date : May 28, 2019  
Place : Chennai

**LALCHAND MUNOTH**  
**CHAIRMAN**

### **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 August 1, 2019 to August 7, 2019 (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



## **MUNOTH FINANCIAL SERVICES LIMITED**

of Members/list of Beneficial Owners as received from National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") as on July 5, 2019.

### **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.

### **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).

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 by E-mail to Members whose E-mail address is registered. In case your E-mail address is not registered with your Depository Participant/



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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 July 31, 2019. 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 August 4, 2019 9:00 A M and ends on August 6, 2019 at 5:00 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) July 31, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The shareholder who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
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 which is mentioned in address label as serial no. affixed on Postal Ballot in the PAN Field.</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</li> </ul>





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Dividend Bank Details OR Date of Birth (DOB)	name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"><li>If both 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 (iv).</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.
- (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.



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- 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 a period not exceeding two working 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.N Selvam, practicing Company Secretary has been appointed as scrutinizer for conducting the e- voting process in fair and transparent manner.



## 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

Mr. Jaswant Munoth was reappointed as the Managing Director for two years with effect from June 20, 2017. Keeping in view his entrepreneurial spirit and commitment as well as taking into account his responsibilities, the nomination and remuneration committee has decided to reappoint him as Managing Director with the remuneration of Rs. 2,00,000/- per month. Mr. Jaswant Munoth is also the Managing Director of Munoth Communication Limited. The Board of Directors in their meeting held on May 28, 2019, has decided to reappoint him as the Managing Director of the Company for the period of two years with effect from June 20, 2019 and who is eligible to retire by rotation. He is also a member of the Shareholder/ Investor Grievance Committee of the Board of Directors of the Company. Mr. Jaswant Munoth is a Commerce graduate with a Masters Degree in Business Administration. He has extensive knowledge in the field of finance and investments. His dynamism and the business acumen will be of great asset to the Company.

The material terms of appointment and remuneration as contained in the draft Agreement are given below: -

- I) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):
  - a) Salary comprising (i) Basic salary: At the rate not exceeding '2,00,000/- per month; and (ii) Allowances: Not exceeding one and a half times the Basic salary, with increments as may be decided by the Board of Directors of the Company from time to time. subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1st April every year.
  - b) Commission and Performance linked incentive: On net profits of the Company determined in accordance with the relevant provisions of the Companies Act, 2013 at a rate to be determined by the Board of Directors from time to time, but not exceeding an amount equivalent to twice the Salary in I(a) above, for the relevant period. The payment may be made on a pro-rata basis every month or on an annual basis or partly monthly and partly on an annual basis at the discretion of the Board.
- II) Perquisites:
  1. In addition to the Remuneration as stated above, Mr. Jaswant Munoth shall be entitled, as per Rules of the Company, to perquisites like:
    - a. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per policy of the Company.
    - b. Reimbursement of all medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalisation.
    - c. Personal Accident Insurance Premium.
    - d. Air passage and/or leave travel allowance for self and members of his family
    - e. Subscription to clubs.



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- f. Use of Company maintained cars with drivers for business and personal use.
- g. Use of communication devices such as telephones, audio and video conference facilities etc., at the residence.
- h. Education Allowance for children, whether abroad or in India.
- i. Encashment of leave at the end of his tenure as per policy of the Company.
- j. Contributions to provident fund, superannuation fund or annuity fund and any other retirement benefits.
- k. Participation in any/ all employee stock option schemes/ plans of the Company
- l. Gas, Electricity, water & furnishings; maintenance and repairs thereof
- m. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Jaswant Munoth .

The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in I(a) above for the relevant period. The perquisites mentioned above from (h) to (m) shall be based on actual amounts and excluded from the aforesaid perquisite limit.

2. The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

III) Minimum Remuneration: Notwithstanding anything herein contained, where in any financial year during the period of his office as Managing Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals, pay Mr.Jaswant Munoth remuneration by way of salary, allowances, perquisites not exceeding the maximum limits laid down in Section II of Part II of Schedule V to the Companies Act, 2013 (corresponding to Para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956), as may be agreed to by the Board of Directors and Mr.Jaswant Munoth

The Board recommends the passing of the resolutions as set out at item no.5 of the accompanying notice as Special resolution. Except Mr.Jaswant Munoth, being an appointee, Mr. Lalchand Munoth, Mr. Bharat Munoth and Mr. Vikas Munoth are interested in this Resolution.

### **Item No. 6**

Mr. Ajit Kumbhat is an Independent Non-Executive Director of the Company and has joined the Board of Directors of the Company on 10/01/2007. He was appointed as Independent Director for first term for 5 years from 20/09/2014 to 19/09/2019. Pursuant to Sections 149 (11) of the Companies Act, 2013, Mr. Ajit Kumbhat, was appointed as an Independent Non-Executive Director to hold office for five consecutive years for a term up to September 19, 2019, by the Members of the Company in the Annual General Meeting held on 20th September 2014. Also, as per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, shall also be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on May 28, 2019 approved to re-appoint Mr. Ajit Kumbhat , as an Independent Director for second term of five (5) years with effect from September 20, 2019 upto September 19, 2024, subject to the approval of shareholders.



## MUNOTH FINANCIAL SERVICES LIMITED

### **Brief resume of the director and Nature of his expertise in specific functional areas:**

Mr. Ajit Kumbhat, aged 67 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 also the director of Vasadi Properties Private Limited and Madras Cricket Club. 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.

Considering his experience, it is proposed to re-appoint Mr. Ajit Kumbhat as an Independent Non-Executive Director for another term of five consecutive years from September 20, 2019 upto September 19, 2024. In this regard the Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ajit Kumbhat as an Independent Non-Executive Director.

### **Details of Director seeking reappointment are as follows:**

Director Identification Number	01101399
Date of Birth	15/03/1952
Nationality	Indian
Qualification	B.Com; FCA
Date of Appointment on Board	10/01/2007
	Appointed as Independent Director for first term for 5 years from 20/09/2014 to 19/09/2019
Shareholding in MFSL	nil
Brief Profile of Director	Mr. Ajit Kumbhat, aged 67 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 also the director of Vasadi Properties Private Limited and Madras Cricket Club. 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
Expertise in specific functional areas	Taxation, Auditing
List of Directorships held in other companies excluding foreign, private and Section 8 Companies	NIL
Memberships of Audit and Stakeholders Relationship Committees across Public companies including MFSL	Chairman of Audit committee and member of Investor Grievance Committee and Remuneration Committee constituted by the Board of Directors of the Company
Details of Board/ Committee Meetings attended by the director during the year	Board Meetings Attended on 28/05/2018; 13/08/2018; 13/11/2019 and 13/02/2019 Audit Committee Meetings Attended on 28/05/2018; 13/08/2018; 13/11/2019 and 13/02/2019 Stakeholders Relationship committee Meetings Attended 09/04/2019; 05/07/2018; 09/10/2018; 07/01/2019 ; 11/03/2019; 30/03/2019



## **MUNOTH FINANCIAL SERVICES LIMITED**

The Board recommends the passing of the resolutions as set out at item no. 6 of the accompanying notice as Special resolution. Except Mr. Ajit Kumbhat, being an appointee, none of the Directors of the Company, nor the Key Managerial Personnel of the Company nor their respective relatives are in any way concerned or interested, financially or otherwise in this Resolution. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the LODR and Secretarial Standard on General Meetings (SS-2) of ICSI.

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

Date : May 28, 2019  
Place : Chennai

**LALCHAND MUNOTH**  
**CHAIRMAN**



## MUNOTH FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT

To The Members

Your Directors have pleasure in presenting their Twenty Eighth Annual Report together with the Audited Accounts for the year ended March 31, 2019

### **FINANCIAL RESULTS:**

<b>Particulars</b>	<b>2018-2019 Rs.in '000</b>	<b>2017-2018 Rs. in '000</b>
Total Revenue from operations	3,559.86	14670.38
Other Income	413.33	798.66
Total Expenses	10,662.44	13559.07
Profit or Loss before exceptional items and tax	(6689.25)	1909.97
Less Exceptional items	0	0
Profit or Loss after Exceptional items and before tax Expenses	(6689.25)	1909.97
Less: Tax Expenses(Current & Deferred)	118.20	(138.14)
Profit/(Loss) for the year	(6807.45)	2048.11
Other Comprehensive Income		
Change in fair value of equity instruments	2160.00	21,280
Re-measurement of Post Employment defined benefit plan	346.13	0
Total Comprehensive Income for the year	(4301.32)	23,328.11
Earnings Per Share		
- Basic Earning per Share	(1.33)	0.40
- Diluted Earning per Share	(1.33)	0.40

### **REVIEW OF BUSINESS OPERATIONS:**

During the financial year 2018-19, the Company's total revenue has decreased to INR 39.73 lakhs from INR 154.69 lakhs in the previous year .

The Company has made a loss of INR 68.07 Lakhs in the current financial year as against a profit of INR 20.48 Lakhs in the last financial year

### **Stock Broking**

Income from stock broking operations has decreased to INR 21.72 Lakhs from iNR 23.46 Lakhs in the previous financial year .

The broking turnover of the company in cash segment is Rs. 195.50 Crores as against 159.75 Crores in the last financial year



## **MUNOTH FINANCIAL SERVICES LIMITED**

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 decreased to INR 5.66 Lakhs from INR 6.32 Lakhs in the previous financial year

### **Merchant Banking & Portfolio Management Services:**

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

The Company's MBD division is providing valuation services in accordance with the requirement of the various acts/statutory requirements.

Income from Merchant Banking & PMS decreased to INR 8.21 Lakhs as against INR 116.92 Lakhs in the previous year.

### **FUTURE PROSPECTS**

The company will continue to focus on Investment Banking, Portfolio Management services and Institutional Broking business.

### **INDIAN ACCOUNTING STANDARDS (IND AS)**

The Ministry of Corporate Affairs (MCA) on February 15, 2015 notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of companies. Ind AS has replaced the previous Indian GAAP as per the Companies Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies 2013, (the 'Act') and other relevant provisions of the Act. The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016.

### **DIVIDEND:**

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

### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

The provisions of Section 125(2) of the companies Act, 2013 do not apply as there was no dividend declared and paid last year.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED BETWEEN 31ST MARCH 2019( THE END OF THE FINANCIAL YEAR and 28th MAY 2019 (THE DATE OF REPORT)**

There were no material changes and commitments affecting the financial position of the company between 31st March 2019( the end of the financial year) and 28th May 2019 (the date of the report).

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

The Company has no activities relating to conservation of energy, technology absorption, foreign exchange earnings and outgo and hence the provisions of Section 134(m) of the Companies Act, 2013 is not applicable to the Company.





## **MUNOTH FINANCIAL SERVICES LIMITED**

### **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Risk Management Committee of the Company continuously monitors business and operations risk through an efficient risk management system.

### **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable for the financial year 2018-19.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not provided working capital loan, Guarantee or provided security. The details of investments made by the company are given in the notes to the financial statements.

### **NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:**

The Company has conducted 4 Board meetings during the financial year under review. 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. The dates of the Board Meetings were May 28, 2018, August 13, 2018, November 13, 2018 and February 13, 2019.

### **AUDIT COMMITTEE:**

The Audit Committee comprised of Independent Directors Mr. Ajit Kumbhat (Chairman), Ms. Lakshika Mehta, Mr. Mah Sau Cheong and Mr. Jaswant Munoth as Members as per the requirement of Section 177 of the Companies Act, 2013. All the recommendations made by the Audit Committee were accepted by the Board.

### **NOMINATION AND REMUNERATION COMMITTEE:**

The Remuneration Committee comprised of Ms. Lakshika Mehta (Chairman), Mr. Ajit Kumbhat, Tansri Rajandram. The committee is vested with all necessary powers and authority to determine and recommend the remuneration payable to Executive Directors.

### **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES.**

The Company's Policy relating to appointment of Directors, payment of managerial remuneration, Director's qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished as Annexure 1 and is attached to this report.

### **SHAREHOLDERS RELATIONSHIP COMMITTEE**

Pursuant to Companies Act 2013, the Board of Directors had reconstituted Shareholders'/ Investor Greivance Committee with the new name Shareholders relationship 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.

The Committee comprised of Ms. Lakshika Mehta (Chairman), Mr. Ajit Kumbhat, Tansri Rajandram, Mr. Jaswant Munoth..

The chairperson or the member authorized by him of each of the committees constituted under Section 178 attended the general meeting of the Company



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **EVALUATION**

The aspects covered in the evaluation included the contribution made by the Directors to the corporate governance practices, long term strategic planning, fulfillment of Director's obligations and fiduciary responsibilities and active participation at the Board and Committee meetings. The effectiveness of Board / Committee processes were assessed based on the Directors' inputs received during the meetings of the Board and one to one meeting by the Chairman with the Directors.

### **EXTRACT OF ANNUAL RETURN**

The Extract of Annual return as on March 31, 2019 as provided under Sub-section (3) of section 92 in Form No. MGT - 9 is being annexed as Annexure 2 to the report

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under 34(2)(e) of SEBI(LODR) Regulations is presented in separate section forming part of the Annual Report as Annexure 3.

### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

As required in Clause (c) of Sub- Section (3) of Section 134 of the Companies Act, 2013, your Director confirms and state that

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
- b) 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 close of the financial year ended 31st March 2019 and of the Profit/Loss of the company for the year ended 31st March 2019
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual accounts on a going concern basis.
- e) The Directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **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

### **DIRECTORS AND KMP**

#### **Resignation:**

Mr. Tansri Rajandram ( DIN No. 02482369) and Mr. Mah Sau Chong ( DIN No. 06978158), independent non executive directors of the company resigned from the company and the board of directors have accepted their resignation with effect from April 23, 2019 and April 25, 2019 respectively.



## MUNOTH FINANCIAL SERVICES LIMITED

### **Re appointment of Directors retiring by rotation**

Pursuant to Section 152 of the Companies Act, 2013, Mr. Lalchand Munoth, Mr. Bharat Munoth and Mr. Vikas Munoth retire by rotation and being eligible offers themselves for reappointment

### **Information pursuant to Regulation 36(3) of SEBI (LODR) Regulations**

#### **1. Brief resume of Mr. Lalchand Munoth and nature of his expertise in specific areas.**

Mr. Lalchand Munoth is retiring by rotation at his Annual General Meeting and being eligible offers himself for reappointment. Mr. Lalchand Munoth, aged 80 years (DOB: 05/12/1938) 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, Munoth Industries Limited, Munoth Bioscience Limited and South India Chemicals and Leasing Private Limited.

As on March 31, 2019, his shareholding in the Company is 6,87,100 shares and has no shares held by/ for other persons on a beneficial basis. He has attended all the 4 board meetings held on 28/05/2018; 13/08/2018; 13/11/2019 and 13/02/2019 by the company.

Disclosure of relationships between directors inter-se: Mr. Lalchand Munoth is the father of Mr. Jaswant Munoth, Mr. Bharat Munoth & Mr. Vikas Munoth.

#### **2. Brief resume of Mr. Bharat Munoth and nature of his expertise in specific areas.**

Mr. Bharat Munoth is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment. Mr. Bharat Munoth, aged 49 years (DOB: 02/03/1970) 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 1992. He is also the director of Munoth Communication Limited, Munoth Bioscience Limited, South India chemicals and Leasing Private Limited, Maharana Finance and Investments Private Limited and Shankeswar Finance and Investments Private Limited.

As on March 31, 2019, his shareholding in the Company is 7,17,900 shares and has no shares held by/ for other persons on a beneficial basis. He has attended all the 4 board meetings held on 28/05/2018; 13/08/2018; 13/11/2019 and 13/02/2019 by the company.

Disclosure of relationships between directors inter-se: Mr. Lalchand Munoth is the father of Mr. Bharat Munoth and Mr. Jaswant Munoth & Mr. Vikas Munoth are brothers of Mr. Bharat Munoth.

#### **3 Brief resume of Mr. Jaswant Munoth and nature of his expertise in specific functional areas:**

Mr. Jaswant Munoth, aged 54 years (Date of Birth : 14/07/1965) holds a Bachelor Degree in Commerce from University of Madras with a Masters Degree in Business Administration. He has extensive 32 years of experience and knowledge in the field of Capital Markets. He is the Managing Director of the company since its inception on 1990. He has managed and steered the company through the adverse market conditions prevailed in the financial sector. He heads Merchant Banking and Portfolio Management Division of the Company. Under his leadership the Merchant Banking division has Lead managed 47 IPOs. He has worked with other leading merchant Bankers in 65 other IPO's under various other capacities. He also heads Portfolio Management Services since its inception in 1999 and manages portfolio of clients.

He is also the Managing Director of Munoth Communication Limited and director of Munoth Industries Limited, Munoth NEG Windfarm Private Limited, Misrimal Navajee Estates Private Limited, Maharana



## **MUNOTH FINANCIAL SERVICES LIMITED**

Finance & Investments P Limited, Shankeswara Finance & Investments P Limited, South India Chemicals & Leasing P Limited and Munoth Bioscience Limited.

As on March 31, 2019, his shareholding in the Company is 823300 shares and has no shares held by/ for other persons on a beneficial basis. He has attended the three board meetings held on 28/05/2018; 13/08/2018; 13/11/2019 and three Audit Committee Meetings held on 28/05/2018; 13/08/2018; 13/11/2019 and attended 3 Stakeholders Relationship committee Meetings held on 09/04/2018; 11/03/2019; 30/03/2019

Disclosure of relationships between directors inter-se: Mr. Lalchand Munoth is the father of Mr. Jaswant Munoth and Mr. Bharat Munoth & Mr. Vikas Munoth are brothers of Mr. Jaswant Munoth.

### **Re appointment of Mr. Ajit Kumbhat as Independent Director**

Mr. Ajit Kumbhat is an Independent Non-Executive Director of the Company and has joined the Board of Directors of the Company on 10/01/2007. He was appointed as Independent Director for first term for 5 years from 20/09/2014 to 19/09/2019. Considering his experience, it is proposed to re-appoint Mr. Ajit Kumbhat as an Independent Non-Executive Director for another term of five consecutive years from September 20, 2019 upto September 19, 2024 subject to the approval of the members in the ensuing AGM.

### **Brief resume of Mr. Ajit Kumbhat and nature of his expertise in specific functional areas:**

Mr. Ajit Kumbhat, aged 67 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 also the director of Vasadi Properties Private Limited and Madras Cricket Club. 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. He is expert in taxation and auditing.

He does not hold any shares in the company and he has attended the Board Meetings held on 28/05/2018; 13/08/2018; 13/11/2019 and 13/02/2019; Audit Committee Meetings held on 28/05/2018; 13/08/2018; 13/11/2019 and 13/02/2019 and Stakeholders Relationship committee Meetings held on 09/04/2019; 05/07/2018; 09/10/2018; 07/01/2019 ; 11/03/2019; 30/03/2019

Disclosure of relationships between director inter-se: Except Mr. Ajit Kumbhat, being an appointee, none of the Directors of the Company, nor the Key Managerial Personnel of the Company nor their respective relatives are in any way concerned or interested, financially or otherwise in this Resolution.

### **DECLARATION OF INDEPENDENT DIRECTORS:**

The independent Directors have confirmed and declared that they are not disqualified to act as an independent Director in compliance with the provisions of Section 149 of the Companies Act., 2013.

### **ADEQUACY OF INTERNAL CONTROL, FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

### **STATUTORY AUDITORS:**

Members of the Company at the AGM held on August 31, 2017 had approved the appointment of C K Prusty & Associates as the Statutory Auditors for a period of five financial years and they hold office until the conclusion of the AGM to be held in the year 2022.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **SECRETARIAL AUDIT REPORT:**

A Secretarial Audit was conducted during the year by the secretarial Auditor, Mr. N Selvam, Practicing Company Secretary in accordance with provisions of section 204 of the Companies Act, 2013. The Secretarial Audit Report is attached as Annexure 4 and forms a part of the report of the Directors.

### **COST AUDIT:**

Cost Audit is not applicable to the Company for the financial year 2018-19.

### **EXPLANATION / COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS.**

There were no comments or observations or adverse remarks made by the Auditor or Practicing Company Secretary in their reports.

### **COMPLIANCE WITH SECRETARIAL STANDARDS:**

The Company has complied with Secretarial Standards issued by Institute of Company Secretaries of India (ICSI) as and when it was applicable.

### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary or Joint venture Company. The nil disclosure in Form No. AOC 1 is enclosed as Annexure 5.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

In line with the requirements of the Companies act, 2013 and equity listing Regulation, the Company has formulated a policy on Related Party transactions which is also available on Company's website at [www.munothfinancial.com](http://www.munothfinancial.com). The policy intends to ensure that proper reporting, approval and disclosure procedures are in place for all transactions between the Company and Related Parties.

All Related Party transactions are placed before the Audit Committee for review and approval, Prior omnibus approval is obtained for Related Party transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

The company paid remuneration to Mr. Jaswant Munoth, the Managing Director of the company amounting to INR. 8.75 Lakhs for seven months this financial year , which has been approved by the Board in their meeting held on 23/05/2017.

The other disclosures for the financial year in Form No . AOC.2 is enclosed as Annexure 6

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE:**

There are no persons employed in the Company during the year or for part of the year who were in receipt of remuneration in excess of the limits set out in Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with in terms of provisions of Section 197(12) of the Companies Act, 2013.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 are provided in the Annual Report as Annexure 7

In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, which is available for inspection by the members at the registered office of the company during business hours on working days of the company. If any member is interested in inspecting the



## **MUNOTH FINANCIAL SERVICES LIMITED**

same, such member may write to the Company in advance and the same will be furnished. The full annual report is also available on the Company's website.

### **VIGIL MECHANISM:**

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Regulation, includes an Ethics & Compliance Task Force comprising Senior Executives of the Company. The policy on vigil mechanism and whistle blower policy may be accessed on the company's website [www.munothfinancial.com](http://www.munothfinancial.com)

### **CORPORATE GOVERNANCE REPORT:**

Pursuant to Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, report on Corporate Governance is not applicable to the Company for the financial year 2018-19 since the NetWorth is below 25 Crore and the Paidup Capital of the Company is less than 10 Crore.

### **STOCK EXCHANGES**

The Company's shares are listed on BSE.

### **PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct as per the Guidelines issued by the Securities and Exchange Board of India for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Board of Directors and the designated employees have confirmed compliance with the code.

### **GENERAL:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review.

1. Issue of equity shares with differential rights as to dividend, voting or otherwise
2. Issue of shares ( including sweat equity shares) to employees of the company and ESOS under any scheme
3. The company does not have any subsidiaries and hence the disclosure stating that the Managing Director / whole Time Director of the Company not receiving any remuneration or commission for subsidiary is not applicable.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. There were no cases filed pursuant to the Sexual Harassment of Women at Workplace ( Prevention, Prohibition and Redressal) Act, 2013.

### **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**

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director

**Vikas Munoth**  
Whole Time Director



## MUNOTH FINANCIAL SERVICES LIMITED

### ANNEXURE 1

#### Nomination and Remuneration Policy

The Remuneration/Compensation Committee of Munoth Financial Services Limited ("the Company"), consisting of three independent directors, was renamed as Nomination and Remuneration Committee by the Board at its meeting held on March 31, 2015

1. **OBJECTIVE** The Nomination and Remuneration Committee and this Policy are in compliance with Section 178 of the Companies Act, 2013 ("**The Act**") read along with the applicable rules thereto and Clause 49 under the Listing Agreement.

The key objectives of the Committee are:

- 1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4 To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and to assist the Board in fulfilling its responsibilities.

#### 2. DEFINITIONS

- 2.1 **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 **Board** means Board of Directors of the Company.
- 2.3 **Directors** mean Directors of the Company.
- 2.4 **Key Managerial Personnel** means Chief Executive Officer or the Managing Director or the Manager; Whole-time director; Chief Financial Officer; Company Secretary; and such other officer as may be prescribed.
- 2.5 **Senior Management** means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

#### 3. ROLE OF COMMITTEE

##### 3.1 The role of the Committee inter alia will be the following:

- a. to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b. to recommend to the Board the appointment and removal of Senior Management
- c. to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- d. to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.



## **MUNOTH FINANCIAL SERVICES LIMITED**

- e. to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f. ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- g. to devise a policy on Board diversity;
- h. to develop a succession plan for the Board and to regularly review the plan;

### **Policy for appointment and removal of Director, KMP and Senior Management**

#### **3.2 Appointment criteria and qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **3.3 Term / Tenure**

- a) Managing Director/Whole-time Director : The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director it shall be ensured that number of Boards on which such Independent Director serves is as may be prescribed under the Act and / or the Listing Agreement.

- 3.4 Evaluation** The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).





## **MUNOTH FINANCIAL SERVICES LIMITED**

**3.5 Removal** Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

**3.6 Retirement** The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**3.7 Policy relating to the Remuneration for the Managing / Whole-time Director, KMP and Senior Management Personnel**

The Remuneration Policy of the Company for managerial personnel is primarily based on the following:

- Performance of the Company,
- potential of individual and,
- External competitive environment

**General**

- a. The remuneration/compensation/commission, etc., to the Managing / Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval at the time of appointment. The remuneration / compensation / commission etc. of the Managing / Whole Time Director shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b. The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the provisions of the Act.
- c. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which would be within the limits approved by the Shareholders in the case of Whole-time Directors and as per the Policy of the Company in case of others.
- d. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**Remuneration to Managing / Whole-time Director, KMP and Senior Management Personnel**

**a. Fixed pay:** The Managing / Whole-time Director, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.



## MUNOTH FINANCIAL SERVICES LIMITED

**b. Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**c. Provisions for excess remuneration:** If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without appropriate approvals, the Committee shall recommend the due course of action to the Board as and when required.

### ***Remuneration to Non- Executive / Independent Director***

**a. Remuneration / Commission:** The remuneration / commission shall be fixed as per the limits and conditions mentioned by the Company and the Act.

**b. Sitting Fees:** The Non- Executive / Independent Director may receive Sitting fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed the amount as may be prescribed by the Central Government from time to time.

**c. Commission:** Commission may be paid subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

**d. Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

#### **4. NOMINATION COMMITTEE FUNCTIONS:**

The functions of the Committee in relation to nomination matters include:

- a. Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b. Ensuring that on appointment to the Board, independent directors receive a formal letter of appointment in accordance with the guidelines provided under the Act;
- c. Identifying and recommending Directors who are to be put forward for retirement by rotation.
- d. Determining the appropriate size, diversity and composition of the Board;
- e. Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- f. Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- g. Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- h. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- i. Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- j. Recommend any necessary changes to the Board; and
- k. Considering any other matters, as may be requested by the Board.



## MUNOTH FINANCIAL SERVICES LIMITED

### 5. REMUNERATION COMMITTEE FUNCTIONS

The function of the Committee in relation to remuneration matters include:

- a. to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- b. to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- c. to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- d. to consider any other matters as may be requested by the Board.
- e. Professional indemnity and liability insurance for Directors and senior management.

**6. MEMBERSHIP** The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent. Minimum two members shall constitute a quorum for the Committee meeting. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.

**7. CHAIRPERSON** The Chairperson of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

**8. FREQUENCY OF MEETINGS** The meeting of the Committee shall be held at such regular intervals as may be required.

### 9. OTHERS

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- b. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee. In the case of equality of votes, the Chairman of the meeting will have a casting vote.
- c. The Company Secretary of the Company shall act as Secretary of the Committee.
- d. Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

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

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director

**Vikas Munoth**  
Whole Time Director



## MUNOTH FINANCIAL SERVICES LIMITED

FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L65991TN1990PLC019836
ii	Registration Date	1/11/1990
iii	Name of the Company	MUNOTH FINANCIAL SERVICES LIMITED
iv	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES
v	Address of the Registered office & contact details	SUITE NO. 46 & 47, MUNOTH CENTRE 343, TRIPPLICANE HIGH ROAD, TRIPPLICANE, CHENNAI - 600005, PH -914428591185 Email: cs@munothfinancial.com
vi	Whether listed company	YES
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	CAMEO CORPORATE SERVICES LIMITED, 1, CLUB HOUSE ROAD, CHENNAI - 600002

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total revenue/turnover of the company (Approx)
		class(Sub class)	
1	Management of Other Investment Funds	6630(66309)	23.08%
2	Security and Commodity Contracts brokerage	6612(66120)	61.02%
3	Activities auxiliary to financial services activity nec	6619(66190)	15.90%

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLI CABLE SECTION
-	-	-	-	-	-



## MUNOTH FINANCIAL SERVICES LIMITED

### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	3384900	0	3384900	65.92	3405200	0	3405200	66.32	0.40
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	227700	0	227700	4.43	227700	0	227700	4.43	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	<b>3612600</b>	<b>0</b>	<b>3612600</b>	<b>70.35</b>	<b>3632900</b>	<b>0</b>	<b>3632900</b>	<b>70.75</b>	<b>0.40</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>3612600</b>	<b>0</b>	<b>3612600</b>	<b>70.35</b>	<b>3632900</b>	<b>0</b>	<b>3632900</b>	<b>70.75</b>	<b>0.40</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	225000	225000	4.38	0	225000	225000	4.38	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>225000</b>	<b>225000</b>	<b>0</b>	<b>0</b>	<b>225000</b>	<b>225000</b>	<b>0</b>	<b>0</b>



## MUNOTH FINANCIAL SERVICES LIMITED

### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non Institutions</b>									
a) Bodies corporates	0	0	0	0	0	0	0	0	0
i) Indian	1064122	7700	1071822	20.87	1064476	7300	1071776	20.87	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	61643	151925	213568	4.17	63589	129725	193314	3.77	(0.40)
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	11700	11700	0.22	0	11700	11700	0.22	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
HUF	610	0	610	0.01	610	0	610	0.01	-0
<b>SUB TOTAL (B)(2):</b>	<b>1126375</b>	<b>171325</b>	<b>1297700</b>	<b>25.27</b>	<b>1128675</b>	<b>148725</b>	<b>1277400</b>	<b>24.87</b>	<b>(0.40)</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1126375</b>	<b>396325</b>	<b>1522700</b>	<b>29.65</b>	<b>1128675</b>	<b>373725</b>	<b>1502400</b>	<b>29.25</b>	<b>(0.40)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>4738475</b>	<b>397225</b>	<b>5135300</b>	<b>100.00</b>	<b>4761575</b>	<b>373725</b>	<b>5135300</b>	<b>100.00</b>	<b>0.00</b>



## MUNOTH FINANCIAL SERVICES LIMITED

### (ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company shares	% of pledged encumbered to total shares	
1	JASWANT MUNOTH	815200	15.87	0	823300	16.04	0	0.17
2	BHARAT MUNOTH	717900	13.98	0	717900	13.98	0	0.00
3	LEELADEVI MUNOTH	155000	3.02	0	155000	3.02	0	0.00
4	VIKAS MUNOTH	994500	19.37	0	1006700	19.60	0	0.23
5	VIJAYALAKSHMI MUNOTH	15200	0.30	0	15200	0.30	0	0.00
6	LALCHAND MUNOTH	687100	13.38	0	687100	13.38	0	0.00
7	MUNOTH INDUSTRIES LIMITED	9700	0.19	0	9700	0.19	0	0.00
8	SOUTHINDIA CHEMICALS & LEASING (P) LTD	201200	3.92	0	201200	3.92	0	0.00
9	MAHARANA FINANCE & INVESTMENTS(P) LTD	13600	0.26	0	13600	0.26	0	0.00
10	MUNOTH BIOSCIENCE LIMITED	3200	0.06	0	3200	0.06	0	0.00
	Total	3612600	70.35	0.00	3632900	70.75	0.00	0.40



## MUNOTH FINANCIAL SERVICES LIMITED

(iii) **CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	JASWANT MUNOTH				
	At the beginning of the year 01/04/2018	815200	15.87	815200	15.87
	Transfer 11/03/2019	8100	0.17	823300	16.04
	At the end of the year 31/03/2019	823300	16.04	823300	16.04
2	BHARAT MUNOTH				
	At the beginning of the year 01/04/2018	717900	13.98	717900	13.98
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	717900	13.98	717900	13.98
3	LEELADEVI MUNOTH				
	At the beginning of the year 01/04/2018	155000	3.02	155000	3.02
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	155000	3.02	155000	3.02
4	VIKAS MUNOTH				
	At the beginning of the year 01/04/2018	994500	19.37	994500	19.37
	Transfer 11/03/2019	12200	0.23	1006700	19.60
	At the end of the year 31/03/2019	1006700	19.60	1006700	19.60
5	VIJAYALAKSHMI MUNOTH				
	At the beginning of the year 01/04/2018	15200	0.30	15200	0.30
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	15200	0.30	15200	0.30
6	LALCHAND MUNOTH				
	At the beginning of the year 01/04/2018	687100	13.38	687100	13.38
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	687100	13.38	687100	13.38
7	MUNOTH INDUSTRIES LIMITED				
	At the beginning of the year 01/04/2018	9700	0.19	9700	0.19
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	9700	0.19	9700	0.19
8	SOUTHINDIA CHEMICALS & LEASING (P) LTD				
	At the beginning of the year 01/04/2018	201200	3.91	201200	3.91
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	201200	3.91	201200	3.91
9	MAHARANA FINANCE & INVESTMENTS (P) LTD				
	At the beginning of the year 01/04/2018	13600	0.26	13600	0.26
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	13600	0.26	13600	0.26
10	MUNOTH BIOSCIENCE LIMITED				
	At the beginning of the year 01/04/2018	3200	0.06	3200	0.06
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	3200	0.06	3200	0.06





## MUNOTH FINANCIAL SERVICES LIMITED

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	MUNOTH COMMUNICATION LIMITED At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	1006100 1006100	19.59 19.59	1006100 1006100	19.59 19.59
2	PRIORY INVESTMENTS (MAURITIUS) LIMITED At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	225000 225000	4.38 4.38	225000 225000	4.38 4.38
3	MISRIMAL NAVAJEE ESTATES PLTD At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	30800 30800	0.60 0.60	30800 30800	0.60 0.60
4	G-TECH STONE LIMITED At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	24800 24800	0.48 0.48	24800 24800	0.48 0.48
5	RAVINDRAN G At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	11700 11700	0.23 0.23	11700 11700	0.23 0.23
6	NUTECH FINANCIAL SERVICES LIMITED At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	7200 7200	0.14 0.14	7200 7200	0.14 0.14
7	RAMU A At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	4700 4700	0.09 0.09	4700 4700	0.09 0.09
8	JAGANATHAN N At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	4400 4400	0.09 0.09	4400 4400	0.09 0.09
9	VIJAYA J At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	4400 4400	0.09 0.09	4400 4400	0.09 0.09
10	SELVARAJ K At the beginning of the year 01/04/2018 At the end of the year 31/03/2019	4000 4000	0.08 0.08	4000 4000	0.08 0.08



## MUNOTH FINANCIAL SERVICES LIMITED

### (v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	JASWANT MUNOTH				
	At the beginning of the year 01/04/2018	815200	15.87	815200	15.87
	Changes during the year	8100	0.17	823300	16.04
	At the end of the year 31/03/2019	823300	16.04	823300	16.04
2	BHARAT MUNOTH	NO CHANGES DURING THE YEAR			
	At the beginning of the year 01/04/2018	717900	13.98	717900	13.98
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	717900	13.98	717900	13.98
3	VIKAS MUNOTH				
	At the beginning of the year 01/04/2018	994500	19.37	994500	19.37
	Changes during the year	12200	0.23	1006700	19.60
	At the end of the year 31/03/2019	1006700	19.60	1006700	19.60
4	LALCHAND MUNOTH	NO CHANGES DURING THE YEAR			
	At the beginning of the year 01/04/2018	687100	13.38	687100	13.38
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	687100	13.38	687100	13.38
5	LAKSHIKA MEHTA				
	At the beginning of the year 01/04/2018	0	0.00	0	0.00
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	0	0.00	0	0.00
6	TANSRI RAJANDRAM				
	At the beginning of the year 01/04/2018	0	0.00	0	0.00
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	0	0.00	0	0.00
7	MAH SAU CHEONG				
	At the beginning of the year 01/04/2018	0	0.00	0	0.00
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	0	0.00	0	0.00
8	AJIT KUMBHAT				
	At the beginning of the year 01/04/2018	0	0.00	0	0.00
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	0	0.00	0	0.00
9	A G NANDINI - Company Secretary (kmp)				
	At the beginning of the year 01/04/2018	0	0.00	0	0.00
	Changes during the year	NO CHANGES DURING THE YEAR			
	At the end of the year 31/03/2019	0	0.00	0	0.00



## MUNOTH FINANCIAL SERVICES LIMITED

### V INDEBTEDNESS

(Rs in ₹ 000)

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	68.28	12061.85	0	12130.12
ii) Interest due but not paid	0		0	
iii) Interest accrued but not due	0	0	0	
<b>Total (i+ii+iii)</b>	68.28	12061.85	0	12130.12
<b>Change in Indebtedness during the financial year</b>				
Additions	0	0	0	
Reduction	68.28	11879.99	0	
<b>Net Change</b>	68.28	11879.99	0	11948.27
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	181.86	0	181.86
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	181.86	0	181.86

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole time director and/or Manager:

(Rs in ₹ 000)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
1	<b>Gross salary</b>	Mr. Jaswant Munoth (MD)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	875*	875*
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock option	NA	NA
3	Sweat Equity	NA	NA
4	Commission	NA	NA
	as % of profit		
	others (specify)		
5	Others, please specify	NA	NA
	<b>Total (A)</b>	875*	875*
	<b>Ceiling as per the Act</b>	with in overall ceiling as mentioned in Section II of Part II of Schedule V of Act	

\*remuneration drawn for 7 months



**MUNOTH FINANCIAL SERVICES LIMITED**

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors		
	(a) Fee for attending board committee meetings	NA	NA
	(b) Commission		
	(c ) Others, please specify		
	<b>Total (1)</b>	NA	NA
2	Other Non Executive Directors		
	(a) Fee for attending board committee meetings	NA	NA
	(b) Commission		
	(c ) Others, please specify.		
	<b>Total (2)</b>	NA	NA
	<b>Total (B)=(1+2)</b>		
	<b>Total Managerial Remuneration</b>	NA	NA
	<b>Overall Cieling as per the Act.</b>	with in overall ceiling as mentioned in Section II of Part II of Schedule V of Act	

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Rs in ₹ 000)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO & WTD	
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1079	0	1079
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0	0
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	as % of profit			
	others, specify			
5	Others, please specify	0	0	0
	<b>Total</b>	1079	0	1079



## MUNOTH FINANCIAL SERVICES LIMITED

### VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. DIRECTORS</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

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

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director

**Vikas Munoth**  
Whole Time Director



## MUNOTH FINANCIAL SERVICES LIMITED

### ANNEXURE 3

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

##### Industry Structure and developments:

Financial year 2018-19 witnessed a surge in indices with large caps doing well. However, the small and mid cap segment actually fell. Financial year also witnessed an 81% drop in fund raising from IPO market during last fiscal. Similarly funds mobilized through QIP route also witnessed a massive decline of 83%.

##### Opportunities & Threats

The company's stock broking division seeks opportunities in capital market and the volatility in the stock indices in the financial year under review represents both an opportunity as well as challenge to the company and the business is also affected by the sentiments prevailed in the stock markets.

The company is empanelled with banks and insurance companies to cater to institutional broking business. Due to the stable government at the centre, there is likely increase in capital mobilisation from the primary market, increase in resource mobilisation by mutual funds and growth in secondary market volumes could provide significant business opportunities for the company.

##### Segment-wise product performance

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

##### Risks, Concerns and outlook

The ongoing trade war between US and China and the happenings in the EU are the factors which could impact Indian stock markets. The slowdown in Quarter 4 earnings released by few companies suggest that the Country is witnessing muted demand.

But sustaining these valuations will require future growth in the economy and earnings in line with current expectations, and require the portfolio re-allocation to be semi-permanent. Otherwise, the possibility of a correction in them cannot be ruled out.

The stock broking industry is witnessing intense competition, falling brokerage rates and the entry of several big players. Top priorities in risk management will be aggregation of risk across the trade lifecycle, investment in analytics, and strengthening an ethical, risk-minded culture. As Company pursue these objectives, they may want to consider investing with an eye toward critical issues such as cyber risk and risk data & Integrating risk management and ethical goals into compensation .

##### 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

##### Financial Performance:

##### **REVIEW OF BUSINESS OPERATIONS:**

During the financial year 2018-19, the Company's total revenue has decreased to INR 39.73 lakhs from INR 154.69 lakhs in the previous year.

The Company has made a loss of INR 68.07 Lakhs in the current financial year as against a profit of INR 20.48 Lakhs in the last financial year.



## **MUNOTH FINANCIAL SERVICES LIMITED**

### **Stock Broking**

Income from stock broking operations has decreased to INR 21.72 Lakhs from INR 23.46 Lakhs in the previous financial year.

The broking turnover of the company in cash segment is Rs. 195.50 Crores as against 159.75 Crores in the last financial year.

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 decreased to INR 5.66 Lakhs from INR 6.32 Lakhs in the previous financial year

### **Merchant Banking & Portfolio Management Services:**

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

The Company's MBD division is providing valuation services in accordance with the requirement of the various acts/statutory requirements.

Income from Merchant Banking & PMS decreased to INR 8.21 Lakhs as against INR 116.92 Lakhs in the previous year.

### **FUTURE PROSPECTS**

The company will continue to focus on Investment Banking, Portfolio Management services and Institutional Broking business.

### **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.

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

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director

**Vikas Munoth**  
Whole Time Director



## MUNOTH FINANCIAL SERVICES LIMITED

### ANNEXURE 4

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies*

*(Appointment and Remuneration Personnel) Rules, 2014]*

#### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

To,

The Members,  
Munoth Financial Services Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MUNOTH FINANCIAL SERVICES LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;





## **MUNOTH FINANCIAL SERVICES LIMITED**

- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) regulations, 2009; and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE.

I further report that, based on the information provided by the company, its officers and authorised representatives during the conduct of audit, and also on review of quarterly compliance reports submitted by the officers, in my opinion, adequate systems and processes and control mechanism exists in the Company to monitor and ensure compliance with other applicable laws such as labour laws, etc.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations mentioned below:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors..

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has not issued /carried out

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

*Place* : Chennai  
*Date* : 28/05/2019

Name of Company Secretary in practice :  
N.SELVAM  
FCS No.4318  
C P No.:4858



## MUNOTH FINANCIAL SERVICES LIMITED

### Annexure 5

#### **Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### **Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

#### **Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.) NA

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the subsidiary	
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	
4.	Share capital	
5.	Reserves & surplus	
6.	Total assets	
7.	Total Liabilities	
8.	Investments	
9.	Turnover	
10.	Profit before taxation	
11.	Provision for taxation	
12.	Profit after taxation	
13.	Proposed Dividend	
14.	% of shareholding	

**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.



## MUNOTH FINANCIAL SERVICES LIMITED

### Part "B": Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures NA

The Company does not have any Subsidiary or Joint venture Company.

Name of associates/Joint Ventures			
1. Latest audited Balance Sheet Date			
2. Shares of Associate/Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding%			
3. Description of how there is significant influence			
4. Reason why the associate/joint venture is not consolidated			
5. Net worth attributable to shareholding as per latest audited Balance Sheet			
6. Profit/Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations. - NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year. - NIL

As per our report of even date attached

**For C K Prusty&Associates**

Chartered Accountants

FRN NO: 323220E

**J RAVESANKAR**

Partner

M.NO: 200784

PLACE : CHENNAI

DATE : 28-05-2019

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

**LALCHAND MUNOTH**

Chairman

**JASWANT MUNOTH**

Managing Director & CEO

**BHARAT MUNOTH**

Director

**VIKAS MUNOTH**

Whole time Director & CFO



**MUNOTH FINANCIAL SERVICES LIMITED**

**ANNEXURE 6**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. NIL

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

<b>Name of the related party</b>	<b>Nature of relationship</b>	<b>Nature of transactions</b>	<b>Transaction value 'Rs. in '000s</b>
Lalchand Munoth	Director	Sale of shares & repayment made	744.32
Bharat Munoth	Director	Sale of shares & repayment made	11135.68

The duration of the transaction is FY- 2018- 19

Salient terms of transaction including the value if any; Regular and ordinary course of business.

Date of Approval by the Board, if any: NA

Amount paid as advances, if any : nil.

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

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director

**Vikas Munoth**  
Whole Time Director



## MUNOTH FINANCIAL SERVICES LIMITED

### ANNEXURE 7

#### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Mr. Lalchand Munoth NA Mr. Jaswant Munoth- 4.09 Mr. Bharat Munoth NA Mr. Vikas Munoth NA Tansri Rajandram NA Mr. Mah Sau Cheong NA Mr. Ajit Kumbhat NA Ms. Lakshika Mehta NA
(ii)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Mr. Lalchand Munoth: NA Mr. Jaswant Munoth: No Increase Mr. Bharat Munoth: NA Mr. Vikas Munoth: NA Tansri Rajandram: NA Mr. Mah Sau Cheong: NA Mr. Ajit Kumbhat: NA Ms. Lakshika Mehta NA Ms. A G Nandini: 53.57% Increase
(iii)	the percentage increase in the median remuneration of employees in the financial year	18.79%
(iv)	the number of permanent employees on the rolls of company	13
(v)	the explanation on the relationship between average increase in remuneration and company performance	No relationship between increase in remuneration and company performance
(vi)	comparison of the remuneration of the Key Managerial Personnel against the performance of the company	Remuneration of Key Managerial Personnel: INR 19.54 Lakhs (for Company secretary and Managing Director*) Net loss of the Company for the year is INR . 68.07 lakhs
(vii)	variations in the market capitalisation of the company,  price earnings ratio as at the closing date of the current financial year and previous financial year percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year	The market capitalisation as on 14/03/2019 (Last traded date) was Rs. 474.50 Lacs ( last year as on 17/01/2018 was Rs. 412.36 Lacs )  NA  The Company had come out with the Initial Public Offer (IPO) in June 1996 is at Rs. 10/- per share, As on 14/03/2019, the market price per share is Rs.9.24/- per share



## MUNOTH FINANCIAL SERVICES LIMITED

(viii)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	No increase in MD's Remuneration; average percentile increase in employees is around 12%. percentile increase of CS, KMP is given in (ii);
(ix)	comparison of the each remuneration of the Key Managerial Personnel against the Performance of the company	Mr. Jaswant Munoth - 18.75 Lakhs p.a* A G Nandini -10.79 Lakhs p.a Net loss of the Company for the year is INR . 68.07 lakhs  * paid for 7 months only
(x)	the key parameters for any variable component of remuneration availed by the directors	No variable component of remuneration availed by directors
(xi)	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	0.81 (MD has drawn remuneration for seven months only)
(xii)	affirmation that the remuneration is as per the remuneration policy of the company	It is affirmed that the remuneration is as per the remuneration policy of the Company.

### Details of the employees of the Company - Pursuant to section 197 (Rule 5) of the Companies act 2013

The Company does not have employee who is drawing more than Rs. 60 Lakhs per annum during the year.

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

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director

**Vikas Munoth**  
Whole Time Director



## MUNOTH FINANCIAL SERVICES LIMITED

### CEO AND CFO CERTIFICATION

The Board of Directors,  
Munoth Financial Services Limited,  
343, Triplicane High Road,  
Triplicane,  
Chennai - 600 005.

Certificate by Chief Executive Officer and Chief Financial Officer

We have reviewed the financial statements and the cash flow statements for the year ended March 31, 2019 and that to the best of our knowledge and belief, we hereby certify that

1. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading.
2. 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.
3. That, there are, to the best of our 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.
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
5. We have informed the auditors and the audit committee that
  - There were no significant changes in internal control during the year
  - There were no significant changes in accounting policies during the year
  - There has been no instances of fraud.
6. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the financial year.

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

Place : Chennai  
Date : May 28, 2019

**Jaswant Munoth**  
Managing Director & CEO

**Vikas Munoth**  
Whole Time Director & CFO



## MUNOTH FINANCIAL SERVICES LIMITED

### INDEPENDENT AUDITOR'S REPORT

To the Members of Munoth Financial Services Limited

#### **Opinion**

We have audited the financial statements of Munoth Financial Services Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We did not come across any matter of such material significance to be reported in this section.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the Indian accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are





## **MUNOTH FINANCIAL SERVICES LIMITED**

free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge



## MUNOTH FINANCIAL SERVICES LIMITED

and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - 1. The Company has no pending litigations which would have a material impact on its financial position.
  - 2. The Company has not entered into any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - 3. There has not been an occasion in case of the company during the year under report to transfer of any sums to the Investor Education and Protection Fund by the Company. The question of delay in transferring such sums does not arise.

For **C K Prusty&Associates.**  
Chartered Accountants  
FRN: 323220E

**J RAVESANKER**  
Partner  
M.No.:200784

Place : Chennai  
Date : 28.05.2019

### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of MUNOTH FINANCIAL SERVICES LIMITED of even date)

#### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Munoth Financial Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities



## **MUNOTH FINANCIAL SERVICES LIMITED**

include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such



## MUNOTH FINANCIAL SERVICES LIMITED

internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **C K Prusty&Associates.**  
Chartered Accountants  
FRN: 323220E

**J RAVESANKER**  
Partner  
M.No.:200784

Place : Chennai  
Date : 28.05.2019

### ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.
- ii According to the information and explanations given to us, as there are no Inventories held by the company during the year. Accordingly Paragraph 3(ii) of the Order is not applicable.
- iii According to the information and explanations given to us and on the basis of our examination, the Company has not granted during the year any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 and accordingly, the provisions of Clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv According to the information and explanations given to us the company has complied with the provision of section 185 and 186 of the Act, with respect to the loans and the investments made.
- v According to the information and explanations given to us and on the basis of our examination, the company has not accepted any deposits from the public and hence the directive issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable to the Company.
- vi According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the products and services rendered by the company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- vii According to the information and explanations given to us in respect of statutory dues and on the basis of our examination of books and records:
  - a) The Company has generally been regular in depositing the undisputed statutory dues, including Income Tax, GST and other material statutory dues, as applicable, with the appropriate authorities in India.
  - b) There were no undisputed amounts payable in respect of Income tax, Cess and other material



## **MUNOTH FINANCIAL SERVICES LIMITED**

Statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

- c) According to the information and explanations given to us and as based on the records of the company examined by us, there are no dues of Income Tax, Wealth tax, Service Tax, Sales Tax, Customs duty, Excise duty, GST which have not been deposited on account of any disputes.
- viii In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The company has not issued any debenture.
- ix In our opinion and according to the information and explanations given to us, the company has not raised by way of initial public offer or further public offer (including debt instruments) or raised any term loans hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.
- x Based on the audit procedures and as per the information and explanations given by the management, the company has not committed any fraud and no fraud on the Company has been committed by its officers or employees during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, Clause 3(xii) of the Order is not applicable.
- xiii According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements , as required by the applicable Indian accounting standards;
- xiv According to the information and explanations given to us, no preferential allotment or private placement of shares or fully or partly convertible debentures has been made during the year under review and hence this clause 3(xiv) of the Order is not applicable.
- xv According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For C K Prusty&Associates.**  
Chartered Accountants  
FRN: 323220E

**J RAVESANKER**  
Partner  
M.No.:200784

Place : Chennai  
Date : 28.05.2019



## MUNOTH FINANCIAL SERVICES LIMITED

### BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note	As at March 31, 2019 (Rs. In 000's)	As at March 31, 2018 (Rs. In 000's)
<b>ASSETS</b>			
<b>(1) Non- Current Assets</b>			
(a) Property Plant and Equipment	2	40,394.45	40,693.58
(b) Other Intangible Assets	3	595.45	197.13
<b>(c) Financial Assets</b>			
(i) Investments	4	45,355.08	49,018.89
(ii) Others	5	2,731.76	1,112.19
(d) Deferred Tax Assets (Net)	6	842.39	859.71
(e) Other Non Current Assets	7	9,263.00	9,587.07
<b>(2) Current Assets</b>			
<b>(a) Financial Assets</b>			
(i) Trade receivables	8	4,114.66	8,940.09
(ii) Cash and cash equivalents	9	943.02	135.94
(iii) Bank balances other than (ii) above	10	2,500.00	2,500.00
(b) Other Current Assets	11	1,094.18	2,116.00
<b>Total</b>		<b><u>107,833.99</u></b>	<b><u>115,160.60</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	12	51,353.00	51,353.00
(b) Other Equity	13	51,653.94	48,755.26
<b>Total Equity</b>		<b><u>103,006.94</u></b>	<b><u>100,108.26</u></b>
<b>(2) Non Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Long Term Borrowings	14	181.86	12,130.12
(b) Provisions	15	1,079.73	1,245.03
		<u>1,261.59</u>	<u>13,375.15</u>
<b>(3) Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Trade Payables	16		
(i) Total Outstanding dues of micro enterprises and small enterprises; and		-	-
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises.		1,571.66	1,265.34
(ii) Other Financial Liabilities	17	561.78	1,069.66
(b) Other Current Liabilities	18	1,403.93	417.20
(c) Current Tax Liabilities (Net)	19	28.09	(1,075.01)
		<u>3,565.46</u>	<u>1,677.19</u>
<b>Total Liabilities</b>		<b><u>4,827.05</u></b>	<b><u>15,052.34</u></b>
<b>Total</b>		<b><u>107,833.99</u></b>	<b><u>115,160.60</u></b>

Significant Accounting Policies 1

The Notes 1 to 35 forms integral part of this Balance Sheet.

As per our report of even date attached

**For C K Prusty & Associates**

Chartered Accountants  
FRN NO: 323220E

**J RAVESANKAR**  
Partner  
M.NO: 200784

**A. G. NANDINI**  
Company Secretary

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

**LALCHAND MUNOTH**  
Chairman

**JASWANT MUNOTH**  
Managing Director & CEO

**BHARAT MUNOTH**  
Director

**VIKAS MUNOTH**  
Whole time Director & CFO

PLACE : CHENNAI  
DATE : 28-05-2019



## MUNOTH FINANCIAL SERVICES LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Note	As at March 31, 2019 (Rs. in 000's)	As at March 31, 2018 (Rs. in 000's)
<b>Income</b>			
(1) Revenue from operations	20	3,559.86	14,670.38
(2) Other Income	21	413.33	798.66
<b>Total Revenue (1)+(2)</b>		<b>3,973.19</b>	<b>15,469.04</b>
<b>Expenses</b>			
(3) Expenses			
(i) Employee benefit expenses	22	4,802.80	4,471.63
(ii) Finance Cost	23	59.26	122.15
(iii) Depreciation	2 & 3	278.69	453.89
(iii) Other expenses	24	5,521.69	8,511.40
<b>Total Expenses</b>		<b>10,662.44</b>	<b>13,559.07</b>
(4) Profit/(Loss) before exceptional and tax (1)+(2)-(3)		(6,689.25)	1,909.97
(5) Exceptional Items		-	-
(6) Profit/(Loss) before exceptions and tax (4)-(5)		<b>(6,689.25)</b>	<b>1,909.97</b>
(7) Less: Tax expense:			
(a) Current tax		-	-
(b) Deferred tax		118.20	(138.14)
(8) Profit (Loss) for the period from continuing operations		<b>(6,807.45)</b>	<b>2,048.11</b>
(9) Profit/(loss) from discontinued operations			
10) Tax expenses of discontinued operations			
(11) Profit/(loss) from Discontinued operations (after tax)			
(12) Profit/(loss) for the period (IX+XII)		<b>(6,807.45)</b>	<b>2,048.11</b>
<b>Other Comprehensive Income</b>			
(i) (a) Items that will not be reclassified to Profit or Loss			
Changes in fair value of FVOCI Equity Instruments		2,160.00	21,280.00
Re-measurement of Post Employment Defined Benefit Plan		346.13	
(b) Income Tax relating to items that will not be reclassified to Profit or Loss			
(ii) (a) Items that will be reclassified to Profit or Loss			
(b) Income Tax relating to items that will be reclassified to Profit or Loss			
(14) Total Comprehensive Income for the period		<b>(4,301.32)</b>	<b>23,328.11</b>
<b>Earnings per equity share (for continuing operation)</b>			
(i) Basic		<b>(1.33)</b>	<b>0.40</b>
(ii) Diluted		<b>(1.33)</b>	<b>0.40</b>
<b>Earnings per equity share (for discontinued operation)</b>			
(i) Basic		<b>(1.33)</b>	<b>0.40</b>
(ii) Diluted		<b>(1.33)</b>	<b>0.40</b>
<b>Earnings per equity share (for discontinued &amp; continuing operation)</b>			
(i) Basic		<b>(1.33)</b>	<b>0.40</b>
(ii) Diluted		<b>(1.33)</b>	<b>0.40</b>

The Notes 1 to 35 forms integral part of this Statement of Profit and Loss.

As per our report of even date attached

#### For C K Prusty&Associates

Chartered Accountants  
FRN NO: 323220E

#### J RAVESANKAR

Partner  
M.NO: 200784

#### A. G. NANDINI

Company Secretary

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

**LALCHAND MUNOTH**  
Chairman

**JASWANT MUNOTH**  
Managing Director & CEO

**BHARAT MUNOTH**  
Director

**VIKAS MUNOTH**  
Whole time Director & CFO

PLACE : CHENNAI  
DATE : 28-05-2019



## MUNOTH FINANCIAL SERVICES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019 (Rs. In 000's)	March 31, 2018 (Rs. In 000's)
<b>I Cash flow from operating activities</b>		
Profit from Continuing Operations	(6,807.45)	2,048.11
<b>Adjustments for:</b>		
Other Comprehensive Income		
Depreciation	278.69	453.88
Adjustment for prior period errors	-	(109.37)
Deferred Tax Asset	118.20	(138.14)
Dividend Income	(43.89)	(52.06)
Fixed Asset Written off	181.82	-
Provision for gratuity	180.82	206.47
Service Tax Written off	126.00	-
Salary Advances	114.47	-
(Profit)/ Loss on sale of Investments	(95.69)	7.44
Loss/ (Gain) on fair value of Investments	256.86	(282.79)
Interest on Cholamandalam Finance	3.46	16.12
Trade Receivables Written off	587.50	-
<b>Operating profit before working capital changes</b>	<b>(5,099.21)</b>	<b>2,149.65</b>
<b>Changes in Operating assets/ liabilities: -</b>		
<b>Adjustments for (increase)/ decrease in operating assets</b>		
Decrease/(increase) in Trade Receivables	3,868.93	(4,023.17)
Decrease/(increase) in Other Financial Assets	-	372.94
Decrease/(increase) in Other Current Assets	1,105.43	(1,986.83)
<b>Adjustments for Increase/ (Decrease) in operating liabilities</b>		
(Decrease)/increase in Long Term Borrowings	-	
(Decrease)/increase in other current liabilities	986.18	(31.61)
(Decrease)/increase in Trade Payables	306.32	(758.62)
(Decrease)/increase in Other Financial Liabilities	(1,758.45)	3,308.65
<b>Cash generated from operations</b>	<b>(590.80)</b>	<b>(968.99)</b>
Provision for Income Tax	100.89	301.25
<b>Net cash from operating activities (A)</b>	<b>(691.69)</b>	<b>(1,270.24)</b>
<b>II Cash flow from investing activities</b>		
Proceeds from Sale of Quoted Investments	983.21	151.39
Purchase of Fixed Assets	(559.70)	(70.74)
Purchase of Mutual Funds	-	-
Dividend Receipts	43.89	52.06
<b>Net cash used in investing activities (B)</b>	<b>467.40</b>	<b>132.71</b>



**MUNOTH FINANCIAL SERVICES LIMITED**

	March 31, 2019 (Rs. In 000's)	March 31, 2018 (Rs. In 000's)
<b>III Cash flow from financing activities</b>		
Repayment of Car Loan	(71.74)	(125.27)
Repayment of Loan	1,103.11	(2,900.00)
<b>Net cash (used)/generated in financing activities (C)</b>	<b>1,031.37</b>	<b>(3,025.27)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>807.08</b>	<b>(4,162.80)</b>
Cash and Cash Equivalents at the beginning of the year	135.95	4,298.74
Less: Decrease in Cash and Cash Equivalents which are existed from more than 3 Months		
Cash and Cash Equivalents at the end of the year	<b>943.03</b>	<b>135.94</b>
<b>IV Reconciliation of Cash and Cash Equivalents with the Balance Sheet</b>		
Cash and Cash Equivalents as per the Balance Sheet	<b>3,443.02</b>	<b>2,635.94</b>
Less: Bank Balance not considered as Cash and Cash Equivalents	2,500.00	2,500.00
Net Cash and Cash Equivalents	<b>943.02</b>	<b>135.94</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash in Hand	126.13	62.86
Balances with Scheduled Banks		
- Current Account	816.89	73.08
<b>Closing Cash and Cash Equivalence</b>	<b>943.02</b>	<b>135.94</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

**For C K Prusty&Associates**

Chartered Accountants

FRN NO: 323220E

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

**LALCHAND MUNOTH**

Chairman

**JASWANT MUNOTH**

Managing Director & CEO

**J RAVESANKAR**

Partner

M.NO: 200784

**A. G. NANDINI**

Company Secretary

**BHARAT MUNOTH**

Director

**VIKAS MUNOTH**

Whole time Director & CFO

PLACE : CHENNAI

DATE : 28-05-2019



## MUNOTH FINANCIAL SERVICES LIMITED

### Statement of Changes in Equity for the Year ended March 31, 2019

**(A) Equity Share Capital : (Rs. In 000's)**

Particulars	Amount
Balance at the beginning of the reporting period	51,353.00
Changes in equity share capital during the year	-
Balance at the end of the reporting period	51,353.00

**(B) Other Equity (Rs. In 000's)**

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve (Share Forfeiture Amount)	Securities Premium	Revaluation Reserve	Other Comprehensive Income	Retained Earnings
Balance as at 31.03.2018	-	-	259.50	20,250.00	35,976.57	18,080.00	(25,810.81)
Changes in accounting policy/ principles or period errors restated balance at the end of the reporting period							(109.36)
Profit on sale of Investments							7,200.00
Total Comprehensive Income for the year			-	-	-	2,506.13	(6,698.09)
Dividends							
Transfer to retained earnings							
Balance at 31.03.2019			259.50	20,250.00	35,976.57	20,586.13	(25,418.26)

**CAPITAL RESERVE**

Closing Balance of Capital Reserve of Rs. 2,59,500 contains the Profit on Forfeiture of Shares ( Number of Shares - 90,700 & Amount of Forfeiture Rs. 2,59,500) which has been transferred from share capital.

**REVALUATION RESERVE**

This reserve has arisen due to revaluation of Land in the year ended 31.03.2013.



## **Corporate Information**

Munoth Financial Services Limited is a public limited company domiciled in India and Incorporated during the Year 1990, under the provisions of Companies Act, 1956. Its Shares are listed on Bombay Stock Exchange. The Company belongs to the reputed Munoth Group, Chennai. The Company primarily focuses on Stock Broking, DP Operations, Portfolio Management Services, Merchant Banking, Valuation and Other Advisory Services.

### **Note 1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2019**

#### **Basis of preparation of financial statements**

##### **Statement of compliance**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the ACT") (To the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

##### **Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### **Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest thousands (upto two decimals).

#### **2A Critical accounting estimates and management judgements**

In application of the accounting policies, which are described in note 1, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

##### **Current Tax**

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

##### **Deferred Tax Assets (including MAT Credit Entitlement)**

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

##### **Fair Value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.



## MUNOTH FINANCIAL SERVICES LIMITED

Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### **Impairment of Trade Receivables**

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

### **Impairment of Non-financial assets (PPE/Intangible Assets)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

### **Defined benefit plans and Other long term benefits**

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is high sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### **A Current versus non-current classification**

The company presents assets and liabilities in the balance sheet on current/non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle.
- ii) Held primarily for the purpose of trading.
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve month after the reporting period.

All other assets are classified as non current.

A Liability is current when:

- i) It is expected to be settled in normal operating cycle.
- ii) It is held primarily for the purpose of trading.
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-Current

Deffered Tax assets and Liabilities are classified as non-Current assets and Liabilities.

### **B Fair Value Measurement**

The Company has applied the fair value measurement whenever neccessiated at each Balance Sheet date.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market particulars at the measurement date. The fair value



## MUNOTH FINANCIAL SERVICES LIMITED

measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability.
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, Maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole :

- |          |   |
|----------|---|
| Level 1: | Quoted (Unadjusted) Market prices in active market for identical assets or liabilities.   |
| Level 2: | Valuation Techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and |
| Level 3: | Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable.                          |

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization( based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designed the respective team leads to determine the policies and procedures for both recurring and Non-recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, Independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

### **C Property, Plant and Equipment and Intangible Assets**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Property, Plant and Equipment recognized as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment. The Company has provided the depreciation based on the estimated useful life of respective years and as the change in estimated useful life is considered as change in estimate, accordingly there is no impact of this roll back.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when



## MUNOTH FINANCIAL SERVICES LIMITED

a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a WDV basis over the estimated useful lives of the assets as follows:

<b>Asset Class</b>	<b>Useful Life(No. of years)</b>
Building	60
Plant & Machinery	10
Motor Vehicles (Scooty)	10
Motor Vehicles (Car)	8
Office Equipments	10
Software	6
Computer	3
Furniture & Fixtures	10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period/year end, and adjusted prospectively, if appropriate, as they are change in estimates.

After impairment if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. No Depreciation is charged on the Discarded Assets.

### **D Investment properties**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP, and uses that carrying value as the deemed cost of such Investment properties. The Company has provided the depreciation as per the rates prescribed in Schedule II of the Companies Act 2013.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost based measurement.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of Derecognition.

### **E Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair valueless costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such



## MUNOTH FINANCIAL SERVICES LIMITED

transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories are recognized in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### **F Borrowing costs**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds use to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the period/year. Capitalization of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortized cost of a financial liability after considering all the contractual terms of the financial instrument.

### **G Inventory**

The Company is in the business of providing Stock Broking, DP Operations, Portfolio Management Services and Other Advisory Services and does not have any physical inventories.

### **H Revenue Recognition**

All the incomes of the Company are accounted for on accrual basis.

Dividend income from investments in various companies if any is accounted on receipt basis.

Interest income for all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the



estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

**I Income Taxes**

Taxes comprise current income tax and deferred tax.

**Current income tax**

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets (including MAT credit) are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets (including MAT credit available) is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient





taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**G Expenses**

Goods & Service Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of value added taxes paid such as GST, except:

(i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

**H Provisions General**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**I Retirement and other employee benefits**

Retirement benefit in the form of provident fund and employee state insurance are defined contribution schemes. The group has no obligation, other than the contribution payable to the provident fund and employee state insurance. The group recognizes contribution payable to the provident fund and employee state insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the yearend date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the yearend date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the period/year.

**J Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a



financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

All financial assets (other than equity investment in subsidiaries and associates) are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- (i) Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- (ii) Equity instruments measured at fair value through profit and loss account (FVTPL)

Equity instruments

All equity investments (other than equity investments in subsidiaries and associates) in scope of Ind AS 109 are measured at fair value.. Equity instruments included within the FVTOCI category are measured at fair value with all changes recognized in the other comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  - (a) The Company has transferred substantially all the risks and rewards of the asset, or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (i) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- (ii) Financial assets that are debt instruments and are measured as at FVTOCI
- (iii) Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



## MUNOTH FINANCIAL SERVICES LIMITED

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- (i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- (ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

### (ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.



This category generally applies to borrowings.

**Financial guarantee contracts**

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company assess at the end of each reporting period whether its recognized insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognized in profit or loss.

If a financial guarantee is an integral element of debts held by the entity, it is not accounted for separately.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**K Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**L Cash flow statement**

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**M Foreign Currency transactions**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate at the time of the transaction.

**N Earnings per Share**

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year. As at the reporting date, the Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

**O Segment information**

The Company is operating in the Stock Broking, DP Operations, Portfolio Management Services, Merchant Banking, Valuation and Other Advisory Services. The entity's chief operating decision maker consider the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments.

**P Dividends**

Company has not declared any dividend during the current financial year.



**Note 2:**

**Tangible Assets**

Rs. in '000

Particulars	Gross Block			Depreciation				Net Block		
	As on 1.4.2018	Addition	Deletion	As on 31.03.2019	As on 1.4.2018	For the year	Deletion	As on 31.03.2019	As on 31.03.2019	As on 1.4.2018
(a) Land	38,456.00	-	-	38,456.00	-	-	-	-	38,456.00	38,456.00
(b) Buildings	3,579.52	-	-	3,579.52	2,234.03	64.86	-	2,298.89	1,280.63	1,345.49
(c) Furniture & Fittings	4,401.49	-	2,814.05	1,587.44	4,192.14	5.80	2,703.24	1,494.70	92.74	209.35
(d) Motor Vehicles	1,431.96	-	-	1,431.96	1,125.70	86.49	-	1,212.19	219.77	306.26
(e) Office Equipments	3,179.00	28.72	-	3,207.71	2,900.54	48.14	-	2,948.68	259.03	278.46
(f) Computers	6,910.75	30.98	5,665.45	1,276.28	6,812.74	12.48	5,635.21	1,190.01	86.26	98.01
<b>Total CY</b>	<b>57,958.71</b>	<b>59.69</b>	<b>8,479.50</b>	<b>49,538.91</b>	<b>17,265.14</b>	<b>217.77</b>	<b>8,338.45</b>	<b>9,144.46</b>	<b>40,394.44</b>	<b>40,693.57</b>
<b>Total PY</b>	<b>57,902.46</b>	<b>63.50</b>	<b>7.25</b>	<b>57,958.71</b>	<b>16,921.38</b>	<b>343.76</b>	<b>-</b>	<b>17,265.14</b>	<b>40,693.58</b>	<b>40,981.07</b>

**Note 3**

**Intangible Assets**

Rs. in '000

Particulars	Gross Block			Depreciation				Net Block		
	As on 1.4.2018	Addition	Deletion	As on 31.03.2019	As on 1.4.2018	For the year	Deletion	As on 31.03.2019	As on 31.03.2019	As on 1.4.2018
(a) Softwares	6,121.16	500.00	4,462.55	2,158.61	5,924.02	60.92	4,421.78	1,563.16	595.45	197.13
<b>Total CY</b>	<b>6,121.16</b>	<b>500.00</b>	<b>4,462.55</b>	<b>2,158.61</b>	<b>5,924.02</b>	<b>60.92</b>	<b>4,421.78</b>	<b>1,563.16</b>	<b>595.45</b>	<b>197.13</b>
<b>Total PY</b>	<b>6,121.16</b>	<b>-</b>	<b>-</b>	<b>6,121.16</b>	<b>5,813.89</b>	<b>110.13</b>	<b>-</b>	<b>5,924.02</b>	<b>197.13</b>	<b>307.26</b>



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Balance Sheet

#### NON CURRENT FINANCIAL ASSETS

Note No : 4

Rs. in '000

#### Investments

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
<b>A Investments at Fair Value through Profit or Loss</b>			
(a)	Investment property		
(b)	Investments in Equity Instruments		
	Quoted Shares	4,017.32	5,141.69
	Unquoted Shares	-	-
(c)	Investments in preference shares		
	Quoted Shares	16.00	36.00
	Unquoted Shares	-	-
(d)	Investments in Mutual Funds	13.22	12.65
<b>B Investments at Fair Value through Other Comprehensive Income</b>			
(a)	Investments in Equity Instruments		
	Quoted Shares	-	-
	Unquoted Shares	41,308.54	43,828.54
		45,355.08	49,018.88

#### Quoted (Equity) Instruments

Scrip Name	Quantity in Rs.	Rate as on 31.03.2019 in Rs.	Total Value Rs. In '000
Agritech india	2140	50.10	107.21
Antartika ltd	1000	0.50	0.50
ATV project	300	6.40	1.92
Biofil Chemicals	1000	6.95	6.95
BTW Industries	100	10.00	1.00
Cable Corporations	1000	18.70	18.70
Celebrity Fashions	1873	8.50	15.92
Computer Power	184000	1.15	211.60
CT cotton Yarn	300	10.00	3.00
Dynavision	200	52.50	10.50
Essar Steel	114	10.00	1.14
European software	600	0.50	0.30
Fabworth-Uniowrth textiles	100	3.00	0.30
Herayna petro	400	10.00	4.00
Hind. Lever Ltd.	1	1,706.80	1.71
Information Tech Ltd.	5425	4.35	23.60
Innovtion Sec.-ISL Consulting Ltd	2800	14.00	39.20
It people(Commex technolo)	3636	0.36	1.31



## MUNOTH FINANCIAL SERVICES LIMITED

Scrip Name	Quantity in Rs.	Rate as on 31.03.2019 in Rs.	Total Value Rs. In '000
Kirhsna Life-K Life style	1000	0.19	0.19
Kirloskar Electricals	100	17.80	1.78
L M L	450	3.75	1.69
MCC finance ltd-Mercnatile Ventures	7450	4.98	37.10
Midland plastics	200	3.70	0.74
Munoth Communication ltd.	804582	3.00	2,423.05
MW Unitexx	105	1.79	0.19
Natural Stones	900	10.00	9.00
NEPC India	200	1.40	0.28
Network ltd.	200	1.90	0.38
Nextagen animation	2	1.78	0.00
Omnitech solutions ltd	2000	1.07	2.14
Origin Agrostar	170	3.80	0.65
padmini technology	700	10.00	7.00
PBA infrastructure	128	4.70	0.60
Power grid corporation	78	197.90	15.44
Premier Ltd.	100	6.95	0.70
Rajratan synthetics	600	10.00	6.00
Reliance capital	2400	204.50	490.80
Reliance communication	4377	4.15	18.16
Reliance Home Finance	2400	28.75	69.00
Reliance industries	100	1,363.25	136.33
Reliance power	2500	11.35	28.38
Rishab financial services	18000	3.04	54.72
S Kumar online	1000	1.65	1.65
SAL Steel	10000	5.00	50.00
Sanghi ploy	300	10.00	3.00
Silver Tech	6	2.19	0.01
Sudati hoisery-Suditi industries	300	25.95	7.79
Super forgings	200	0.95	0.19
TNPL	100	206.00	20.60
Uniworth International	150	0.80	0.12
Vantel Tech	50	1.50	0.08
Videocon VCR	100	2.85	0.29
Vikas WSP	3000	17.52	52.56
Vishal Exports	1000	0.45	0.45
Wellwin	100	3.15	0.32
Arihant cotsyn	100	10.00	1.00
Bhirwani Denim	200	6.25	1.25
Blue Bend petro	350	3.00	1.05
Concert spices	100	3.00	0.30
Conoslidated Fibre	100	10.00	1.00
Coromandel finance	900	7.00	6.30
Deccan Granites	100	11.00	1.10
DSQ Biotech	170	6.60	1.12



## MUNOTH FINANCIAL SERVICES LIMITED

Scrip Name	Quantity in Rs.	Rate as on 31.03.2019 in Rs.	Total Value Rs. In '000
Golden Textiles	1300	3.00	3.90
Gujarat Cotex	300	2.10	0.63
Gujrat ambuja cotspin	400	8.00	3.20
Induj infotech	105	1.00	0.11
Jaswal Granites	600	5.17	3.10
Jay flash	19500	3.00	58.50
Kumar metallurgical	300	2.50	0.75
Modern Synthetics	1150	12.95	14.89
Modi threads	200	4.50	0.90
Pan asia industires	100	12.00	1.20
Premier planations	100	2.00	0.20
Rathi alloy and steel	300	4.50	1.35
Sarala Gems	200	3.25	0.65
Siris Ltd.	200	84.23	16.85
Tirumalai Textiles	400	5.00	2.00
TN spongeae	100	4.00	0.40
Veena textiles	200	2.50	0.50
Bafna Spinning	500	0.07	0.04
Bonanza Pharma	100	20.00	2.00
Oswal Agro	350	8.10	2.84
			4,017.32

### Unquoted (Equity) Instruments

Scrip Name	Quantity	Rate as on 31.03.2019 in Rs.	Total Value Rs. In '000
Arihant Fabrics	50	2.00	0.10
Benaras Bank	87,490	12.71	1,111.95
Deve Sugar	9,400	150.00	1,410.00
Parvathi Hi Tech	10,000	10.00	100.00
Rayalaseema Paper Mills	1,120,000	29.00	32,480.00
Rhino Tyres	200	5.00	1.00
Madras Enterprises Ltd	285,000	0.0526320	15.00
India Mobile Network P Ltd	50,000	10.00	500.00
South India Chemicals & Leasing P Ltd	7,500	320.00	2,400.00
Sankeshwara Finance & Investments P Ltd	20,000	100.00	2,000.00
Misrimal Navajee Estates P Ltd	5,000	100.00	500.00
Munoth Industries Limited	90,000	7.00	630.00
Munoth Negwindfarm P Ltd	59,000	2.72	160.50
			41,308.54

### Quoted (Preference Shares) Instruments

Scrip Name	Quantity	Rate as on 31.03.2019 in Rs.	Total Value Rs. In '000
Ispat Industires JSW Steel	4000	4	16.00
			16.00





## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Balance Sheet

#### Note No : 5

Rs. in '000

#### Other Financial Assets

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Income Tax Appeal -Refund Due	828.66	465.55
(b)	Income Tax Refund Receivable	1,903.10	646.64
		<u>2,731.76</u>	<u>1,112.19</u>

#### Note No : 6

#### Deferred tax assets (Net)

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	<b>MAT Credit Entitlement</b>		
	Opening Balance	352.41	51.16
	MAT Credit Entitlement for Current year	100.88	301.25
	Closing Balance	<u>453.29</u>	<u>352.41</u>
(b)	<b>Deferred Tax</b>		
	Opening Balance	507.30	369.15
	Provision during the year	(118.20)	138.15
	Closing Balance	<u>389.10</u>	<u>507.30</u>
		<u>842.39</u>	<u>859.70</u>

#### Component of Deferred Tax Asset/ Liabilities

Property, Plant & Equipment and Intangible Assets	108.37
Provision for Gratuity	280.73
	<u>389.10</u>

#### Note No : 7

#### Other Non Current Assets

Rs. in '000

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Prepaid Expenses	636.42	963.25
(b)	Security Deposits	8,626.59	8,623.82
		<u>9,263.00</u>	<u>9,587.07</u>

#### CURRENT FINANCIAL ASSETS

#### Note No : 8

#### Trade Receivables

Rs. in '000

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Trade Receivables considered good - Secured	-	-
(b)	Trade Receivables considered good - Unsecured	4,114.66	8,940.09
(c)	Trade Receivables which have significant increase in Credit Risk	-	-
(d)	Trade Receivables - credit impaired	-	-
		<u>4,114.66</u>	<u>8,940.09</u>

#### The Above Trade Receivables Includes:

- Secured, considered good;	-	-
- Unsecured, considered good	4,114.66	8,940.09
- Doubtful.	-	-



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Balance Sheet

#### Note No : 9

#### Cash and Cash Equivalents

Rs. in '000

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Balances with banks	816.89	62.87
(b)	Cash on hand	126.13	73.08
		<u>943.02</u>	<u>135.94</u>

#### The Above Cash & Cash Equivalents Includes:

#### Note No : 10

#### Bank balances other than (ii) above

Rs. in '000

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	HDFC Fixed Deposit towards bank gurantee	2,500.00	2,500.00
		<u>2,500.00</u>	<u>2,500.00</u>

#### Note No : 11

#### Other Current Assets

Rs. in '000

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	GST Input Tax Credit	309.15	552.10
(b)	TDS Receivable Account	-	485.83
(c)	Salary Advances	112.50	196.47
(d)	Other Current Assets	99.37	112.02
(e)	Prepaid Expenses	531.59	626.83
(f)	Service Tax Input	-	125.85
(g)	Interest accrued on Deposits	41.57	16.91
		<u>1,094.18</u>	<u>2,116.00</u>

#### Note No : 12

#### A. Share Capital

Rs. in '000

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Authorised Share Capital	100,000.00	100,000.00
	10000 Equity Shares of Rs.10 each	-	-
(b)	Issued Share Capital	51,353.00	51,353.00
	5135.3 Equity Shares of Rs.10 each	-	-
(c)	Subscribed and Fully Paid up share	51,353.00	51,353.00
	5135.3 Equity Shares of Rs.10 each	-	-
(d)	Subscribed but not fully paid up	-	-
<b>Total</b>		<u>51,353.00</u>	<u>51,353.00</u>

\* 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



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Balance Sheet

#### B. Share Details

Rs. in '000

SL.No	Particulars	Equity Shares	
		Number	Amount
(a)	Shares outstanding at the beginning of the year	5,135.30	5,135.30
(b)	Shares Issued during the year	-	-
(c)	Shares bought back during the year	-	-
(d)	Shares outstanding at the end of the year	5,135.30	5,135.30

#### Terms and rights attached to the shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been recognised as distribution to equity shareholders for the Year ended 31.03.2019 (31.03.2018- Rs.NIL) In the event of liquidation of company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution to all preferential amounts. The distributions will be in proportion to the number of shares held by the share holder.

#### C. Share Holding

SL.No	Name of Shareholder	As at 31.03.2019	
		No. of Shares held in '000	% of Holding
(a)	Lal Chand Munoth	687.10	13.38%
(b)	Jaswant Munoth	823.30	16.03%
(c)	Bharat Munoth	717.90	13.98%
(d)	Vikas Munoth	1,006.70	19.60%
(e)	Munoth Communication Ltd	1,006.10	19.59%

SL.No	Name of Shareholder	As at 31.03.2018	
		No. of Shares held in '000	% of Holding
(a)	Lal Chand Munoth	687.10	13.38%
(b)	Jaswant Munoth	815.20	15.87%
(c)	Bharat Munoth	717.90	13.98%
(d)	Vikas Munoth	994.50	19.37%
(e)	Munoth Communication Ltd	1,006.10	19.59%



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Balance Sheet

#### Note No : 13

#### Other Equity

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
<b>Rs. in '000</b>			
(a)	<b>General Reserve</b>		
	Balance as per last financial statements	-	-
	Add: Transferred during the year	-	-
	<b>Closing Balance</b>	-	-
(b)	<b>Statutory Reserve</b>		
	Balance as per last financial statements	-	-
	Add: Transferred during the year	-	-
	<b>Closing Balance</b>	-	-
(c)	<b>Securities Premium</b>		
	Balance as per last financial statements	20,250.00	20,250.00
	Add: Transferred during the year	-	-
	<b>Closing Balance</b>	<u>20,250.00</u>	<u>20,250.00</u>
(d)	<b>Revaluation Reserve</b>		
	Balance as per last financial statements	35,976.57	35,976.57
	Add: Transferred during the year	-	-
	<b>Closing Balance</b>	<u>35,976.57</u>	<u>35,976.57</u>
(e)	<b>Capital Reserve</b>		
	Balance as per last financial statements	259.50	259.50
	Add: Transferred during the year	-	-
	<b>Closing Balance</b>	<u>259.50</u>	<u>259.50</u>
(f)	<b>Other Comprehensive Income</b>		
	Balance as per last financial statements	18,080.00	(3,200.00)
	Net Profit for the Period	2,506.13	21,280.00
	Deductions/ Adjustments during the year	-	-
	<b>Closing Balance</b>	<u>20,586.13</u>	<u>18,080.00</u>
(g)	<b>Retained Earnings</b>		
	Balance as per last financial statements	(25,810.81)	(27,749.56)
	Prior Period Adjustments	-	109.36
	Profit on Sale of Investment (Refer Note No 32)	7,200.00	-
	Add: Profit/ (Loss) for the year	(6,807.45)	2,048.11
	<b>Total surplus in the Statement of profit and loss</b>	<u>(25,418.26)</u>	<u>(25,810.81)</u>
		<u>51,653.94</u>	<u>48,755.26</u>

#### NON CURRENT LIABILITIES

#### Note No : 14

#### Long Term Borrowings

SL.No	Particulars	As at 31.03.2019	As at 31.03.2018
<b>Rs. in '000</b>			
(a)	Loans and advances from related parties	181.86	12,061.85
(b)	Car Loan From Cholamandalam Finance (NBFC)	-	68.28
		<u>181.86</u>	<u>12,130.12</u>
<b>The Above Amount Includes</b>			
	Secured Borrowings	-	68.28
	Unsecured Borrowings	181.86	12,130.12



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Balance Sheet

#### Note No : 15

Provisions		As at 31.03.2019	Rs. in '000 As at 31.03.2018
	Particulars		
Provision for Gratuity		1,079.73	1,245.03
		<u>1,079.73</u>	<u>1,245.03</u>

#### CURRENT LIABILITIES

##### Note No : 16

Trade Payables		As at 31.03.2019	Rs. in '000 As at 31.03.2018
SL.No	Particulars		
(a)	Total Outstanding dues of Micro & Small Enterprises		
(b)	Total Outstanding dues of Creditors other than Micro & Small Enterprises	1,571.66	1,265.34
		<u>1,571.66</u>	<u>1,265.34</u>

##### Note No : 17

#### Other Financial Liabilities

SL.No	Particulars	As at 31.03.2019	Rs. in '000 As at 31.03.2018
(a)	Margin Money from Clients	561.78	1,069.66
		<u>561.78</u>	<u>1,069.66</u>

##### Note No : 18

#### Other Current Liabilities

SL.No	Particulars	As at 31.03.2019	Rs. in '000 As at 31.03.2018
(a)	TDS Payable	69.08	39.66
(b)	Income Received in Advance	157.93	19.08
(c)	Expenses Payable	910.25	358.46
(d)	Inactive Client Fund Account	159.56	-
(e)	Other Payables	86.96	-
(f)	ESI Payable	1.18	-
(g)	EPF Payable	18.98	-
		<u>1,403.93</u>	<u>417.20</u>

##### Note No : 19

#### Current Tax Liabilities (Net)

Particulars	As at 31.03.2019	Rs. in '000 As at 31.03.2018
Provision for Income Tax	100.88	301.25
Less Income Tax TDS	72.79	1,376.26
	<u>28.09</u>	<u>(1,075.01)</u>



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Statement of Profit and Loss

#### Note No : 20

Revenue from operations		Rs. in '000	
SL.No	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Sale of Services</b>			
(a)	DP and AMC Transaction Charges	566.10	631.63
(b)	Merchant Banking & Portfolio Management Services	821.44	11,692.64
(c)	Brokerage & Turnover Charges	<u>2,172.32</u>	<u>2,346.11</u>
		<b><u>3,559.86</u></b>	<b><u>14,670.38</u></b>

#### Note No : 21

Other Income		Rs. in '000	
SL.No	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Dividend Income	43.89	52.06
(b)	Fines & Penalties	0.23	-
(c)	Interest Income	-	-
	- Income Tax Refund	22.97	19.97
	- On Fixed Deposit	179.31	427.34
	- On NSEIL Deposit and IL&FS	71.24	5.00
(d)	Net gain/loss on sale of investments	95.69	-
(e)	Gain on Fair Value of Investments	-	282.79
(f)	Provision for Gratuity Written Back	-	-
(g)	Other non-operating income	-	11.51
		<b><u>413.33</u></b>	<b><u>798.66</u></b>

#### Note No : 22

Employee benefit expenses		Rs. in '000	
SL.No	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Salaries, Wages and Bonus	4,188.04	3,950.70
(b)	Contribution to Provident and Other Funds	272.68	180.77
(c)	Gratuity	180.82	206.47
(d)	Staff welfare Expenses	<u>161.25</u>	<u>133.69</u>
		<b><u>4,802.80</u></b>	<b><u>4,471.63</u></b>

#### Note No : 23

Finance Cost		Rs. in '000	
SL.No	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Interest	3.46	16.12
(b)	Bank Gaurantee Charges	<u>55.79</u>	<u>106.03</u>
		<b><u>59.26</u></b>	<b><u>122.15</u></b>



## MUNOTH FINANCIAL SERVICES LIMITED

### Notes forming part of Statement of Profit and Loss

#### Note No : 24

#### Other Expenses

SL.No	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Payments to auditor		
	(i) Statutory Auditor	105.00	80.30
(b)	Loss on Fair Value of Investments	256.86	-
(c)	Loss on Sale of Shares	-	7.44
(d)	Advertisement Expenses	57.68	34.67
(e)	Annual Subscription Charges	56.70	64.15
(f)	Bank Charges	5.68	49.20
(g)	Business Promotion Expenses	314.39	110.58
(h)	Power & Fuel	717.64	809.17
(i)	Repairs & Maintenance	646.11	709.29
(j)	Travelling & Conveyance Expenses	335.09	433.57
(k)	Printing & Stationery	114.45	229.31
(l)	Legal and Professional Fees	246.81	236.10
(m)	Rates and Taxes	43.95	37.06
(n)	Insurance Expenses	60.57	64.89
(o)	Listing Charges	280.00	272.50
(p)	Postage and Courier Charges	109.62	142.08
(q)	NSDL Transaction Charges	112.82	242.81
(r)	NSE Transaction Charges- Equity and F&O	67.90	61.58
(s)	CSDL Expenses	14.75	12.08
(t)	Registration Fees	431.66	503.35
(u)	NSDL Expenses	123.37	-
(v)	Share Transfer Expenses	59.61	48.30
(w)	Stamp Charges	112.61	74.88
(x)	Sub- Brokerage	21.18	82.50
(y)	Telephone Charges	69.42	106.09
(z)	Other Expenses	148.04	284.82
	(aa) Marketing Expenses-IPO	-	3,350.00
	(ab) Service Tax Credit Written off	126.00	-
	(ac) Trade Receivable Written off	587.50	-
	(ad) Fixed Asset Written off	181.82	-
	(ae) Salary Advance Written off	114.47	-
	(af) Investment Manager Fund Expense	-	464.70
		<b>5,521.69</b>	<b>8,511.40</b>



## MUNOTH FINANCIAL SERVICES LIMITED

### NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

#### 25 Balance due to Micro and Small Enterprises

The company does not owe any amount to Micro and small scale enterprises.

#### 26 Earnings per share:

Particulars	31.03.2019	31.03.2018
Net Profit / (Loss)	6,807	2,048
Number of Equity shares	5135.3	5135.3
Earnings per share – basic & diluted	-1.33	0.40

#### 27 Expenditure In Foreign Currency

No foreign Currency transactions are made during the year by the company.

#### 28 Related Party Disclosures

Name of the Related parties with whom transactions were carried out during the year and description of relationship :

Sl.No	Name of related party	Nature of relationship
<b>A Key Management personal and their relatives:-</b>		
1	Jaswant Munoth	Managing Director
2	Lalchand Munoth	Director
3	Bharat Munoth	Director
4	A G Nandini	Company Secretary
<b>B Enterprises owned or significantly influenced by Key Management personnel or their relatives (either individually or with others)</b>		
1	Munoth Industries Limited	Common Director
2	Munoth Communication Limited	Common Director
3	South India Chemicals & Leasing P Ltd	Common Director
4	Sankeshwara Finance & Investments P Ltd	Common Director
5	Misrimal Navajee Estates P Ltd	Common Director
6	Munoth Negwindfarm P Ltd	Common Director

#### Transaction during the year

Name of KMP, related party & Nature of Transaction	Rs. in '000	
	As on 31.03.2019	As on 31.03.2018
Lachand Munoth (Sale of MIL Shares)	744.32	-
Bharat Munoth (Sale of MIL Shares)	11,135.68	-
Lachand Munoth (Repayment of Loan)	744.32	-
Bharat Munoth (Repayment of Loan)	11,135.68	-
Jaswant Munoth (Director's Remuneration)	875.00	1,500.00
Nandini (Salary)	1,003.67	651.90





## MUNOTH FINANCIAL SERVICES LIMITED

### NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

Balances at the year end	Rs. in '000	
Name of related party	As on 31.03.2019	As on 31.03.2018
Bharat Munoth (Borrowings)	181.86	11,199.99
Munoth Industries Limited (Investment)	630.00	3,150.00
Munoth Communication Ltd (Investment)	2,423.05	1,534.60
South India Chemicals & Leasing P Ltd	2,400.00	2,400.00
Sankeshwara Finance & Investments P Ltd	2,000.00	2,000.00
Misrimal Navajee Estates P Ltd	500.00	500.00
Munoth Negwindfarm P Ltd	160.50	160.50

29 Contingent Liabilities -	Rs. in '000	
Particulars	As on 31.03.2019	As on 31.03.2018
a) Guarantee issued by the company's banker - Guarantee given by HDFC Bank to Stock Exchange	5,000.00	5,000.00

### 30 EMPLOYEE BENEFITS

#### A) Defined Contribution Plan:

The Company makes recognized provident fund contributions and employee 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 has reduced Rs.2,72,682/- ( Year ended 31 March 2019) (Previous year- Rs. 1,80,774/-) to 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.

#### B) Defined Benefit Plans: Gratuity Funded Obligation

Particulars	Gratuity (Un Funded)	
	31.03.2019	31.03.2018
Discounted rate (p.a)	7.75	7.75
Rate of increase in compensation Levels (p.a)	8.00	8.00
Rate return of plan assets (p.a)	NA	NA

#### Reconciliation of Opening and Closing balances of present value of defined benefit obligations

Particulars	31.03.2019	31.03.2018
Obligations at the beginning of the year	1,245.03	1,038.56
Current Service Cost	180.82	206.47
Interest Cost	93.38	0.00
Actuarial (Gain)/loss	-439.50	0.00
Benefits Paid	0.00	0.00
Obligations at the end of the year	1,079.73	1,245.03



## MUNOTH FINANCIAL SERVICES LIMITED

### NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

#### Reconciliation of Opening and Closing balances of fair value of plan assets.

Particulars	31.03.2019	31.03.2018
Plan assets at the beginning of the year, at fair value	NA	NA
Expected return on plan assets	NA	NA
Actuarial gain/(loss)	NA	NA
Contributions	NA	NA
Benefits Paid	NA	NA
Plan assets at the end of the year, at fair value	NA	NA

#### Reconciliation of the present value of defined benefit obligation & Fair value of Plan assets Rs. in '000

Particulars	31.3.2019	31.3.2018
Obligations at the end of the year	1,079.73	1,245.03
Plan assets at the end of the year, at fair value	0.00	0.00
Liability recognized in Balance sheet as on end of the year	<b>1,079.73</b>	<b>1,245.03</b>

#### Gratuity Cost for the year Rs. in '000

Particulars	31.3.2019	31.3.2018
Current Service Cost	180.82	206.47
Interest Cost	93.38	0.00
Expected return on plan assets	0.00	0.00
Net Actuarial (Gain)/loss	-439.50	0.00
Net Gratuity cost as per actuarial valuation	-165.30	206.47
Gratuity cost on retired employees not covered in actuarial valuation	0.00	0.00
<b>Net Gratuity Cost</b>	<b>-165.30</b>	<b>206.47</b>

Note: The above disclosures are based on the information furnished by the independent Actuary and relied upon by the Auditors.

31 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.

32 **Profit on sale of Unquoted Investments(Refer 13 (f), 13(g) and Note No . 28**

During the year the company has sold 3,60,000 Number of Shares of Munoth Industries Limited at a price Rs. 33 per Share.As on 31-03-2018, the company restated Munoth Industries Limited Shares from original cost of Rs.13 per Share to a fair value of Rs. 7 per share as on that date. The gain arose out of restatement of fair value as on 31-03-2018 amounting to Rs. 2160,000 is shown under other comprehensive income and the difference between sale price and original cost is disclosed under Retained Earnings.

33 **Confirmation of Balances:-**

Debtors and Creditors balances are subject to confirmation. The management is of the confirmed opinion that all the debtors are realisable at their stated value and that all the creditors are payable at their stated value and hence there is no diminishment or gain in this regard which require provisioning.



## MUNOTH FINANCIAL SERVICES LIMITED

### NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

34 Auditor's Remuneration: Rs. in '000

Sl.No	Particulars	2018-19	2017-18
1	Statutory Audit	105.00	80.30

35 The previous year's figures of Balance Sheet have been regrouped, reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures are rounded off to the nearest rupee. Figures in bracket represent negative figures.

As per our report of even date attached

**For C K Prusty&Associates**  
Chartered Accountants  
FRN NO: 323220E

**J RAVESANKAR**  
Partner  
M.NO: 200784

PLACE : CHENNAI  
DATE : 28-05-2019

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

**LALCHAND MUNOTH** **JASWANT MUNOTH**  
Chairman Managing Director & CEO

**A. G. NANDINI** **BHARAT MUNOTH** **VIKAS MUNOTH**  
Company Secretary Director Whole time Director & CFO

**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**

**28<sup>th</sup> ANNUAL GENERAL MEETING**

Reg. Folio No. ....

No. of Shares.....

DPID : Client ID .....

I certify that I am the registered share holder/Proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty Eighth Annual General Meeting of the Company held on Wednesday, 7<sup>th</sup> August 2019, at 11.00 A.M. at Nahar Hall, (South India Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47 Whites Road, Royapettah, Chennai - 600 014.

Members / Proxy's Name in Block Letters

Member's / Proxy Signature

**Form No. MGT-11**

**28<sup>th</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 28th Annual general meeting of the company, to be held on Wednesday 7th August, 2019, at 11.00 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, 2019 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 Cash flow Statement as on that date and the Reports of the Directors and Auditors thereon.		
2.	Re-appointment of Mr. Jaswant Munoth (DIN : 00769545) as Director who retires by rotation		
3.	Re-appointment of Mr. Lalchand Munoth (DIN : 01693640) as Director who retires by rotation		
4.	Re-appointment of Mr. Bharat Munoth (DIN : 00769588) as Director who retires by rotation		
	Special Business		
5	Reappointment of Mr. Jaswant Munoth as Managing Director		
6	Reappointment of Mr. Ajit Kumbhat as Independent Director		

Signed this ..... day of ..... 2019

Signature of shareholder

Affix 1/-  
Revenue  
Stamp

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

- 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.