



Munoth Financial Services Limited

22nd Annual Report 2012-2013



MUNOTH FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

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

SECRETARY

A G Nandini

AUDITORS

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

BANKERS

HDFC Bank
Bank of Baroda
The Federal Bank Ltd.

LEGAL ADVISORS

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

REGISTRARS AND SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

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

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MUNOTH FINANCIAL SERVICES LIMITED

MUNOTH FINANCIAL SERVICES LIMITED

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

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Company will be held on Wednesday, 14th August 2013 at 10:30 A.M. at the Nahar Hall (South India Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47, Whites Road, Royapettah, Chennai - 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2013 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Tansri Rajandram who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ajit Kumbhat who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs.75,000/- plus out of pocket expenses.

SPECIAL BUSINESS

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

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956, and, in particular, Schedule XIII thereto, consent of Members be and is hereby accorded to the re-appointment of and the payment of Rs. 2,00,000/- per month to Mr. Jaswant Munoth as the Managing Director of the company for a period of two years with effect from June 25, 2013 upon the terms and conditions as set out in the explanatory statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and/or vary such terms and conditions including the remuneration so as not to exceed the limits prescribed in part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be mutually agreed upon by the Board of Directors and Mr. Jaswant Munoth”.

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, during the currency of tenure of the Managing Director, the Company shall pay him remuneration by way of salary, perquisites and any other allowance in accordance with the scale laid down in Section II of part II of Schedule XIII of the companies Act, 1956 as applicable to the company at the relevant time depending upon the effective capital of the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised and empowered to make such improvements in the terms of remuneration to Mr. Jaswant Munoth as may become permissible under any amendments to Schedule XIII to the Companies Act, 1956, or



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by way of any Government guidelines or instruction, the intention being that no further approval of the company will be required so long as remuneration of the Managing Director is not in excess of the maximum permissible under the relevant law, rules, regulations, guidelines or instruction as may be promulgated or issued after the date of the general body meeting of the members”.

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

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as SPECIAL RESOLUTION.

“RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 & 311 and Schedule XIII and other applicable provision of the Companies Act, 1956 approval of the Members is hereby accorded to the re-appointment of and the payment of remuneration of Rs. 2,00,000/- per month to Mr. Bharat Munoth, the Managing Director of the Company for a period of 2 years with effect from December 29, 2013 upon the terms and conditions as set out in the explanatory statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and/or vary such terms and conditions including the remuneration so as not to exceed the limits prescribed in part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be mutually agreed upon by the Board of Directors and Mr. Bharat Munoth”.

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, during the currency of tenure of the Managing Director, the Company shall pay him remuneration by way of salary, perquisites and any other allowance in accordance with the scale laid down in Section II of part II of Schedule XIII of the companies Act, 1956 as applicable to the company at the relevant time depending upon the effective capital of the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised and empowered to make such improvements in the terms of remuneration to Mr. Bharat Munoth as may become permissible under any amendments to Schedule XIII to the Companies Act, 1956, or by way of any Government guidelines or instruction the intention being that no further approval of the company will be required so long as remuneration of the Managing Director is not in excess of the maximum permissible under the relevant law, rules, regulations, guidelines or instruction as may be promulgated or issued after the date of the general body meeting of the members”.

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

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

Chennai
May 29, 2013

A.G.NANDINI
COMPANY SECRETARY



NOTES:

EXPLANATORY STATEMENT

The relevant explanatory statement pursuant to Sec 173(2) of the Companies Act, 1956 is annexed hereto

APPOINTMENT OF PROXY

The Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Shareholder of the Company. The proxy, in order to be effective, must be received by the company not later than 48 hours before the meeting.

CLOSURE OF REGISTER OF MEMBER:

The Register of Members and the Share Transfer Books of the Company will remain closed from 13/08/2013 to 14/08/2013 (both days inclusive)

CHANGE OF ADDRESS:

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

ATTENDANCE SLIP:

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

CONSOLIDATION OF FOLIOS:

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

DEMATERIALISATION OF SHARES:

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

REQUEST TO MEMBERS:

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



ANNEXURE TO NOTICE

Explanatory Statement under Section 173 Of the Companies Act, 1956

ITEM NO: 5

Mr. Jaswant Munoth was appointed as Managing Director on June 25, 2008 for a period of five years. During the last five years, Mr. Jaswant Munoth as Managing Director has managed and steered the Company extremely well through the adverse market conditions, which prevailed in the financial sector. In recognition of his excellent performance and to enable the Company to continue to benefit from his stewardship, the Board of Directors have reappointed Mr. Jaswant Munoth as Managing Director of the Company for a period of two years with effect from June 25, 2013 and his reappointment as Managing Director for a further period of two years is subject to the approval of the Members of the Company in the General Meeting.

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.

Keeping in view his entrepreneurial spirit and commitment as well as taking into account his increased responsibilities, the Remuneration Committee formed by the Board of Directors of the Company in their meeting held on May 29, 2013 has recommended the remuneration payable to him at Rs. 2,00,000/- per month.

The remuneration including salary, allowances and perquisites payable to Mr. Jaswant Munoth during his tenure of office as detailed below will not exceed the limits prescribed under Schedule XIII of the Companies Act, 1956. The Board believes that the remuneration proposed to be paid to him is commensurate with his ability and experience. The monthly remuneration by way of salary, perquisites and any other allowances payable to him shall be Rs. 2,00,000/-. With respect to the perquisites and other allowances he is entitled to get the following monetary benefits like :

- a) House Rent allowance/furnished/unfurnished accommodation
- b) Medical reimbursement
- c) Personal Accident insurance as per company's policy.
- d) Provision of car for official duties with chauffeur and telephone at residence.
- e) Gas, Electricity, water & furnishings; maintenance and repairs thereof.
- f) Leave travel concession for self and family.
- g) Club fees as per company's policy.
- h) Special allowances.
- i) Reimbursement of expenses incurred on newspapers and periodicals.
- j) Any other facilities as per company's rules (such as housing loan subject to the rules of the company).
- k) Reimbursement of entertainment, traveling and all other expenses incurred for the business of the company as per the rules of the company.

Commission: Such remuneration by way of commission in addition to salary, perquisites and allowances calculated with reference to the net profits of the company in a particular financial year as may be determined by the Board or its committee at the end of each financial year based on certain performance criteria to be laid down by the Board of Directors or its committee subject to the overall ceilings stipulated



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in Sec.198 & 309 of the Companies Act, 1956. He shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above.

- a) Contribution to Provident Fund, Superannuation fund or annuity fund.
- b) Gratuity
- c) Encashment of leave at the end of the tenure.

The remuneration payable to Mr.Jaswant Munoth is subject to the approval of the Members in General Meeting.

The Directors recommend passing of the resolution contained in Item No.5 of the accompanying Notice.

Apart from Mr Jaswant Munoth, the appointee, Mr Bharat Munoth, the Managing Director, Mr Lalchand Munoth, the Director and Mr. Vikas Munoth, the Director are interested in the passing of this resolution.

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

ITEM NO.6

Mr. Bharat Munoth was appointed as Managing Director on December 29, 2008 for a period of five years and his present term of office will come to an end on December 28, 2013..

The Remuneration Committee formed by the Board of Directors of the Company in their meeting held on May 29, 2013 has recommended the remuneration payable to him at Rs. 2,00,000/- per month.

The remuneration including salary, allowances and perquisites payable to Mr. Bharat Munoth during his tenure of office as detailed below will not exceed the limits prescribed under Schedule XIII of the Companies Act, 1956. The Board believes that the remuneration proposed to be paid to him is commensurate with his ability and experience. The monthly remuneration by way of salary, perquisites and any other allowances payable to him shall be Rs. 2,00,000/-.With respect to the perquisites and other allowances he is entitled to get the following monetary benefits like :

- l) House Rent allowance/furnished/unfurnished accommodation
- m) Medical reimbursement
- n) Personal Accident insurance as per company's policy.
- o) Provision of car for official duties with chauffeur and telephone at residence.
- p) Gas, Electricity, water & furnishings; maintenance and repairs thereof.
- q) Leave travel concession for self and family.
- r) Club fees as per company's policy.
- s) Special allowances.
- t) Reimbursement of expenses incurred on newspapers and periodicals.
- u) Any other facilities as per company's rules (such as housing loan subject to the rules of the company).
- v) Reimbursement of entertainment, traveling and all other expenses incurred for the business of the company as per the rules of the company.

Commission: Such remuneration by way of commission in addition to salary, perquisites and allowances calculated with reference to the net profits of the company in a particular financial year as may be



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determined by the Board or its committee at the end of each financial year based on certain performance criteria to be laid down by the Board of Directors or its committee subject to the overall ceilings stipulated in Sec.198 & 309 of the Companies Act, 1956. He shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above.

- d) Contribution to Provident Fund, Superannuation fund or annuity fund.
- e) Gratuity
- f) Encashment of leave at the end of the tenure.

The remuneration payable to Mr.Bharat Munoth is subject to the approval of the Members in General Meeting. The Directors recommend passing of the resolution contained in Item No. 6 of the accompanying Notice. Apart from Mr Bharat Munoth, the appointee, Mr Jaswant Munoth, the Managing Director, Mr Lalchand Munoth, the Director and Mr. Vikas Munoth, the Director are interested in the passing of this resolution.

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

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

Chennai
May 29, 2013

A.G.NANDINI
COMPANY SECRETARY



MUNOTH FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting their Twenty second Annual Report together with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

Particulars	2012-2013 Rs.in Lacs	2011-2012 Rs. in Lacs
Total Revenue	100.35	55.82
Total Expenses	119.82	115.71
Profit/(Loss)before Tax	(19.47)	(59.89)
Tax Expenses	0.42	0.63
Profit/(Loss) after Tax	(19.05)	(59.26)

OPERATIONAL REVIEW:

.During the financial year 2012-13, the Company's total revenue has increased to Rs. 100.35 lakhs compared to Rs. 55.82 lakhs in the previous year. The total income from operations has increased to Rs. 86.34 lakhs compared to Rs. 47.94 lakhs in the previous year. The Company was able to reduce losses to Rs. 19.05 lakhs as against Rs. 59.26 lakhs in the previous year.

Stock Broking

Income from stock broking operations has decreased from Rs. 40.07 lakhs in the previous year to Rs. 24.49 lakhs in the current year. The turnover of the company in cash segment is Rs. 223.24 crores compared to Rs. 435.63 crores in the last financial year and in F & O segment is Rs. 78.33 crores compared to Rs. 158.08 crores in the last financial year.

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

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

Depository participant:

The Company has got the permanent registration certificate for Depository participant business with NSDL from SEBI during the financial year. 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 Rs. 4.34 lakhs against Rs. 7.87 lakhs in the previous year.

Portfolio Management Services:

The Company continues to provide PMS services under both discretionary and non – discretionary basis. The Company has been appointed as Investment Managers by IL & FS Trust Company Limited for Valmark Infra and Realty Trust, a SEBI registered Alternate Investment Fund – Category II (AIF II) .and the first scheme of the trust is targeting a corpus of Rs 125 crores comprising of units of INR 1 crore each on private placement basis for investment horizon of 3 to 5 years.

Income from Management services amounted to Rs. 50 Lakhs in the current financial year.



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Merchant Banking:

The Company is acting as the lead manager to the rights issue of Pierce Leslie India Limited. Income from Merchant banking services amounted to Rs. 7.5 lakhs in the current financial year.

FUTURE PROSPECTS

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

DIVIDEND:

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year (March 31, 2013) and of the profit and loss of the company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

STOCK EXCHANGES

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

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

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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



MUNOTH FINANCIAL SERVICES LIMITED

DIRECTORS:

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

The Board of Directors have reappointed Mr. Jaswant Munoth as Managing Director for a period of two years from June 25, 2013. It is proposed to obtain approval of the Members for the said appointment on the terms and conditions as set out in the notice item no. 5 of the meeting and the explanatory statement thereto.

Mr. Bharat Munoth, tenure of appointment as Managing Director is up to December 28, 2013 and the Board of Directors have reappointed him as Managing Director for the period of two years on the terms and conditions as set out in the notice item no. 6 of the Annual General Meeting and the explanatory statement thereto.

CORPORATE GOVERNANCE:

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

AUDIT COMMITTEE:

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

REMUNERATION COMMITTEE:

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

AUDITORS, AUDITORS' REPORT & CERTIFICATE

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

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

The comments made by the Auditors in their report vide (f) have been duly explained in the attached Notes on Accounts. (Note No. 2 (6))

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

Chennai
May 29, 2013

LALCHAND MUNOTH
CHAIRMAN



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-2013

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

A MANDATORY REQUIREMENTS:

1. Company's Philosophy on code of corporate Governance

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

2. Board of Directors

2.1 Composition of Board

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

2.2 Non Executive Director's Disclosure and Pecuniary relationship

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

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

2.3 Board Procedures

During the year 2012-13, the board of directors met six times on the following dates April 3, 2012, May 26, 2012, July 31, 2012, October 31, 2012, December 20, 2012 and January 28, 2013 and the dates of the meetings were decided well in advance.

2.4 Information Supplied to the Board

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

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



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2.5 Outside directorships and committee positions:

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

Name of Director	Attendance		Directorships (Private Cos excluded)		Chairman / Member of Committees of Listed Companies
	Board Meeting	AGM	Listed Cos	Unlisted Public Companies	
Mr. Lalchand Munoth (Chairman)	6	yes	1	2	1
Mr. Jaswant Munoth (Managing Director)	5	yes	1	2	1
Mr. Bharat Munoth (Managing Director)	6	yes	1	2	-
Mr. Vikas Munoth	6	yes	-	1	-
Mr. Mah Sau Cheong	-	no	-	-	-
Tansri Rajandram	-	no	-	-	-
Mr. M Jayantilal Jain	5	yes	1		2
Mr. Ajit Kumbhat	5	yes	1	1	2

Notes:

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

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

Tansri Rajandram is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment. He is a Fellow of Australian Society of Certified practicing Accountants, a member of Association of Certified Public Accountants (Malaysia) and an Associate of the Bankers' Institute of Australasia. He was the Executive Deputy Chairman of Rating Agency Malaysia, and Independent Credit Rating Agency established in 1990 in response to an emerging Malaysian Corporate bond Market. He has vast experience in the areas of corporate debt restructuring, recapitalizing financial institution, strengthening the banking system, capital market and capital issues

Mr. Ajit Kumbhat, is retiring by rotation at this Annual General Meeting and being eligible offers himself for reappointment. He is a practicing chartered Accountant with more than 35 years of experience in finance and taxation, He is the partner of M/s. Kumbhat & Co., Chartered Accountants, Chennai. He is the director of M/s. Kumbhat Financial Services Limited, a company specializes in financial services, M/s Kumbhat Electricals Pvt. Limited and M/s. Litaski Electricals Pvt. Limited. He is also well known person in sports field and holds various positions in different governing bodies.



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The Board of Directors have reappointed Mr. Jaswant Munoth as Managing Director for a period of two years from June 25, 2013. It is proposed to obtain approval of the Members for the said appointment on the terms and conditions as set out in the notice item no. 5 of the meeting and the explanatory statement thereto.

Mr. Bharat Munoth, tenure of appointment as Managing Director is up to December 28, 2013 and the Board of Directors have reappointed him as Managing Director for the period of two years on the terms and conditions as set out in the notice item no. 6 of the Annual General Meeting and the explanatory statement thereto.

2.7 Code of Conduct

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

2.8 Legal Compliance Reporting

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

3. Audit committee

3.1 Brief Description of terms of reference

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

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

3.2 Composition, Meetings and Details of attendance

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

Four Audit Committee meetings were held on the following dates: May 26, 2012, July 31, 2012, October 31, 2012 and January 28, 2013. Details of Members and their attendance is given below

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



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

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

4. Remuneration Committee

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

4.1 Remuneration Policy

Non-Executive Independent Directors:

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

Executive Directors

The remuneration paid to Managing Director for the year ended 31.03.2013 is as follows:

	Rs.
Salary and perquisites	12,96,000/-
Total	<u>12,96,000/-</u>

5. Shareholders' and investors' grievance committee

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

5.1 Composition and the process of share transfer

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

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

The total number of shareholder complaints received during the financial year was nil and there are no share transfer pending as on March 31, 2013.

5.2 Meetings, attendance and topics discussed

The committee met 5 times on the following dates: June 15, 2012, July 31, 2012, October 31, 2012, January 29, 2013 and March 31, 2013 to review the status of investors' services rendered.

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



MUNOTH FINANCIAL SERVICES LIMITED

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

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

6. General Body Meetings:

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

Year	Location	Date	Time
2009-2010	Nahar Hall Desabandhu Plaza, I Floor 47, Whites Road, Royapettah, Chennai - 600 014.	12 th August 2010	10.45 A M
2010-2011	Nahar Hall Desabandhu Plaza, I Floor 47, Whites Road, Royapettah, Chennai - 600 014.	23 rd August 2011	10.30 A M
2011-2012	Nahar Hall Desabandhu Plaza, I Floor 47, Whites Road, Royapettah, Chennai - 600 014.	31 st August 2012	10.25 A M

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

7. Disclosures:

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

NIL

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

NIL

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



MUNOTH FINANCIAL SERVICES LIMITED

8. Means of Communication:

- *Quarterly Results : Quarterly results are published with in the time stipulated in the listing agreement. MFSL does not send half yearly report to each household of the shareholders.
- * Newspapers wherein results normally : The Trinity Mirror
Makkal Kural (Tamil Daily)
- *website of the Company : www.munothfinancial.com
- *Whether it also displays, official news releases and Presentations made to institutional Investors/ Analysis : Yes
- *Whether Management Discussion & Analysis (MD & A) report is a part of Annual Report : Yes
- * Whether shareholder information Section forms part of the Annual Report : Yes

9. General Shareholder information:

1	Annual General Meeting	Wednesday, August 14, 2013 at 10.30 AM at Nahar Hall Desabandhu Plaza, I Floor, 47, Whites Road, Royapettah, Chennai - 600 014									
b)	Financial Calendar:	First Quarter Results: July Second Quarter Results: October Third Quarter Results: January Last Quarter Results and Annual Results within 60 days of the end of financial year									
c)	Dates of Book Closure	August 13, 2013 to August 14, 2013 (Both days inclusive)									
d)	Dividend Payment Date	Not applicable									
e)	Listing on Stock Exchanges and Stock Code	<table border="0"> <thead> <tr> <th>Name</th> <th>Address</th> <th>code</th> </tr> </thead> <tbody> <tr> <td>The Stock Exchange, Mumbai</td> <td>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023</td> <td>511401</td> </tr> <tr> <td>Madras Stock Exchange Limited</td> <td>Exchange Building, PO Box No. 183, 11, Second Line Beach, Chennai – 600 001</td> <td>MNFS</td> </tr> </tbody> </table> <p>Listing fees to all the stock exchanges for the financial year 2013-2014 has been paid.</p>	Name	Address	code	The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023	511401	Madras Stock Exchange Limited	Exchange Building, PO Box No. 183, 11, Second Line Beach, Chennai – 600 001	MNFS
Name	Address	code									
The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023	511401									
Madras Stock Exchange Limited	Exchange Building, PO Box No. 183, 11, Second Line Beach, Chennai – 600 001	MNFS									
f)	International Securities Identification Number (ISIN)	INE348D01019 (CDSL & NSDL)									



MUNOTH FINANCIAL SERVICES LIMITED

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

Month	High	Low Price
Apr 12	3.59	3.42
Jul 12	3.94	3.76
Aug 12	4.54	4.13
Oct 12	4.99	4.76
Nov 12	6.65	5.23
Dec 12	5.73	5.73
Jan 13	6.62	6.00
Feb 13	8.37	6.90
Mar 13	11.28	8.56

- h) Registrar and Share Transfer Agents** Cameo Corporate Services Limited
"Subramanian Building"1, Club House Road,
Chennai – 600 002.
- i) Share Transfer System:** Trading in equity shares of the Company is permitted only in dematerialized form. Share Transfers in physical form are registered and returned in 15 days from the date of receipt, if documents are in order in all respects by the Share Transfer Agents of the Company and the power to approve the transfer and transmission has been delegated by the board to the Share Transfer/ Investor Grievance Committee.
- j) Dematerialisation of shares:** As on 31st March 2013, 77.69 % of the total shares of the Company have been dematerialised
- k) Outstanding GDR/Warrants and Convertible bonds, conversion date and likely impact on the equity.** There are no outstanding/warrants and convertible bonds as on March 31, 2013 and therefore there will be no consequential impact on equity
- l) Plant Locations:** As this a service industry, no need for any plant set up.
- m) Address for Correspondence:** The Company Secretary,
Munoth Financial Services Limited,
Suite No. 46& 47, Munoth Centre,
343, Triplicane High Road, Chennai – 600 005.
- n) Details of use of public funds obtained in the last three years:** No funds have been raised from the public in the last three years



MUNOTH FINANCIAL SERVICES LIMITED

o) Distribution of Shareholding as on March 31, 2013

Shareholding of nominal value of	Shareholders		Shareholding		
	Rs. [1]	Number [2]	% to Total Nos. [3]	In Rs. [4]	% to Total Amount [5]
10-5000		2460	96.8122	8738030	17.0156
5001-10000		36	1.4167	307050	0.5979
10001-20000		18	0.7083	261580	0.5093
20001-30000		2	0.0787	43250	0.0842
30001-40000		6	0.2361	208090	0.4052
40001-50000		3	0.1180	135000	0.2628
50001-100000		3	0.1180	235000	0.4576
100000 AND ABOVE		13	0.5116	41425000	80.6671
TOTAL		2541	100.000	51353000	100.00

i) Categories of shareholders as on March 31, 2013

	CATEGORY	No. of shares held	Percentage of shareholding
A.	Promoter's holding		
1.	Promoters*		
	*Indian Promoters	28,63,800	55.77
	Foreign Promoters	NIL	NIL
2.	Persons acting in concert	NIL	NIL
	Sub- Total	28,63,800	55.77
B.	Non-Promoters Holding		
3.	Institutional Investors		
a.	Mutual Funds and UTI	NIL	NIL
b.	Banks, Financial Institutions, Insurance Companies [central/State Govt. Institutions/Non-Government Institutions]	NIL	NIL
c.	FIs	2,25,000	4.38
	Sub- Total	2,25,000	4.38
4.	Others		
a.	Private Corporate Bodies	10,77,291	20.98
b.	Indian Public	9,69,209	18.87
	NRIs/OCBs	NIL	NIL
	Sub- Total	20,46,500	39.85
	Grand Total	51,35,300	100.00

B. NON MANDATORY REQUIREMENTS:

1. Chairman of the Board:

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

2. Remuneration Committee:

The Listing agreement with the stock exchanges provides that a company may appoint a



MUNOTH FINANCIAL SERVICES LIMITED

committee for recommending managerial remuneration payable to the Directors. The Company already has a remuneration committee for the said purpose. Please refer item no. 4 under the heading Mandatory requirement.

3. Shareholders Rights:

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

4. Postal Ballot:

The provisions related to Postal Ballot is complied with wherever necessary . Please refer to point no. 6 under Mandatory requirements.

5. Whistle Blower Policy:

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

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

Chennai
May 29, 2013

Lalchand Munoth
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS (MD &A)

Environment:

During financial year 2012-13 resource mobilization through primary market (equity issue) witnessed an upward movement. Indian benchmark indices, i.e. the BSE and NSE closed at 19426.7 and 5905.1 (as on 31 December 2012), gaining 25.70 per cent and 27.70 per cent respectively over the closing value of 15454.9 (Sensex) and 4624.3 (Nifty) on 30 December 2011. The trading in equity and equity derivative segment by MCX-SX officially commenced on 11 February 2013. Reinvigorated foreign institutional investor (FII) inflows into the country during the year 2012 helped the Indian markets become one of the best performing in the world in 2012, recovering sharply from their dismal performance in 2011.

Segment- wise product performance

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

Opportunities & Threats

In the overall context of the evolving macroeconomic situation in the country and global financial developments, the government in close collaboration with the RBI and SEBI has recently taken a number of initiatives to meet the growing capital needs of the Indian economy

Some of the initiatives are as follows

With a view to extending the reach of regulation to unregulated funds, ensuring systemic stability, Increasing market efficiency, encouraging new capital formation, and providing investor protection, SEBI has notified new regulations covering alternate investment funds (AIFs) under three broad categories Category I, Category II and Category III. Your company has been appointed as Investment Manager by IL&FS Trust Company Limited for Valmark Infra and Realty Trust, a Category II AIF.

Other measures include reduction in securities transaction tax in the cash segment, introduction of new tax saving scheme called the Rajiv Gandhi Equity Savings Scheme (RGESS), exclusively for first-



MUNOTH FINANCIAL SERVICES LIMITED

time retail investors in the securities market etc.

Risks and Concerns

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

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 Review:

During the year, the Company has recorded total revenue of Rs. 100.35 Lacs compared to Rs. 55.82 Lacs in the previous year.

Human Resource Development:

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

Cautionary Statement

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

Chennai
May 29, 2013

By order of the Board

Mr. Lalchand Munoth
Chairman



MUNOTH FINANCIAL SERVICES LIMITED

Annexure - 1

Auditor's Certificate on Corporate Governance

To the Members of
Munoth Financial Services Limited, Chennai.

We have examined the compliance of conditions of Corporate Governance by Munoth Financial Services Limited, for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

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

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

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

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

For Mardia and Associates

Chartered Accountants

Firm Reg No: 007888S

Place : Chennai
Date : 29/05/2013

(MANISH MARDIA)

PROPRIETOR

M.No 205307

Annexure – 2

Declaration by Chief Executive Officer (CEO)

I, Jaswant Munoth, Managing Director of Munoth Financial Services Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended March 31, 2013 compliance with the code of conduct of the Company laid down for them.

Date : 29/05/2013
Place : Chennai

Jaswant Munoth
Managing Director.



MUNOTH FINANCIAL SERVICES LIMITED

Annexure – 3

Certificate by Chief Executive Officer (CEO)

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

1. That I have reviewed the financial statements and the cash flow statements for the year ended March 31, 2013 and that to the best of my knowledge and belief,
These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
These statements present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That, there are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
3. That I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That I have informed the auditors and the audit committee of:
 - Significant changes in internal control during the year
 - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Date : 29/05/2013
Place : Chennai

Jaswant Munoth
Managing Director



MUNOTH FINANCIAL SERVICES LIMITED

AUDITORS REPORT TO THE MEMBERS OF **M/s. MUNOTH FINANCIAL SERVICES LIMITED, CHENNAI**

Independent Auditor's Report to the Members of **MUNOTH FINANCIAL SERVICES LIMITED.**
Report on the Financial Statements

We have audited the accompanying financial statements of MUNOTH FINANCIAL SERVICES LIMITED which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- ii. in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



MUNOTH FINANCIAL SERVICES LIMITED

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branch not visited by us];
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branch not visited by us];
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, **subject to point no 6 of Note 2 regarding non-provision of Rs.2,19,58,387/- being diminution in the market value of quoted Investments and its effect on the profit and other notes thereon**, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

For **Mardia & Associates**

Chartered Accountants

Firm's registration number : 007888S

(Manish Mardia)

Proprietor

Membership number: 205307

Place : Chennai

Date : 29/05/2013

ANNEXURE TO THE AUDITORS REPORT

REF: M/s MUNOTH FINANCIAL SERVICES LTD

1. (a) The company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
(c) There is no substantial disposal of fixed assets during the year.
2. The company is not holding any inventory therefore the provisions of clause 4(ii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.
3. According to the information and explanation given to us the company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act, 1956 and as such, clauses 4(iii) (a) to 4(iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
4. According to information and explanation given to us and in our opinion there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that are need to be entered in the register in pursuance of Section 301 have been so entered.



MUNOTH FINANCIAL SERVICES LIMITED

- (b) Each of these transactions has been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted deposits from the public attracting the provisions of Section 58 A of the Companies Act 1956 and the rules framed thereunder.
 7. In our opinion and according to explanations and information given to us, the company has an internal audit system commensurate with its size and nature of its business.
 8. In our opinion, the company is not required to maintain the cost accounts and records prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act 1956.
 9. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
 10. The Company does not have any accumulated loss at the end of the financial year .The Company has incurred cash losses of Rs.12.87 Lakhs in the current financial year and cash losses of 51.58 Lakhs in the immediately preceding financial year.
 11. The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
 12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of any special statute applicable to chit fund, mutual fund, society are not applicable to the company.
 14. The company has maintained proper records of the transactions and contracts and has timely entries in respect of its dealing of trading in shares, securities, debentures register showing proper particulars of transactions. The investments are in the name of the company other than those specified in Note 11 on Non Current Investments forming part of Balance Sheet amounting to Rs.1,75,56,107/-
 15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
 16. In our opinion and according to the information and explanation given to us the company has not taken any term loan hence clause (XVI) of the order is not applicable.
 17. According to the balance sheet and other records examined by us and information and explanations given to us, on an overall basis, funds raised on short term basis have prima facie not been used during the year for long tem investment .
 18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
 19. The company has not issued any debentures during the year.
 20. The company has not received any money by public issues during the year.
 21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Mardia & Associates
Chartered Accountants
Firm's registration number : 007888S

Place : Chennai
Date : 29/05/2013

(Manish Mardia)
Proprietor
Membership number: 205307

**MUNOTH FINANCIAL SERVICES LIMITED****Balance Sheet as at 31 March, 2013****(In Rs)**

Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	51,612,500	51,612,500
(b) Reserves and surplus	4	60,409,130	26,338,223
		<u>112,021,630</u>	<u>77,950,723</u>
2 Non-current liabilities			
(a) Deferred tax liability	5	70,515	112,312
(b) Long-term provisions	6	586,772	561,083
		<u>657,288</u>	<u>673,395</u>
3 Current liabilities			
(a) Trade payables	7	45,750	386,260
(b) Other current liabilities	8	19,017,972	18,190,997
(c) Short-term provisions	9	654,330	364,487
		<u>19,718,051</u>	<u>18,941,745</u>
TOTAL		<u>132,396,968</u>	<u>97,565,863</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	42,072,840	6,563,500
(ii) Intangible assets	10	2,096,814	2,161,356
		<u>44,169,654</u>	<u>8,724,856</u>
(b) Non-current investments	11	61,218,852	62,155,635
(c) Long-term loans and advances	12	10,602,613	9,082,354
		<u>71,821,465</u>	<u>71,237,989</u>
2 Current assets			
(a) Trade receivables	13	1,468,265	5,267,164
(b) Cash and cash equivalents	14	9,803,235	8,686,234
(c) Short-term loans and advances	15	1,331,591	930,066
(d) Other current assets	16	3,802,757	2,719,553
		<u>16,405,848</u>	<u>17,603,017</u>
TOTAL		<u>132,396,968</u>	<u>97,565,863</u>

Summary of Significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For MARDIA & ASSOCIATESChartered Accountants
Firm Reg No: 007888S**(MANISH MARDIA)**Proprietor
M. No 205307PLACE : CHENNAI
DATE : 29/05/2013**For and on behalf of the Board of Directors****LALCHAND MUNOTH**
Chairman**BHARAT MUNOTH**
Managing Director**JASWANT MUNOTH**
Managing Director**A. G. NANDINI**
Company Secretary



MUNOTH FINANCIAL SERVICES LIMITED

Statement of Profit and Loss for the year ended 31 March, 2013 (In Rs)

Particulars	Note No.	For the year ended 31 March, 2013	For the year ended 31 March, 2012
I Revenue from operations	17	8,633,573	4,794,303
II Other income	18	1,401,728	787,718
III Total revenue (I + II)		<u>10,035,302</u>	<u>5,582,021</u>
IV Expenses			
(a) Employee benefits expense	19	3,681,741	3,861,095
(b) Finance cost	20	2,970,416	2,274,226
(c) Depreciation and amortisation expense	10	660,227	831,337
(d) Other expenses	21	4,670,376	4,605,111
V Total expenses		<u>11,982,761</u>	<u>11,571,769</u>
VI Profit / (Loss) before tax		(1,947,459)	(5,989,748)
VII Tax expense:			
(a) Current tax		-	-
(b) Deferred tax		41,797	63,917
VIII Profit / (Loss) for the year		<u>(1,905,662)</u>	<u>(5,925,831)</u>
IX Earnings per share (Basic and Diluted) 22		-0.37	-1.15

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For MARDIA & ASSOCIATES

Chartered Accountants
Firm Reg No: 007888S

(MANISH MARDIA)
Proprietor

M. No 205307

PLACE : CHENNAI
DATE : 29/05/2013

For and on behalf of the Board of Directors

LALCHAND MUNOTH
Chairman

BHARAT MUNOTH
Managing Director

JASWANT MUNOTH
Managing Director

A. G. NANDINI
Company Secretary



Notes to financial statement for the year ended 31 March 2013

Note 1 Corporate Information

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

Note 2 Significant Accounting Policies

1. Accounting Policies

a) Accounting Convention

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

b) Fixed Assets and Depreciation :

i) Tangible Assets are stated at cost less accumulated depreciation adjusted by revaluation/ business valuation. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. The Company provides pro-rata depreciation from the date on which asset is acquired / put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which the asset is sold. On all assets, Depreciation has been provided using the Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956.

ii) Intangible Assets are stated at cost less Depreciation thereon. No depreciation has been provided on MSE Membership card.

c) Investments :

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

d) Taxation :

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

e) Retirement Benefits

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

ii) The Company has provided for gratuity being the estimated liability in terms of payment of Gratuity Act, 1972. The liability has not been ascertained on actuarial basis.

2. The company's business activity falls within a single primary business segment i.e. stock broking & Capital Market. As such there is on separate reportable segment as per Accounting Standard 17.



MUNOTH FINANCIAL SERVICES LIMITED

3. We have been informed that Current Assets Loans and Advances other than doubtful have the value at which they are stated in the Balance sheet, if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
4. Balances of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.
5. Contingent Liability
Contingent liabilities comprise Bank Gurantees amounting to Rs. 138.50 Lacs provided to Stock Exchanges. (Previous year - Rs. 138.50 Lacs).
6. The company has not made provision for a sum of **Rs 2,19,58,387/-** (Prev yr Rs. 2,19,76,897) being fall in the market value of quoted investments. Such provision has not been made as the management perceives that the investments are of long term in nature and such diminution in value is temporary. The Current value of unquoted investments cannot be ascertained in the absence of availability of latest financial results.
7. 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.
8. Bangalore branch transactions are consolidated in respective heads in Head office account
9. Foreign Currency Transaction :

	Current Year	Previous Year
Earnings (yet to be realized)	NIL	NIL
Expenditure (towards Foreign Travel)	350,215.00	NIL

10. During the current year Freehold Land was revalued by an approved Valuer and updated as on 31.03.2013, on the basis of assessment about current value of the similar assets resulting in an increase in its value by Rs. 3,59,76,570/- which has been transferred to Revaluation Reserve.
11. Previous year figures have been regrouped and rearranged wherever necessary to conform to this year classification.



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Note 3 Share capital (In Rs)

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Shares				
Equity shares of Rs.10 each with voting rights	10,000,000	100,000,000	10,000,000	100,000,000
(b) Issued, Subscribed and Fully Paid up Shares				
Equity shares of Rs.10 each with voting rights	5,135,300	51,353,000	5,135,300	51,353,000
(c) Forfeited shares	-	259,500	-	259,500
Total	<u>5,135,300</u>	<u>51,612,500</u>	<u>5,135,300</u>	<u>51,612,500</u>

A. 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.

B. Details of Shareholders holding more than 5% shares in the Company

Name of the shareholder	No of Shares	% of Shares
1. Lalchand Munoth	502,100	9.78
2. Jaswant munoth	620,200	12.08
3. Bharat Munoth	572,900	11.16
4. Vikas Munoth	905,300	17.63
5. Munoth Communication Ltd	1,006,300	19.60

Note 4 Reserves and surplus (In Rs)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Securities premium account	20,250,000	20,250,000
(b) Revaluation Reserve Account:		
Opening Balance	-	-
Add: Revaluation of Freehold Land as on 31.3.13 (refer note 10)	35,976,570	-
Closing balance	35,976,570	-
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	6,088,223	12,014,054
Add: Profit / (Loss) for the year	-1,905,662	-5,925,831
Closing balance	<u>4,182,560</u>	<u>6,088,223</u>
Total	<u>60,409,130</u>	<u>26,338,223</u>

Note 5 Deferred tax liability (In Rs)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Deferred tax (liability) / asset		
As per last year's Balance Sheet	112,312	176,229
On Timing Difference : Depreciation	<u>41,797</u>	<u>63,917</u>
Net deferred tax (liability) / asset	<u>70,515</u>	<u>112,312</u>



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Note 6 Long-term provisions (In Rs)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Provision for employee benefits:		
(i) Provision for gratuity (net)	586,772	561,083
Total	586,772	561,083

Note 7 Trade payables (In Rs)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade payables:*		
Acceptances	45,750	386,260
Total	45,750	386,260

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

Note 8 Other current liabilities (In Rs)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(A) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	45,359	36,153
(ii) Advances from customers (Margin money received from Clients)	1,264,153	2,780,458
(B) Loans		
From banks		
Secured - Federal Bank Car Loan*	65,289	141,901
(C) Other loans and advances		
Secured - Bank Overdraft**	17,643,171	15,232,485
Total	19,017,972	18,190,997

* Federal Bank car loan is secured against Hypotjication of Car

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

Note 9 Short-term provisions (In Rs)

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Provision - others		
Auditors Rermuneration Payable	67,500	67,500
Internal Audit Fee Payable	30,600	30,600
Stamp Charges Payable	8,145	26,930
NSDL Transaction Charges Payable	75,096	76,161
Other General Provision	417,801	142,355
TDS Payable	52,508	10,900
STT Payable	2,680	10,042
Total	654,330	364,487



NOTES - 10 FIXED ASSETS

(Rs.)

NAME OF ASSETS	Rate	GROSS BLOCK					DEPRECIATION / AMORTIZATION				NET BLOCK	
		As at April 1, 2012	Addition during the year	Ded/Adj during the year	Revaluation during the year	As at March 31, 2013	Upto March 31, 2013	For the year year	Ded/Adj during the year	Upto March 31, 2013	As at March 31, 2012	As at March 31, 2013
Tangible Assets												
Freehold Land *	0.00%	2,479,430	-	-	35,976,570	38,456,000	-	-	-	-	2,479,430	38,456,000
Buildings	5.00%	3,342,043	-	-	-	3,342,043	1,805,608	76,822	-	1,882,431	1,536,435	1,459,612
Furnitures & Fixtures	18.10%	4,320,821	-	-	-	4,320,821	3,486,784	150,961	-	3,637,745	834,037	683,076
Vehicles (motor car)	25.89%	1,183,656	-	-	-	1,183,656	663,513	134,665	-	798,178	520,143	385,478
Office Equipment (AC+ Music system+fire alarm+ office eq+access control+ electr fit)	13.91%	2,461,533	88,708	-	-	2,550,241	1,452,436	150,971	-	1,603,408	1,009,097	946,833
Computer	40.00%	5,854,804	40,525	14,500	-	5,880,829	5,670,446	82,266	13,723	5,738,988	184,358	141,841
		19,642,287	129,233	14,500	35,976,570	55,733,590	13,078,787	595,685	13,723	13,660,750	6,563,500	42,072,840
Intangible Assets												
MSE Membership Card	0.00%	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	2,000,000
Software	40.00%	4,562,550	-	-	-	4,562,550	4,401,194	64,542	-	4,465,736	161,356	96,814
		6,562,550	-	-	-	6,562,550	4,401,194	64,542	-	4,465,736	2,161,356	2,096,814
Toal		26,204,837	129,233	14,500	35,976,570	62,296,140	17,479,981	660,227	13,723	18,126,486	8,724,856	44,169,654
As on 31.03.2012		26,043,697	161,140	-	-	26,204,837	16,648,644	831,337	-	17,479,981	9,395,053	8,724,856

* Freehold Land has been revalued as on 31.03.2013 on the basis of an approved valuers report



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Note 11 Non-current investments

(In Rs)

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investments (At cost):						
Investment in equity instruments						
(i) of associates	15,877,675	9,762,932	25,640,607	15,877,675	9,762,932	25,640,607
(ii) of other entities	17,378,447	18,199,798	35,578,245	18,315,230	18,199,798	36,515,028
Total			<u>61,218,852</u>			<u>62,155,635</u>

DETAILS OF THE SHARES AS ON 31.3.2013

In Equity Shares of Indian Companies

A) Company Under the Same Management

	QTY	AMT.IN Rs.	QTY	AMT.IN Rs.
QUOTED				
Munoth Communication Ltd	791200	15,877,675	791200	15,877,675
UN QUOTED				
South India Chemicals & Leasing P Ltd	7,500	2,400,000	7,500	2,400,000
Sankeshwara Finance & Investments P Ltd	20,000	2,000,000	20,000	2,000,000
Jaswant Estates P Ltd	5,000	500,000	5,000	500,000
Munoth Neg Windfarm P Ltd	133,700	362,932	133,700	362,932
Munoth Industries Limited	450,000	4,500,000	450,000	4,500,000
		<u>25,640,607</u>		<u>25,640,607</u>

B) Others

(i) Quoted				
# Bafna Spinning	500	2,900	500	2,900
# Bonanza Pharma	100	775	100	775
# Oswal Chemicals	50	12,636	50	12,636
# Siris Ltd	200	16,846	200	16,846
Agritech India	2,140	2,140	2,140	2,140
Alembic Chemicals	11,000	1,046,129	11,000	1,046,129
Antartica Ltd	1,000	2,369	1,000	2,369
Arihant Constyn	150	600	150	600
ATV Projects	300	5,100	300	5,100
Bajaj Auto	200	180,882	200	180,882
Bajaj Finserv Ltd	110	61,120	100	54,620
Bajaj Holding and Investment Ltd	100	144,206	100	144,206
Bhirwani Denim	200	1,250	200	1,250
Biofil Chemical	1,000	1,000	1,000	1,000
Blue Bend Petro	350	1,050	350	1,050
Brigade Enterprises Ltd	1,000	406,344	1,000	406,344
BTW Industries	100	300	100	300
Cable Corporation	1,000	1,500	1,000	1,500
Celebrity Fashions	1,873	256,099	1,873	256,099
Indian Terrian Fashions Ltd	535	-	535	-
Computer Power	184,000	65,900	184,000	65,900
Concert Spices	100	300	100	300



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	QTY	AMT.IN Rs.	QTY	AMT.IN Rs.
Consolidated Fibre	100	400	100	400
Coromandel Finance	900	6,300	900	6,300
CT Cotton Yarn	300	3,550	300	3,550
Dcw Shares	22,000	578,590	-	-
Deccan Granites	100	1,100	100	1,100
Dhampur Sugars	7,066	742,495	7,066	742,495
DSQ Biotech Ltd	170	23,800	170	23,800
Dynavision	200	650	200	650
Europeon Software	600	300	600	300
Fab Worth	100	1,975	100	1,975
Finolex Industries	100	6,035	100	6,035
Gangadharan Appliances	226	2,599	226	2,599
Golden Textiles	1,300	3,900	1,300	3,900
Gujrat Ambuja Cot Spin Limited	400	3,200	400	3,200
Gujrat Cotex	300	2,955	300	2,955
Harayana Petro	400	3,000	400	3,000
HDFC Bank Ltd	110	39,749	22	39,749
Hindustan Lever Ltd	1	173	1	173
Induj Infotech	105	105	105	105
Information Tech Ltd	5,425	5,425	5,425	5,425
Innovation Sec	1,400	4,200	1,400	4,200
Ispat Industries	4,000	118,920	4,000	118,920
IT People (India)	3,636	514,400	3,636	514,400
ITI	12,000	942,574	12,000	942,574
Jaswal Granites	600	3,100	600	3,100
Jay Flash	19,500	58,500	19,500	58,500
Kirlosker Electricals	100	1,926	100	1,926
Krishna Life	1,000	993	1,000	993
Kumar Metallurgical	300	750	300	750
L M L	450	7,534	450	7,534
MCC Finance Ltd	7,000	77,000	7,000	77,000
Midland Plastics	200	1,800	200	1,800
Modern Synthetics	1,150	14,893	1,150	14,893
Modi Threads	200	900	200	900
Nahar Spinning Mills	2,000	243,985	2,000	243,985
Nath Bio Genes	2,354	2,354	2,354	2,354
Nath Seeds	6,206	6,206	6,206	6,206
Natural Stone	900	5,400	900	5,400
NEPC India	200	4,188	200	4,188
Network Ltd	200	6,100	200	6,100
Omnitech Infosolu LT	3,000	801,982	3,000	801,982
Oswal Agro	350	546	350	546
Padmini Technology	700	1,400	700	1,400
Pan Asia Industries	100	1,200	100	1,200
PBA Infrastructure	17,733	2,306,172	17,733	2,306,172
Power Grid Corporation	78	12,835	10,078	1,658,336
Premier Ltd	100	5,325	100	5,325
Premier Plantations	100	200	100	200



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	QTY	AMT.IN Rs.	QTY	AMT.IN Rs.
Rajarathan Synthetic	600	3,000	600	3,000
Rathi Alloy and Steel	300	1,350	300	1,350
Reliance Capital Limited	2,400	3,399,655	2,400	3,399,655
Reliance Communication Ltd	5,377	1,836,473	3,300	1,712,845
Reliance Industries Ltd	250	450,973	250	450,973
Rishab Financial Services Ltd	18,000	448,740	18,000	448,740
Reliance Power Ltd	5,000	1,930,429	5,000	1,930,429
S Kumar Online	1,000	2,000	1,000	2,000
SAL Steel	10,000	247,809	10,000	247,809
Sanghi Poly Ltd	300	6,195	300	6,195
Sarala Gems Ltd	200	650	200	650
Silver Tech	6	590	6	590
Silverline Animation technologies ltd	2	197	2	197
Spice Jet	5,000	195,816	5,000	195,816
State Bank of India	13	14,047	13	14,047
Sudati Hosiery	300	3,000	300	3,000
Sunpharma Ltd	100	-	100	-
Super Forgings	200	3,300	200	3,300
Tirumal Textiles Process	400	2,000	400	2,000
TN Sponge	100	400	100	400
TNPL	100	8,254	100	8,254
Uniworth International	150	1,550	150	1,550
Vantel Tech	50	50	50	50
Veena Textiles	200	1,500	200	1,500
Videocon VCR	100	1,600	100	1,600
Vikas WSP Ltd	3,000	3,000	3,000	3,000
Vishal Exports-(Bonus)	1,000	-	1,000	-
Welwin	100	1,800	100	1,800
		<u>17,345,507</u>		<u>18,282,290</u>
(ii) UNQUOTED				
Arihant Fabrics	50	100	50	100
# Benaras Bank	87,490	4,811,950	87,490	4,811,950
# Deve Sugar	9,400	1,410,000	9,400	1,410,000
# Parvathi Hi tech	10,000	100,000	10,000	100,000
*# Rayalaseema Paper Mills	1,120,000	11,200,000	1,120,000	11,200,000
# Rhino Tyres	200	1,000	200	1,000
Madras Stock Exchange	285,000	15,000	285,000	15,000
India Mobile Network P Ltd	50,000	500,000	50,000	500,000
MSE Financial Services Ltd	13,479	161,748	13,479	161,748
Essar Steel	114	32,940	114	32,940
		<u>18,232,738</u>		<u>18,232,738</u>
TOTAL		<u>35,578,245</u>		<u>36,515,028</u>
GRAND TOTAL		<u>61,218,852</u>		<u>62,155,635</u>

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

** The Market Value of Aggregated Quoted investments amounts to Rs. 12,150,019

*** No Provision is made for diminution in Value of Investments

Shares not held on the name of the Company.



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Note 12 Long-term loans and advances		(In Rs)	
Particulars	As at 31 March, 2013	As at 31 March, 2012	
(a) Security deposits			
Secured, considered good	8,416,971	8,416,971	
(b) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	2,134,481	614,222	
(c) MAT credit entitlement - Unsecured, considered good	51,161	51,161	
Total	<u>10,602,613</u>	<u>9,082,355</u>	
Note 13 Trade receivables		(In Rs)	
Particulars	As at 31 March, 2013	As at 31 March, 2012	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Secured, considered good	1,205,574	518,996	
	1,205,574	518,996	
Other Trade receivables			
Secured, considered good	262,692	4,748,168	
	<u>262,692</u>	<u>4,748,168</u>	
Total	<u>1,468,265</u>	<u>5,267,164</u>	
Note 14 Cash and cash equivalents		(In Rs)	
Particulars	As at 31 March, 2013	As at 31 March, 2012	
(a) Cash on hand	280,668	272,011	
(b) Balances with banks			
(i) In current accounts			
HDFC NSE Derivative settlement account	286,855	310,483	
HDFC NSE Derivative client account	-56,681	236,587	
HDFC NSE Due account	50,000	135,588	
HDFC EXP	16,170	88,943	
HDFC NSE Equity client account	236,969	63,315	
HDFC NSE Equity settlement account	151,645	29,220	
HDFC client margin account	10,000	10,000	
HDFC banglore account	2,707	8,033	
HDFC -DIV (ECS)	5,606	3,085	
HDFC - 6972	1,114,333	-	
Bank of Baroda-DIV a/c	14,976	2,831	
Bank OD Baroda	51,277	49,293	
(ii) In deposit accounts	<u>7,638,710</u>	<u>7,476,845</u>	
Total	<u>9,803,235</u>	<u>8,686,234</u>	
Note 15 Short-term loans and advances		(In Rs)	
Particulars	As at 31 March, 2013	As at 31 March, 2012	
(a) Loans and advances to employees			
Secured, considered good	46,724	34,223	
(b) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	1,284,867	895,843	
Total	<u>1,331,591</u>	<u>930,066</u>	



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Note 16 Other current assets		(In Rs)	
Particulars	As at 31 March, 2013	As at 31 March, 2012	
(a) Accruals			
(i) Interest accrued on deposits	77,650	79,037	
(ii) Accrued income	-	101,426	
(b) Others			
(i) Others			
Income Tax Refund	1,427,125	1,427,125	
Federal Bank Interest Receivable	549,000	-	
DP Amc and Transactions receivable	968,416	1,027,315	
DP Service tax receivable	2,436	265	
Service tax input	6,714	26,379	
TDS Receivable	771,416	58,006	
Total	<u>3,802,757</u>	<u>2,719,553</u>	
Note 17 Revenue from operations		(In Rs)	
Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012	
Income From Operations	<u>8,633,573</u>	<u>4,794,303</u>	
Total	<u>8,633,573</u>	<u>4,794,303</u>	
Income From Operations Comprises:			
DP and AMC Transaction Charges	434,504	787,431	
Merchant Banking & Investment Management Services	5,750,000	-	
Brokerage and Turnover charges received	2,449,069	4,006,871	
Total - Sale of services	<u>8,633,573</u>	<u>4,794,303</u>	
Note 18 Other income		(In Rs)	
Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012	
Interest income (Refer Note (i) below)	1,222,433	571,337	
Dividend income	106,193	117,948	
Net gain on sale of:			
current investments	-	-	
long-term investments	-	-	
Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	<u>73,103</u>	<u>98,434</u>	
Total	<u>1,401,728</u>	<u>787,718</u>	
(i) Interest income comprises:			
Interest from banks on:			
deposits	673,433	560,624	
other balances	-	-	
Interest on income tax refund	-	10,713	
Other interest - Federal Bank Interest Receivable	<u>549,000</u>	<u>-</u>	
Total - Interest income	<u>1,222,433</u>	<u>571,337</u>	
(ii) Other non-operating income comprises:			
Profit on sale of fixed assets	223	-	
Miscellaneous income [net of expenses directly attributable]	<u>72,880</u>	<u>98,434</u>	
Total - Other non-operating income	<u>73,103</u>	<u>98,434</u>	



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Note 19 Employee benefits expense (In Rs)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Salaries and wages	3,265,647	3,422,543
Contributions to provident and other funds	243,078	223,646
Staff welfare expenses	173,016	214,906
Total	<u>3,681,741</u>	<u>3,861,095</u>

Note 20 Finance costs (In Rs)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Interest expenses	2,666,541	1,961,879
(b) Bank Guarantee Charges	296,351	249,660
(c) Bank Charges	7,525	62,687
Total	<u>2,970,416</u>	<u>2,274,226</u>

Note 21 Other expenses (In Rs)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Power and fuel	468,252	529,543
Repairs and maintenance - Buildings	84,420	78,660
Repairs and maintenance - Machinery	200,652	208,919
Repairs and maintenance - Others	187,113	167,822
Investment Manager Fund Expense	19,406	-
Insurance	58,416	58,831
Rates and taxes	51,947	59,381
Telephone Charges	230,980	251,392
Communication	102,757	159,954
Travelling and conveyance	559,903	193,788
Printing and stationery	121,422	166,648
Business promotion	221,579	257,465
Legal and professional	242,608	157,870
NSDL Transaction charges	91,008	-
Payments to auditors (Refer Note (i) below)	258,294	252,650
Bad trade and other receivables, loans and advances written off	-	225,000
Long term capital Loss on sale of long Term Investments	502,153	-
Provision for gratuity	25,689	48,031
Vsat charges	101,996	200,000
Registration fees PMS	166,666	118,822
Registration fees MBD	166,667	191,667
Lease Line charges	109,780	134,642
NSE Transaction charges - Equity & F&O	167,465	174,045
NSE Subscription Charges	150,000	153,207
Clearing & Settlement charges	12,980	12,418
Profit and loss from F&O Trading	22,380	465,989
Professional tax	2,593	2,055
NSDL Transaction charges	113,074	121,448
Miscellaneous expenses	230,176	214,865
Total	<u>4,670,376</u>	<u>4,605,111</u>



MUNOTH FINANCIAL SERVICES LIMITED

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	75,000	75,000
For company law matters	8,000	8,000
For management services	123,000	122,000
For other services	48,000	42,500
Reimbursement of expenses	4,294	5,150
Total	258,294	252,650

Note 22 Disclosures under Accounting Standards

(In Rs)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Earnings per share		
<u>Basic and Diluted</u>		
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	-1,905,662	-5,925,831
Weighted average number of equity shares	5,135,300	5,135,300
Par value per share	10.00	10.00
Earnings per share	-0.37	-1.15

Note 23 Related Party Transactions

Related party disclosures under Accounting Standard - 18.

Related Parties

- A (I) Associate Companies
- Munoth Communication Limited
 - Munoth Industries Limited
 - South India Chemicals & Leasing (P) Ltd
 - Maharana Finance & Investments (P) Ltd
 - Shankeswar Finance & Investments (P) Ltd
 - Jaswant Estates (P) Ltd
 - Munoth Negwind Farm (P) Ltd
- (II) Key Management personnel and their relatives:-
- Lalchand Munoth
 - Jaswant Munoth
 - Bharat Munoth
 - Vikas Munoth
 - Leela Devi
 - Vijayalaksmi Munoth
 - Aruna Munoth
 - Kanchan Munoth



MUNOTH FINANCIAL SERVICES LIMITED

B. Related Party Transactions	Current Year Rs.	Previous Year Rs.
l) With Associate Companies		
a) Purchase of Investments	-	-
b) Sale of Investments	-	-
c) Rendering of services		
- Munoth Communication Ltd	589,252.33	-
- Bharat Munoth	30,182.82	-
d) Outstanding balances in loans & Advances		
- Bharat Munoth	31.41	-
e) Interest Paid	-	-
C. With Key Management Personnel and their Relatives		
a) Remuneration and perks	1,296,000.00	1,445,000.00
b) Incentive Paid	-	-
c) Rendering of services	-	-
d) Rental Deposit Outstanding	-	-
e) Salary Advance	17,000.00	-
f) Share Application Money Refunded	-	2,500,000.00

Note 24 Employee benefit plans

Defined contribution plans

The Company makes Recognized Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2,43,078 (Year ended 31 March, 2013) for Provident Fund 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.

As per our report of even date attached

For MARDIA & ASSOCIATES

Chartered Accountants
Firm Reg No: 007888S

(MANISH MARDIA)
Proprietor
M. No 205307

PLACE : CHENNAI
DATE : 29/05/2013

For and on behalf of the Board of Directors

LALCHAND MUNOTH
Chairman

JASWANT MUNOTH
Managing Director

BHARAT MUNOTH
Managing Director



MUNOTH FINANCIAL SERVICES LIMITED

Cash Flow Statement for the year ended 31 March 2013

(In Rs)

	Year ended 31 March 2013 Rs. in '000	Year ended 31 March 2012 Rs. in '000
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(1,947,459)	(5,989,748)
<i>Adjustments for:</i>		
Depreciation and amortisation	660,227	831,337
(Profit) / loss on sale / write off of assets	(223)	
Finance cost	2,970,416	2,274,226
Interest income	(1,222,433)	(571,337)
Dividend income	(106,193)	(117,948)
Net (gain) / loss on sale of investments	502,153	
	2,803,947	2,416,278
Operating profit / (loss) before working capital changes	856,488	(3,573,470)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Trade receivables	3,798,899	(3,152,537)
Short-term loans and advances	(401,525)	(263,626)
Long-term loans and advances	(1,520,259)	(519,608)
Other current assets	(1,083,204)	726,508
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(340,510)	(508,454)
Other current liabilities	826,975	2,516,909
Short-term provisions	289,842	(6,279)
Long-term provisions	25,689	48,032
	1,595,907	(1,159,055)
Cash generated from operations	2,452,395	(4,732,525)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(129,233)	(161,140)
Proceeds from sale of fixed assets	1,000	
- Placed		
Purchase of long-term investments		
- Others	(708,718)	(65,988)
Proceeds from sale of long-term investments		
- Business units		
- Others	1,143,348	
Interest received		
- Others	1,222,433	571,337
Dividend received		
- Others	106,193	117,948
Cash generated from Investing activities	1,635,023	462,156



MUNOTH FINANCIAL SERVICES LIMITED

C. Cash flow from financing activities

Share application money received / (refunded)		
Net increase / (decrease) in working capital borrowings		
Finance cost	(2,970,416)	(2,274,226)
	<u>-2,970,416</u>	<u>(2,274,226)</u>
Cash generated from Financing activities	-2,970,416	(2,274,226)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	1,117,002	(6,544,595)
Cash and cash equivalents at the beginning of the year	<u>8,686,234</u>	<u>15,230,829</u>
Cash and cash equivalents at the end of the year	<u>9,803,235</u>	<u>8,686,234</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
As per Balance sheet - Note 14	<u>9,803,235</u>	<u>8,686,234</u>

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For MARDIA & ASSOCIATES

Chartered Accountants
Firm Reg No: 007888S

(MANISH MARDIA)
Proprietor
M. No 205307

PLACE : CHENNAI
DATE : 29/05/2013

For and on behalf of the Board of Directors

LALCHAND MUNOTH
Chairman

BHARAT MUNOTH
Managing Director

JASWANT MUNOTH
Managing Director

A. G. NANDINI
Company Secretary

AUDITORS CERTIFICATE

We have examined the above Cash Flow Statement of M/s. Munoth Financial Services Limited for the year ended 31st March 2013 which is based on and in agreement with the audited accounts for the relevant financial year. According to the information and explanation given to us, the aforesaid Cash Flow Statement, prepared by the company, is in accordance with the requirements of Clause 32 of the Listing agreement with the Stock-Exchanges.

For MARDIA & ASSOCIATES
Chartered Accountants

Place : Chennai
Date : 29/05/2013

(MANISH MARDIA)
Proprietor
M. No 205307

MUNOTH FINANCIAL SERVICES LIMITED

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

PROXY FORM

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

DPID : Client ID

I/We of

In the district of being a member/members

of the above name Company hereby appoint of

in the district of or falling him

..... of in the district of

..... as my/our proxy to vote for me/us on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Wednesday 14th August, 2013 at 10.30 A.M. at Nahar Hall, (SouthIndia Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47 Whites Road, Royapettah, Chennai - 600 014. and at any adjournment thereof.

Signed this day of 2013.



Signature

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

----- T E A R H E R E -----

MUNOTH FINANCIAL SERVICES LIMITED

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

ATTENDANCE SLIP

22nd 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 Second Annual General Meeting of the Company held on 14th August, 2013, at 10.30 A.M. at Nahar Hall, (South India Hire Purchase Association), Desabandhu Plaza, 1st Floor, 47 Whites Road, Royapettah, Chennai - 600 014.

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

Address:

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

Book Post

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.