

27th

ANNUAL REPORT 2011-2012

MUKESH BABU FINANCIAL SERVICES LIMITED

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Board of Directors

Shri Mukesh Babu (Chairman & Managing Director)
Shri K. Chandrasekhar
Shri Pankaj Majithia
Shri Vijay Vora

Company Secretary

Ms. Dipali C. Shah

Main Bankers

Axis Bank
HDFC Bank
ICICI Bank

Registered Office

111, Maker Chambers III,
223, Nariman Point,
Mumbai - 400 021.

Auditors

Shah, Shah & Shah
Chartered Accountants
502, Damji Shamji Trade Centre,
Vidyavihar - West, Mumbai - 400086.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2012

Your Directors have pleasure in presenting the Twenty Seventh Annual Report and the audited statement of accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS	Year Ended 31.03.2012 ₹	Year Ended 31.03.2011 ₹
Total Income	121,095,368	111,045,820
Profit before Interest , Depreciation and Tax	115,192,194	102,185,452
Less: Interest	26,209,438	27,749,794
Gross Profit	88,982,756	74,435,658
Less : Depreciation	906,244	1,052,468
Profit before Taxation	88,076,512	73,383,190
Less : Taxation Provision & Deferred Tax	25,124,409	21,234,587
Profit available after Taxation	62,952,102	52,148,603
Add: Profit & Loss A/c Credit Balance Brought Forward	112,818,927	79,202,419
Add/(Less):Income tax for Earlier Years	70,000	(620)
Profit Available for Appropriation	175,841,029	131,350,402
Less: Transfer to Statutory Reserve	12,590,420	10,429,721
Less: Provision for Dividend	6,970,900	6,970,900
Less: Provision for Dividend Tax	1,130,854	1,130,854
Less: Provision for Standard Assets	323,034	-
Profit & Loss A/c Credit Balance Carried Forward	154,825,821	112,818,927

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Your Company earned a net profit of ₹ 629.52 Lacs for the financial year ended 31st March, 2012 as compared to previous year's net profit of ₹ 521.49 lacs. Depreciation during the year was ₹ 9.06 Lacs as compared to ₹ 10.52 Lacs in the previous year. Provision for taxation during the year is ₹ 251.24 Lacs including Deferred Tax Provision as compared to ₹ 212.35 Lacs in previous year.

Opportunities

During the year 2011-12 the Indian market has witnessed a turbulent socio-political environment with uncertainty. The Sensex has recorded a negative return of 10.5% and closed the year at 17,404 as on 30th March, 2012, while touching a low of 15,175 on 20th December, 2011. Though, the Government had estimated GDP growth to be above 8% for F.Y. 2011-12, the supply constraints in the economy has lead to higher inflation and a fall in the GDP growth to 6.5%. The revenue and earnings growth has now become extremely sector and company specific. Investors, like your company, would have to carefully sieve through the maze of equity options while investing since large number of companies have substantial de-growth and experiencing considerable financial stress. A depreciating Indian rupee is also a cause of concern for asset managers and may make India an unattractive destination for global investors over a medium term. However, your company's management, with long years of experience in the finance and investment market has done well during the financial year 2011-12 despite adverse market conditions and it continues to believe in investing in companies, which have good potentials and in specific sectors that will do well in the times to come.

Challenges

With the integration of Indian market with the Global market after liberalization era, the tremors felt in the Eurozone is being felt also in the Indian markets. A depreciating Indian rupee, high inflation, fall in GDP growth and high interest rates are some of the challenges facing the Indian Economy and a large number of companies are under financial stress. However, your company feels that these are short term bottlenecks faced by Indian economy and with the intrinsic strength prevalent in the Indian Economy, our government should be able to successfully address the short term down turn. The RBI Governor at a CII convention stated that "Short term sacrifice to growth is an inevitable cost to pay for price stability in the supply constrained economy." Your company is confident of facing all these challenges with its expertise and long experience and is confident of achieving good growth.

Risk Management

Business and revenue growth have to be weighed in the context of the risks. Being an investment Company your Company is exposed to credit, market and operational risks. As part of the risk management process, your Company reviews the various risks and finalises mitigation plans which are reviewed every quarter by Audit Committee of Directors. Proposals of the audit committee are also discussed at the meeting of the Board of Directors every quarter.

Internal Control Systems and their adequacy.

The Company has an adequate system of internal controls and systems. The scope of the inspection and audit has been recently reviewed to make it more effective.

Human Resources

Industrial relations in the organisation continued to be cordial during the year.

No employee of the Company was in receipt of remuneration for whole/part of the year exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

Corporate Governance

A comprehensive report on Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this Report.

The Company has obtained a certificate from the auditors regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement and the same is annexed.

Subsidiary

During the year the Subsidiary Company, Mukesh Babu Securities Limited, earned a profit before tax of ₹.72.76 Lacs as compared to ₹ 62.54 Lacs during the previous year.

Dividend

The Board of Directors has recommended a dividend of 10% (Previous year 10%) for the year subject to the approval of the shareholders at the Annual General Meeting.

Directors

Mr. K. Chandrasekhar, Director, retires by rotation and being eligible offers himself for re-appointment. A brief resume of the Director retiring by rotation/ seeking appointment at the ensuing Annual General Meeting, nature of Directors' expertise in specific areas and names of the companies in which they hold directorships and /or membership/Chairmanship of committees of the Board as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the Corporate Governance Report.

Directors' Responsibilities statement

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act, 2000 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

Auditors

The current auditors Shah, Shah & Shah. Chartered Accountants, retire on conclusion of the ensuing Annual General Meeting and being eligible for re- appointment, have shown their willingness to be re-appointed.

Conservation of Energy, Technology Absorption And Foreign Exchange Earnings and Out Go.

As the Company is a financial Company, no particulars are required to be given regarding Conservation of Energy and Technology Absorption.

Foreign exchange earnings during the year ₹ NIL (Previous Year ₹ NIL)

Foreign exchange outgo during the year ₹ Nil (Previous Year ₹ 91,025)

Fixed Deposits

During the year the Company has not accepted any deposit from public.

Cash Flow Statement:

As per the Clause 32 of the Listing Agreement entered into with The Stock Exchanges, Cash Flow Statement for the year ended 31st March, 2012 duly examined by the Auditors of the Company is furnished along with the audited financial statements of the Company.

Acknowledgements

Your Directors wish to thank the Bankers as well as the Shareholders of the Company. The Directors also wish to place on record their deep appreciation for the services rendered by the employees of the Company.

**For and on behalf of
Mukesh Babu Financial Services Ltd.**

Sd/--

**Place : Mumbai
Date: 13/08/2012**

**Mukesh Babu
Chairman**

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. Company's Philosophy on Code of Governance:

Your Company has implemented and continuously endeavors to improve the Corporate Governance practices which attempt to meet the shareholders' expectations. Your Company is also committed to adherence to standards of corporate governance. The new revised Clause 49 of the Listing Agreement which was to be made effective on or before 31st December, 2006 as instructed by the Stock Exchange, Mumbai, has been made effective by your Company.

2. Board of Directors

- (a) The Company has an executive Chairman. None of the Directors on the Board is a Member on more than 10 committees or Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.
- (b) The Board of Directors of the Company re-appointed Mr. Mukesh C. Babu as Managing Director of the Company for the period of five years with effect from 26th May 2008.

The names and categories of the Directors on the Board, their attendance at Board meetings during the year, as also the number of Directorships and Committee Memberships/Chairmanships held by them in Indian public companies as on 31st March, 2012 are given below:

Name of Director	Category	No. of other Directorships	No. of other Board Committees of which he is a member	No. of other Board Committees of which he is a Chairperson
Mr. Mukesh C. Babu,	Promoter Executive	4	0	0
Mr. K. Chandrasekhar.	Director	3	3	0
Mr. Pankaj Majithia.	Independent Director	1	3	3
Mr. Vijay Vora .	Independent Director	1	3	0

3. Board Meetings

The Board of Directors held Five meetings during the year on 29th April, 2011, 29th July, 2011, 10th August 2011, 2nd November 2011 and 10th February 2012.

The attendance of the Directors in these meetings was as follows:

Name of the Director	Brief Resume	Board Meetings		Annual General Meeting
		Held	Attended	If Attended
Mr. Mukesh C. Babu	B.com, A.C.A.	5	5	Yes
Mr. K. Chandrasekhar	B.Com, A.C.A, Grad. I.C.W.A., A.C.S., L.L.B.	5	5	Yes
Mr. Pankaj Majithia.	F.C.A. A.C.S.	5	4	Yes
Mr. Vijay Vora.	B.Com	5	5	No

The Company Secretary of the Company is Secretary of the Board Meeting.

Mr. K. Chandrasekhar, retires by rotation at conclusion of the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

3. Information on Directors Appointment /Reappointment.

Brief resume of Directors being appointed/re-appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional area and the names of the Company in which they hold directorships and the memberships of committees of the Board is furnished hereunder:

1. Mr. Mukesh C. Babu, aged 57 years is a Chartered Accountant. He is having varied experience in the field of finance and in the stock market. He is the Chairman & Managing Director of Mukesh Babu Financial Services Ltd, Chairman & Director in Mukesh Babu Securities Ltd., Sagar Systech Ltd., Mukesh Babu Stock Broking Pvt. Ltd; and Mukesh Babu Management Consultants Pvt. Ltd.

Mr. Mukesh Babu holds 34,31,600 Equity Shares in the Company.

2. Mr. K. Chandrasekhar, aged 58 years is A.C.A, Grad..C.W.A., A.C.S., L.L.B. He is having varied experience in the field of finance. He is the Director in Mukesh Babu Financial Services Ltd., Sagar Systech Ltd., Mukesh Babu Stock Broking Pvt. Ltd., and Mukesh Babu Management Consultants Pvt. Ltd.,

Mr. K. Chandrasekhar is a member of Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievances Committee.

3. Mr. Pankaj R. Majithia, aged 57 years is a Chartered Accountant. He is having 30 years of experience in the field of finance & investment. He is Director in Mukesh Babu Financial Services Ltd. and Premium Consultancy Pvt. Ltd.

Mr. Pankaj R. Majithia holds 1,800 Equity Shares in the Company.

Mr. Pankaj Majithia is a Chairman and member of Audit Committee, Remuneration Committee and Shareholders'/ Grievances Committee.

4. Mr. Vijay L. Vora, aged 57 years is a Commerce Graduate, having 26 years experience in the field of investment. He is a Director in Mukesh Babu Financial Services Limited and Mukesh Babu Securities Limited.

Mr. Vijay L. Vora is member of Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievances Committee.

4. Committees of Directors

(A) Audit Committee

- (a) The Audit Committee of Directors was constituted on 28th August, 2001. The constitution of the Committee was made in pursuance with Section 292A of the Companies Act (Amendment), 2000 and Clause 49 of the Listing Agreement.
- (b) The present composition of the of the Audit Committee is as follows:
 - i. Mr. Pankaj Majithia.
 - ii. Mr. K. Chandrasekhar.
 - iii. Mr. Vijay Vora.

The Company Secretary of the Company is Secretary of the Audit Committee.

The terms of reference of audit Committee is to review the internal controls, to investigate into any matter, to meet the auditors and discuss their findings and other issues relating to Company operations.

At the invitation of the Committee, the Statutory Auditors and the Internal Auditors of the Company attended the Audit Committee Meetings.

Sr. No.	Name of the Member	Designation	No. of Committee Meetings held	No. of Committee Meetings attended
1.	Mr. Pankaj Majithia.	Chairman	4	3
2.	Mr. K. Chandrasekhar.	Director	4	4
3.	Mr. Vijay Vora.	Director	4	4

The Audit Committee of the Company reviewed the financial statements of the Company and held discussion with the auditors as to internal controls, significant audit observations, and reviewed periodical financial statements. It also reviewed financial statements, minutes of the board meetings, and investments of Mukesh Babu Securities Ltd, the unlisted subsidiary of the Company.

(B)The Shareholders' / Investors' Grievances Committee

The Investor Relations & Share Transfer Committee is comprised of Mr. Pankaj Majithia, Chairman, Mr. K. Chandrasekhar, Committee Member and Mr. Vijay Vora, Committee Member. They attended all the Meetings. The Committee reviewed the performance of Link Intime India Private Limited , the Registrars and Share Transfer Agents of the Company.

Ms. Dipali C. Shah, Company Secretary of the Company is designated as the Compliance Officer.

(C) Remuneration Committee was constituted on 31.1.2005 which is comprised of:

- i. Mr. Pankaj Majithia.
- ii. Mr. K. Chandrasekhar.
- iii. Mr. Vijay Vora.

The Company Secretary of the Company acted as the Secretary to the said Committee.

Each of the Independent Directors of the Company is paid sitting fees of ₹ 2000/- for Board Meetings and ₹ 500/- towards out of pocket expenses.

The functions of the Remuneration Committee are as follows:

1. To frame and implement a credible and transparent policy of managerial remuneration.
2. To consider, approve and recommend to the Board the changes in designation, terms of appointment as well as amount of remuneration.
3. To ensure that the remuneration policy is good enough to retain and motivate Directors as well as strike a balance between the interest of the Company and remuneration policy.

The managerial remuneration paid is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

5. Disclosures

- a.) The Directors of the Company disclosed the names of Companies/parties in which they are interested and accordingly entries are made in the Register of Contracts under Section 301 of the Companies Act, 1956.

Attention of members is drawn to the disclosures of transactions with related parties set out in Note No. 14 of Notes to Accounts- Schedule "22", forming part of the Annual Report.

The Company's related party transactions are generally with the Subsidiaries and Associates. The Company's transactions with the Subsidiaries relate to investments made and loans and advances.

- b.) Details of non-compliance by the Company, penalties and 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:-

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the Regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

- c.) The Company has made disclosures under Regulation 6 & 8 of SEBI (Substantial Acquisition & Takeover Regulations), 1997. The Company has made disclosures under Regulation 13 of SEBI (Insider Trading) Amendment. Regulations 2002.

The Board of Directors of the Company has reviewed periodically the compliance reports of all laws applicable to the Company prepared by the Company.

The Board of Directors of the Company approved its Code of Conduct and Whistle Blower Policy in the Board Meeting held on 18th November, 2005 and the same is posted on the website of the Company, viz. www.mukeshbabu.com.

6. General Body Meetings:

Details of last three Annual General Meetings held:

Meeting No.	Date	Time	Location
Twenty Sixth	30.09.2011	5.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 022.
Twenty Fifth	30.09.2010	5.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 022.
Twenty Fourth	22.09.2009	5.00 p.m.	301, Sagar Avenue, S.V. Road, Opp: Shopper's Stop, Andheri (West), Mumbai – 400058.

No special resolution was passed through postal ballot last year. Similarly, there is no proposal to pass any special resolution requiring a postal ballot for the upcoming A.G.M.

7. Means of Communication

Subject	Details
Quarterly results through	The Free Press Journal and Nav Shakti (Vernacular)
Whether it also displays official News release and presentations made to Institutional Investors/ Analysis	No such occasion arose during the year

Quarterly unaudited financial results of the Company for every quarter are available on the website of the Company, viz. www.mukeshbabu.com.

Management Discussion and Analysis forms part of the Annual Report, which is posted to the Shareholders of the Company.

8. General Shareholder Information

27th Annual General Meeting :

Date & time : Friday, 28th September, 2012 at 5 p.m.

Venue : 12A/4, New Sion C.H.S. Ltd., Sindhi Colony, Sion – West, Mumbai – 400022.

Actual / Expected dates of Quarterly Results for F.Y.2012-13

a. 1 st Quarterly Results	On or before 15.08.2012
b. 2 nd Quarterly Results	On or before 15.11.2012
c. 3 rd Quarterly Results	On or before 15.02.2013
d. 4 th Quarterly Results	On or before 15.05.2013

Book Closure Period: Friday, 21st September, 2012 to Friday, 28th September, 2012.

Listing on Stock Exchanges

Bombay Stock Exchange Limited P.J. Towers, Dalal Street, Fort, Mumbai-400 001. Security Code:30341	Ahmedabad Stock Exchange Limited Kamdhenu Complex, Near Panjarpole, Opp. Sahajanand College,Ahmedabad-380 015 Security Code:38196
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Annual Listing fees for the year 2011-2012 (as applicable) have been paid by the Company to Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

9. Market Price Data

The Company's shares are listed on Bombay Stock Exchange Limited & Ahmedabad Stock Exchange Limited. There was no trading of the Company's Shares in Ahmedabad Stock Exchange Limited during the financial year 2011-2012. The monthly high & low quotation as well as the volume of shares traded during the year 2011-2012 at, Bombay Stock Exchange Limited, is as below:

Month	Year	High ₹	Low ₹	Volume(Shares)
April	2011	21.00	18.25	6,175
May	2011	20.45	16.60	13,181
June	2011	21.25	16.65	3,875
July	2011	19.45	16.30	20,969
August	2011	18.90	15.00	2,040
September	2011	16.90	15.45	9,265
October	2011	23.40	15.00	7,480
November	2011	20.30	15.65	11,647
December	2011	18.10	14.30	25,459
January	2012	24.36	15.00	10,438
February	2012	23.00	20.35	1,494
March	2012	21.30	13.35	26,815

10. The Registrar and Share Transfer Agent of the Company

Link Intime India Private Limited.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai-400 058.

Telephone No. 2596 3838

11. Share Transfer System

Shares sent for transfer in physical form are normally registered by the Registrars and Share Transfer Agents within in 15 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

12. The Share Holding Pattern and Distribution of Shareholding as on 31st March, 2012

SHAREHOLDING PATTERN AS ON 31.03.2012			DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012					
Category Shareholding	No.of Shares	%to the total paid up Capital	No. of Shares		Shareholders		Shares	
					Number	%	Amount (₹)	% to Equity
Promoters	4381600	62.86	Up to- 500	1632	80.5530	3606680	5.1739	
Mutual Funds, UTI	197500	02.83	501-1000	184	9.0819	1503990	2.1575	
Financial Institutions & Banks	11700	00.17	1001- 2000	83	4.0967	1237250	1.7749	
Bodies Corporate	809989	11.62	2001- 3000	35	1.7275	919570	1.3192	
Individuals	1361160	19.52	3001- 4000	22	1.0859	798500	1.1455	
Clearing Member	13475	00.19	4001- 5000	23	1.1352	1117430	1.6030	
Market Maker	2465	00.03	5001- 10000	14	0.6910	1149850	1.6495	
NRIs and NRN	130610	01.90	10001- Above	33	1.6288	59375730	85.1765	
Overseas Bodies corporates	32900	00.47						
HUF	28501	00.41						
Total	6970900	100.00	Total	2026	100.00	69709000	100.00	

Dematerialization of Equity Shares and Liquidity

To facilitate trading in dematerialized form, the Company has tied up arrangements with both the present depositories, i.e. National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL). Shareholders can open account with any of the depository-participants registered with any of these depositories.

During the year under review, shares were dematerialized in the following depositories:

National Securities Depository Ltd. (NSDL) : 44,36,500 Equity shares
Central Depository Services (India) Ltd. (CDSL) : 2,45,400 Equity shares

ISIN No. : INE596B01017

13. Address for Correspondence For matters related to shares

Link Intime India Private Limited.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai-400 058

Telephone No.: 2596 3838 / 25946970

E-mail : rnt.helpdesk@linkintime.co.in

Compliance Certificate of the Auditors.

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors' Report and Management Discussion and Analysis.

The above report was placed before and approved by the Board at its meeting held on 13th August 2012.

**For and on behalf of
Mukesh Babu Financial Services Ltd.**

Sd/--

**Place : Mumbai
Date: 13/08/2012**

**Mukesh Babu
Chairman**

Declaration by Chairman and Managing Director

I, **Mukesh Babu**, Chairman and Managing Director of **Mukesh Babu Financial Services Limited (MBFS)**, hereby confirm pursuant to clause 49(1)(D) of the listing agreement that:

The Board of Directors of MBFS has laid down a code of conduct for all Board Members and senior management of the Company. The said code of conduct has also been posted in the Company's website viz. www.mukeshbabu.com.

All the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended 31st March, 2012

Sd/--

**Place : Mumbai
Date : 13/08/2012**

**Mukesh Babu
Chairman & Managing Director**

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the shareholders of **MUKESH BABU FINANCIAL SERVICES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Mukesh Babu Financial Services Limited, for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 explanation given to us, we certify that the Company has complied in all material respect with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company and reviewed by the Investor Relation & Share Transfer Committee.

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

**For Shah, Shah & Shah
Chartered Accountants**

Sd/--

**(Mehul C. Shah)
Partner
Membership No. 49361
FRN: 116457W**

**Place : Mumbai
Date: 13/08/2012**

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Board of Directors
Mukesh Babu Financial Services Limited,
111, Maker Chambers III,
223, Nariman Point,
Mumbai – 400 021.

We, Mukesh Babu, Managing Director and K. Chandrasekhar, Director do hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year 2011-12 and that to the best of our knowledge and belief:
 - (i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated wherever applicable to the auditors and the audit committee:-
 - (i) significant changes in internal control over financial reporting, if any during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over the financial reporting.

Sd/--

Mukesh Babu
Managing Director

Place: Mumbai
Date: 13/08/2012

Sd/--

K. Chandrasekhar
Director

AUDITORS' REPORT

To
The Members,
Mukesh Babu Financial Services Limited

We have audited the attached Balance Sheet of **Mukesh Babu Financial Services Limited** as at **31st March 2012** and Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our Responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company in terms of sub-section (4A) of section 227 of the Companies Act 1956.

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

- (a) we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (c) the Balance Sheet and Profit and Loss Account and cash flow statement with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance sheet and statement of profit and loss dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;
- (e) on the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on **31st March 2012** from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- (f) (vi) in our opinion, and to the best of our information, and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and are in conformity with the accounting principles generally accepted in India and give a true and fair view :
 - (i) in case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2012**;
 - (ii) in case of Statement of Profit and Loss, of the **profit** of the Company for the year ended on that date.
 - (iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS

Sd/-

(Mehul Shah)
PARTNER
M. No. 049361
FRN: 116457W
Place : Mumbai
Date : 13/08/2012

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- I
- a The Company is maintaining proper records showing full particulars of, including quantitative details and situation of fixed assets.
 - b The management at reasonable intervals has verified the fixed assets. We have been informed that, no material discrepancies on such verification have been noticed.
 - c (c) The Company has not disposed substantial portion of its fixed assets during the year; accordingly the going concern status of the Company is not affected.
- II
- a As per the records maintained, the management has conducted physical verification of inventory at reasonable intervals.
 - b In our view, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c In our view, the Company has maintained proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to the book records
- III
- a The Company has granted unsecured loans to One Company covered in the register maintained under section 301 of the Act involving ₹ 119946757 on a maximum basis and ₹ 96,034,101 on at the year end, which is interest free.
 - b Other terms and conditions of these loans are prima facie not prejudicial interest of the Company.
 - c In respect of the loans given, the parties are repaying the principal amounts as stipulated; whereas there is no stipulation as to payment of interest.
 - d In respect of the aforesaid loans, there is no overdue amount more than Rupees One lac.
 - e The Company has not taken loans from companies covered in the register maintained under Section 301 of the Act. Hence the clause as to repayment of principal and interest is not applicable.
 - f Since no loans are taken from the aforesaid parties, the sub-clause dealing with rate of interest and other terms and conditions of loans given by the Company are not applicable.
 - g Since no loans are taken as aforesaid, the sub-clause dealing with payment of the principal amount and interest on regular basis is not applicable.
- IV
- In our view, there is an adequate internal control system commensurate with size of the Company and nature of its business, for the purchase of inventory and fixed assets, and for sale of goods and services. In our view, there has been no continuing failure to correct major weaknesses in internal control systems of the Company.
- V
- a The contracts or arrangements exceeding the value of ₹ 500,000 referred to in Section 301 of the Act to be entered in the register required to be maintained under that Section have been so entered; and
 - b In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI
- The Company has not accepted any deposits from public within the meaning of the provisions of section 58A and section 58AA or any other provisions of the Companies Act, 1956 and the rules made there under and as mentioned in directives issued by the reserve bank of India. We have been informed by the management that there has been no order passed by the Company law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company with respect to compliance of the provisions of section 58A or 58AA or any other provisions of the Companies Act 1956.
- VII
- In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

- VIII We have been informed by the management that, the Central Government has not prescribed the method of maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 to the industry to which the Company pertains.
- IX a We have been informed by the management that, the Company is generally regular in depositing all undisputed statutory dues with the appropriate authorities and there have been no arrears of outstanding dues as at the last day of this financial year for more than six months from the date they became payable.
- b We have been informed by the management that, there has been no disputes pending with any forums as regards any of the statutory dues including sales-tax, income tax, customs duty, wealth tax, service tax, excise duty or cess.
- X There are no accumulated losses at the end of the financial year. Also, the Company has not reported any cash losses during the year.
- XI According to the records of the Company as examined by us and information and explanation given to us, bank overdraft balance is subject to confirmation and reconciliation as stated in Note no. 3 of Other Notes to Accounts.
- XII We have been informed that, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities; accordingly, there is no necessity as to maintaining documents and records in this respect.
- XIII The provisions of any special statute in respect of chit fund, nidhi, mutual benefit funds or societies are not applicable to the Company.
- XIV The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein. The investments are held by the Company in its own names, except allowable under section 49 of the Companies Act, 1956.
- XV The management has informed us that, the Company has not given any guarantee for loans taken by others from any bank or financial institutions.
- XVI As per the explanation given by the management, the Company has applied the term loans for the purpose for which the loans were obtained.
- XVII As explained to us by the management, there were no funds that were raised on a short-term basis, which have been applied for long-term investment.
- XVIII The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- XIX The Company has not issued any debentures; hence no security or charges have been created in respect of the same.
- XX The Company has not made any public issue during the year of shares; hence disclosure requirement as to end utilization of public issue money is not required.
- XXI As informed by the management, there has not been noticed or reported any fraud on or by the Company during the year.

FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS

Sd/-

(Mehul Shah)
PARTNER
M. No. 049361
FRN: 116457W
Place : Mumbai
Date : 13/08/2012

MUKESH BABU FINANCIAL SERVICES LIMITED
BALANCE SHEET AS ON MARCH 31, 2012

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	1	69,675,000		69,675,000	
(b) Reserves and surplus	2	302,583,509		247,986,195	
(c) Money received against share warrants		-	372,258,509		317,661,195
2 Share application money pending allotment					
3 Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)	9	1,163,344		1,238,935	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions	3	323,034	1,486,378	-	1,238,935
3 Current liabilities					
(a) Short-term borrowings	4	134,021,036		244,526,429	
(b) Trade payables	5	7,866,385		28,502,999	
(c) Other current liabilities		-		-	
(d) Short-term provisions	6	46,985,053	188,872,474	35,106,070	308,135,498
TOTAL			562,617,361		627,035,628
II. ASSETS					
1 Non-current assets					
(a) Fixed assets					
(i) Tangible assets	7	9,030,405		9,855,351	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	8	283,309,960		283,309,960	
(c) Deferred tax assets (net)					
(d) Long-term loans and advances	10	55,719,021		92,538,429	
(e) Other non-current assets	11	998,127	349,057,513	998,127	386,701,867
2 Current assets					
(a) Current investments		-		-	
(b) Inventories	12	100,775,875		107,351,494	
(c) Trade receivables		-		-	
(d) Cash and Bank Balances	13	2,107,450		1,523,454	
(e) Short-term loans and advances	14	98,120,105		102,430,863	
(f) Other current assets	15	12,556,418	213,559,848	29,027,950	240,333,761
TOTAL			562,617,361		627,035,628

Contingent Liabilities & Commitments --

NOTES ON ACCOUNT 22

AS PER OUR REPORT OF EVEN DATE
FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

Mehul Shah
Partner
FRN: 116495W
M. No.: 049361
Place : Mumbai
Date : 13/08/2012

Mukesh Babu
Director

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

Place : Mumbai
Date : 13/08/2012

MUKESH BABU FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	March 31, 2012		March 31, 2011	
		₹	₹	₹	₹
I Revenue from operations	16		120,046,868		110,949,850
II Other income	17		1,048,499		95,970
III Total Revenue (I + II)			121,095,367		111,045,820
IV Expenses:					
Employee benefits expense	19	1,940,397		2,578,758	
Finance costs	20	26,209,438		27,749,794	
Depreciation	7	906,244		1,052,468	
Other expenses	21	3,962,777		6,281,610	
Total expenses			33,018,856		37,662,630
V Profit before exceptional and extraordinary items and tax (III-IV)			88,076,511		73,383,190
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			88,076,511		73,383,190
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			88,076,511		73,383,190
X Tax expense:					
(1) Current tax		25,200,000		21,275,000	
(2) Deferred tax		(75,591)	25,124,409	(40,413)	21,234,587
XI Profit (Loss) for the period from continuing operations (VII-VIII)			62,952,102		52,148,603
XII Profit/(loss) from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit (Loss) for the period (XI + XIV)			62,952,102		52,148,603
XVI Earnings per equity share:					
(1) Basic			9.03		7.48
(2) Diluted			9.03		7.48

NOTES ON ACCOUNT

22

AS PER OUR REPORT OF EVEN DATE
FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

Mehul Shah
Partner

Mukesh Babu
Director

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

FRN: 116495W
M. No.: 049361
Place : Mumbai
Date : 13/08/2012

Place : Mumbai
Date : 13/08/2012

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 1 SHARE CAPITAL

Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Authorised Equity Shares of ₹ 10 each	10,000,000	100,000,000	10,000,000	100,000,000
Issued Equity Shares of ₹ 10 each	6,970,900	69,709,000	6,970,900	69,709,000
Subscribed and fully Paid up Equity Shares of ₹ 10 each fully paid	6,960,600	69,606,000	6,960,600	69,606,000
Subscribed but not fully Paid up Equity Shares of ₹ 10 each, not fully paid up	10,300	103,000	10,300	103,000
Less: Unpaid Calls		34,000		34,000
Total	6,970,900	69,675,000	6,970,900	69,675,000

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars - Equity Shares	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	6,970,900	69,709,000	6,970,900	69,709,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,970,900	69,709,000	6,970,900	69,709,000

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (more than 5% holding)

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MUKESH CHAMPAKLAL BABU	3,431,600	49.23%	3,431,600	0
MEENA MUKESH BABU	950,000	13.63%	950,000	0
SAGAR SYSTECH LIMITED	604,500	8.67%	604,500	0

Disclosure pursuant to Note no. 6 (A) (e, h, j) of Part I of Schedule VI to the Companies Act, 1956

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

Particulars	March 31, 2012		March 31, 2011	
	Number	Description	Number	Description
Equity Shares	6,970,900	Pari Pasu	6,970,900	Pari Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

Disclosure pursuant to Note no. 6(A)(k) of Part I of Schedule VI to the Companies Act, 1956

Unpaid Calls	₹
By Directors	-
By Officers	-
Others	34,000

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 2 RESERVES AND SURPLUS

Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
a. Capital Reserves		
Opening Balance	7,081,000	7,088,500
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	7,500
Closing Balance	7,081,000	7,081,000
b. Securities Premium Account		
Opening Balance	73,628,000	73,628,000
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilised for various reasons	-	-
Less: Unpaid Calls	68,000	68,000
Closing Balance	73,560,000	73,560,000
c. Statutory Reserve		
Opening Balance	33,443,397	23,013,676
(+) Current Year Transfer	12,590,420	10,429,721
	-	-
Closing Balance	46,033,817	33,443,397
d. General Reserve		
Opening Balance	21,082,871	21,082,871
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	21,082,871	21,082,871
e. Surplus Profit and Loss A/c		
Opening balance	112,818,927	79,202,419
(+) Net Profit/(Net Loss) For the current year	62,952,102	52,148,603
(-) Provision for Dividends	6,970,900	6,970,900
(-) Provision for Dividend Tax	1,130,854	1,130,854
(-) Short Taxation provision of earlier years	-	620
(+) Excess Taxation provision of earlier years	70,000	-
(-) Transfer to Statutory Reserves	12,590,420	10,429,721
(-) Provision for Standard Assets (As per RBI Regulations)	323,034	-
Closing Balance	154,825,821	112,818,927
Total Reserves & Surplus	302,583,509	247,986,195

Note 3 LONG TERM PROVISIONS

Disclosure pursuant to Note no. 6(E) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Provision for Long Term Liabilities	-	-
Total (a)	-	-
(b) Others	-	-
Contingent Provisions against Standard Assets	323,034	-
Total (b)	323,034	-
Total Long Term Provisions	323,034	-

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 4 SHORT-TERM BORROWINGS

Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Secured		
From Banks	-	-
From other parties	110,743,807	220,199,200
(Secured against Shares)		
Terms of repayment: Working Capital Loans		
Period of Maturity Not Applicable		
Number and amount of instalments Not Applicable		
Applicable rate of interest 14%		
Other significant relevant terms -		
Total Secured Short Term Borrowings	110,743,807	220,199,200
Unsecured		
(a) Loans repayable on demand		
from banks (Refer note no. 3. of Other Notes to Accounts)	23,277,229	24,327,229
Total Unsecured Short Term Borrowings	23,277,229	24,327,229
Total Short Term Borrowings	134,021,036	244,526,429

Note 5 TRADE PAYABLES

Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Trade Payables	7,866,385	28,502,999
Total Trade Payables	7,866,385	28,502,999

Note 6 SHORT TERM PROVISIONS

Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	361,733	528,554
(c) Others (Specify nature)		
Provision for Taxation (Net of Pre-paid Taxes)	25,339,920	21,594,616
Other Provisions	14,312,500	6,012,000
Provision for Dividend	6,970,900	6,970,900
Total Short Term Provisions	46,985,053	35,106,070

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 7 FIXED ASSETS

Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part of Schedule VI to the Companies Act, 1956

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	April 1, 2011	Additions/ (Disposals)	March 31, 2012	April 1, 2011	Depreciation for the year	On disposals	March 31, 2012	April 1, 2011	March 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a Tangible Assets									
Office Premises	14,883,250	-	14,883,250	8,921,514	298,087	-	9,219,601	5,961,736	5,663,649
Guest House	2,100,000	-	2,100,000	556,308	77,185	-	633,493	1,543,692	1,466,507
Furniture and Fixtures	3,517,856	-	3,517,856	2,449,818	193,315	-	2,643,133	1,068,038	874,723
Electrical Fittings	312,776	-	312,776	166,845	26,414	-	193,259	145,931	119,517
Office equipment	1,477,654	-	1,477,654	1,273,635	28,379	-	1,302,014	204,019	175,640
Computers	368,890	81,298	450,188	272,394	66,569	-	338,963	96,496	111,225
Vehicals	2,422,648	-	2,422,648	1,587,209	216,295	-	1,803,504	835,439	619,144
Total (Current Year)	25,083,074	81,298	25,164,372	15,227,723	906,244	-	16,133,967	9,855,351	9,030,405
Total (Previous Year)	25,083,074	-	25,083,074	14,175,255	1,052,468	-	15,227,723	10,907,819	9,855,351

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 8 NON CURRENT INVESTMENTS

Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

A. Details of Other Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost?	If Answer to Column (9) is 'No' - Basis of Valuation
			31.3.12	31.3.11			31.3.12	31.3.11	31.3.12	31.3.11		
1	2	3	4	5	6	7	8	9	10	11	12	13
a.	Investment in Equity Instruments								28,259,960	28,259,960		
	Steelcast Ltd	Others	10,000	10,000	Quoted	Fully Paid	Not known	Not known	450,000	450,000	Yes	N.A.
	Rushil Industries Ltd.	Others	50,000	50,000	Unquoted	Fully Paid	Not known	Not known	500,000	500,000	Yes	N.A.
	Dynamic Ship Recyclers Pvt.Ltd.	Others	400,000	400,000	Unquoted	Fully Paid	Not known	Not known	1,500,000	1,500,000	Yes	N.A.
	Mukesh Babu Securities Ltd	Subsidiary	2,580,996	2,580,996	Unquoted	Fully Paid	51.62	51.62	25,809,960	25,809,960	Yes	N.A.
b.	Investments in Government or Trust securities								50,000	50,000		
	UTI-IEF units	Other	5,000	5,000	Quoted	Fully Paid	Not known	Not known	50,000	50,000	Yes	N.A.
c.	Investments in Debentures or Bonds								255,000,000	255,000,000		
	The Gaekwar Mills Ltd	Other	2,200	2,200	Unquoted	Fully Paid	Not known	Not known	165,000,000	165,000,000	Yes	N.A.
	Platinum Square P. Ltd	Other	900	900	Unquoted	Fully Paid	Not known	Not known	90,000,000	90,000,000	Yes	N.A.
	Total								283,309,960	283,309,960		

Note : Market Value of Quoted Investment as of 31st March,2011 is ₹ 771000 (Previous Year ₹ 675100)

MUKESH BABU FINANCIL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 9 DEFERRED TAX ASSET (NET)

The Company has accounted for taxes on income in accordance with AS-22 – Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / asset is charged / credited to Profit and Loss Account. The year end position of taxes on income is as under:

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Deferred tax liability		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	1,163,344	1,238,935
Gross deferred tax liability	1,163,344	1,238,935
Deferred tax asset	-	-
Net deferred tax liability / (asset)	1,163,344	1,238,935

Note 10 LONG TERM LOANS AND ADVANCES

Disclosure pursuant to Note no. L (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
a. Loans and advances to related parties	-		-	
Total (a)	-	-	-	-
b. Other loans and advances				
Unsecured, considered good:-				
Inter Corporate Loans	21,119,021		61,277,827	
Other Loans	10,000,000		10,460,602	
Advances Against Projects	24,600,000	55,719,021	20,800,000	92,538,429
Total (b)		55,719,021		92,538,429
Total Long Term Loans and Advances (a)+(b)		55,719,021		92,538,429

Note 11 OTHER NON CURRENT ASSETS

Disclosure pursuant to Note no.M (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Security Deposits :				
Unsecured, considered good		998,127		998,127
Total Other Non-Current Assets		998,127		998,127

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 12 INVENTORIES

Disclosure pursuant to Note no.O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
a. Stock of Shares (Trading Stock Valued at lower of cost or net realisable value)	100,775,875		107,351,494	
		100,775,875		107,351,494
Total Inventories		<u>100,775,875</u>		<u>107,351,494</u>

Note 13 CASH AND BANK BALANCES

Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS				
A. Balances with banks*				
In Current Accounts with Scheduled Banks	1,973,520		940,215	
		1,973,520		940,215
B. Cash on hand*		17,122		5,516
Cash and Cash Equivalents		1,990,642		945,731
C. Other Bank Balances				
In Fixed Deposits with Scheduled Banks	110,000		572,162	
Interest Accrued not due on Fixed Deposits	6,808	116,808	5,561	577,723
Total Cash and Bank Balances (A+B+C)		<u>2,107,450</u>		<u>1,523,454</u>

Note 14 SHORT TERM LOANS AND ADVANCES

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
A. Loans and advances to related parties		96,034,101		100,239,617
Sub Total (A)		96,034,101		100,239,617
B. Others				
Unsecured, considered good				
To be recoverable in cash or in kind for the value to be received.		25,505		24,746
Staff & Associates		2,060,500		2,166,500
Sub Total (B)		2,086,005		2,191,246
Total Short-term loans and advances (A+B)		<u>98,120,105</u>		<u>102,430,863</u>

Note 15 OTHER CURRENT ASSETS

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
a. Taxation	-	-	-	-
b. Non-Taxation				
Sundry Deposits	12,556,418		29,027,950	
		12,556,418		29,027,950
Total Other Current Assets		<u>12,556,418</u>		<u>29,027,950</u>

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 16 REVENUE FROM OPERATIONS

Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956

In respect of a **finance company**, revenue from operations shall include revenue from

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Interest Income		6,698,947		10,254,126
Dividend Income		19,340,489		15,484,082
Profit on Shares and Securities		94,007,432		85,211,642
Net Revenue From Operations		120,046,868		110,949,850

Note 17 OTHER INCOME

Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Bad Debts Recovery		1,000,000		-
Interest on Term Deposits		48,499		95,970
Total Other Income		1,048,499		95,970

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 18 (INCREASE) / DECREASE IN INVENTORIES

Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Inventories at the end of the year				
Stock of Shares	100,775,875	100,775,875	107,351,494	107,351,494
Inventories at the beginning of the year				
Stock of Shares	107,351,494	107,351,494	119,670,943	119,670,943
Net (Increase) / Decrease in Inventories		6,575,619		12,319,449

Note 19 EMPLOYEE BENEFIT EXPENSES

Disclosure pursuant to Note no. 5(1)(a) of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
(a) Salaries and bonus				
Salaries	602,900		928,450	
Directors' Remuneration	1,235,000		1,240,000	
(b) Staff welfare expenses	102,497	1,940,397	410,308	2,578,758
Total Employee Benefit Expenses		1,940,397		2,578,758

Note 20 FINANCE COST

Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
<u>Interest expense</u>				
Interest on Loans other than bank	26,209,438	26,209,438	27,749,794	27,749,794
Total Finance Cost		26,209,438		27,749,794

Note 21 OTHER EXPENSES

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Auditors' Remuneration		47,843		50,741
Bad Debts		-		1,007,890
Business Promotion Expenses		158,381		774,137
Computer Expenses		43,337		176,022
Conveyance & Travelling Expenses		389,775		592,759
Donation paid		2,111,000		1,000,000
Electricity Expenses		116,791		196,894
Guest House Expenses		-		111,850
Professional & Consultancy Fees		224,544		782,360
Listing Fees		38,755		27,575
Office Expenses		30,861		138,875
Postage and Courier Expenses		29,181		84,477
Printing and Stationery Expenses		141,562		232,699
Rent, Rates & Taxes		346,193		113,523
Repairs and Maintenance Expenses		-		314,420
Telephone Expenses		36,335		203,974
Sundry Expenses		248,219		473,415
Total Other Expenses		3,962,777		6,281,610

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 22. OTHER NOTES - NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING CONCEPTS

The Company follows mercantile system of accounting, and recognizes all income and expenses on accrual basis. The financial statement have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Ministry of Corporate Affairs and in accordance with Indian Generally Accepted Accounting Policies and as per the provisions of the Companies Act, 1956.

FIXED ASSETS

Fixed Assets are recorded at cost of acquisition including the expenditure incurred in connection with the acquisition and installation of the assets.

DEPRECIATION

Depreciation is provided on written down value method in accordance with the rates and in the manner provided in the Schedule XIV to the Companies Act, 1956.

INVESTMENTS

A current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made. A long term investment is an investment other than a current investment. Long term investments are carried at cost less provision for diminution other than temporary, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

INVENTORIES

Inventories of quoted shares are carried at lower of cost or net realizable value and that of unquoted Shares at cost. The cost of inventories of items that are not ordinarily inter-changeable are assigned by specific identification of their individual costs. Other inventory items are recorded using first-in-first-out cost formula. The inventories include the relevant duties, taxes, and cess other than those subsequently recoverable by the enterprise from the taxing authorities that were incurred to bring the inventory to their present location and conditions

REVENUE RECONGNITION:

Service Receipts are recognized on completion of provision of services and are recorded inclusive of all the relevant taxes and duties. The same is recognized as income on completion of transaction and at the time of performance it is not unreasonable to expect ultimate collection. Other revenue items are recognized as income on their accrual basis.

EMPLOYEE .BENEFITS:

The Company's contribution to ESIC is accounted on accrual basis and charged to Profit and Loss Account. Gratuity is accounted as payable to Employees on Retirement or Resignation of Employees; whereas there is no defined policy enabling the employees to avail encashment of leave.

IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The Impairment loss recognized in prior accounting periods is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the net selling price and value in use.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses and the disclosures relating to contingent liabilities as on the date of financial statements. Actual results could differ from those of estimates. Any revision in accounting estimates is recognized in accordance with the respective accounting standard.

EARNINGS PER SHARE

The Company reports basic and diluted earnings per share in accordance with AS-20 "Earnings Per Share". Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities as defined in AS-29 "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of the past or future cash receipts or payments. The cash flows from regular revenue generating, investing & financing activities of the company are segregated.

BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, the assets that take substantial period of time to get ready for intended use, are capitalised as part of the cost of such assets.

STATUTORY RESERVE

A Statutory Reserve of 20% of the current profit after tax is made during the year in pursuance of section 45-IC of the Reserve Bank of India Act, 1934.

PRUDENTIAL NORMS

For the purpose of identifying the assets as Non-performing assets in pursuance of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, the Company follows generally accepted accounting principles and industry practices.

TAXES ON INCOME:

Current tax is determined as the tax payable in respect of taxable income for the year.

Deferred tax for the year is recognized on timing difference, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured assuming the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is a reasonable / virtual certainty of realization.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

- 2 The value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. According to the management, provision for all the known liabilities is adequate.
- 3 The Balances of loans and advances, overdraft from bank are subject to confirmation and reconciliation. The necessary adjustment if any will be made in the accounts on receipt thereof.
- 4 Auditors' remuneration in accordance with paragraph 4B of part II of Schedule VI to the Companies Act, 1956 is as under:

Particulars	2011-12	2010-11
As Auditors	33,504	33,092
Other Professional Services	14,339	17,649
	47,843	50,741

- 5 Earning per share is calculated as under:

Particulars	2011-12	2010-11
Basic earning per share		
Net profit after Taxation	62,952,102	52,148,603
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Basic earning per share	9.03	7.48
Diluted earning per share		
Net profit after Taxation	62,952,102	52,148,603
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Diluted earning per share	9.03	7.48

- 6 Directors' Remuneration
- | | 2011-12 | 2010-11 |
|---|----------------|----------------|
| Within the limits of Schedule XIII to the Companies Act 1956. | 1,235,000 | 1,240,000 |

- 7 The Company is mainly engaged in the business of providing commercial finance and dealing in shares and securities. All other activities of the Company revolve around the main business, and as such in the opinion of the management, there are no separate reportable segments as per Accounting Standard – AS – 17-“Segment Reporting” Issued by ICAI.

- 8 Loans and advances given to the employees and associates and for projects do not carry any stipulation as to repayment of principal or payment of interest; and are being repaid periodically. Accordingly, these are considered as good and not considered as part of non-performing assets.

- 9 Fixed Assets of Company are treated as “Corporate Assets” and are not “Cash Generating Units” as defined by AS-28 issued by the Ministry of Corporate Affairs. In view of this, the Management is of Opinion that this Standard is not applicable to the Company.

- 10 No interest has been charged on loans and advances given to subsidiary and some associate companies and for projects in view of commercial considerations of the group.

- 11 Disclosure of Provisions as required by AS-29 is as under:

Particulars	Opening Balance	Additional provisions during the year	Amount Used & Unused amount reversed during the	Closing Balance
	₹	₹	₹	₹
Income-tax	21,594,616	26,330,854	22,585,550	25,339,920

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

- 12 The year end position of Loans and advances in the nature of interest free loans given to the following companies which are under the same management within the meaning of Sub-section (1B) of Section 370 of the Companies Act, 1956.

NAME OF THE COMPANY	2011-12	2010-11
Mukesh Babu Securities Limited (Subsidiary)	96,034,101	100,239,617

(₹ In Lacs)

Maximum outstanding during the Year

NAME OF THE COMPANY	2011-12	2010-11
Mukesh Babu Securities Limited (Subsidiary)	119,946,757	135,960,617

- 13 Related Party Disclosures, as required by AS-18 are given below:

A. Relationships:

Category I: Subsidiary Company -- Mukesh Babu Securities Limited.

Category II: Key management Personnel -- Shri Mukesh Babu, Shri Pankaj Majithia and Shri Vijay Vora.

Category III: Others Associates -- Babu & Parekh Securities Private Limited, Sagar Systech Ltd,

B. Transactions with related Parties:

TRANSACTIONS DURING THE YEAR	Relationship	2011-12	2010-11
Opening Balances	Subsidiary Company	100,239,617.00	125,389,617.00
	Associates	12,200,000.00	15,950,000.00
Loans & Advances given during the year	Subsidiary Company	79,769,484.00	91,850,000.00
	Associates	-	250,000.00
Amounts received back during the year	Subsidiary Company	83,975,000.00	117,000,000.00
	Associates	2,700,000.00	4,000,000.00
Remuneration & Sitting Fees	Key Managerial Persons	1,235,000.00	1,240,000.00
Closing Balances	Subsidiary Company	96,034,101.00	100,239,617.00
	Associates	9,500,000.00	12,200,000.00

- 14 Income and Expenses in Foreign Currency:

2011-12	2010-11
NIL	NIL

- 15 The additional information on Quantitative Information of Shares and Securities Traded

Particulars	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty in Nos.)	4221008	650000	400000	4471008
Value (in ₹)	107,351,494	0	97,573,121	100,775,875

(Purchases and sales include Bonus Shares and Splits and other adjustments, if any)

Consolidated transaction value (purchases and sales) on account of cash and derivative transactions amounts to ₹ 5,834,381,644 (Previous year ₹ 3,333,609,695). In case of derivatives transactions, purchases and sales are accounted after netting off.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

- 16 Disclosure of details as required by Para 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank of India) Directions, 1998.

(₹ in lakhs)

Particulars			
LIABILITIES SIDE:			
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
	a. Loan Against Securities (Secured Against shares)	110,743,807	NIL
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	NIL	NIL
ASSETS SIDE:			
		Amount Outstanding	
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	a. Secured	NIL	
	b. Unsecured	153,839,126	
4	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	NIL	
5	Break-up of Investments :		
	Current Investments :		
	Long Term Investments :		
	1 Quoted :		
	(i) Shares : (a) Equity	450,000	
	(b) Preference		
	(ii) Units of Mutual Funds	50,000	
	2 Unquoted :		
	(i) Shares : (a) Equity	27,809,960	
	(b) Preference	-	
	(ii) Debtntures and Bonds	255,000,000	
6	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :	NIL	
7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value / Break up or fair Value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a. Subsidiaries	25,809,960	25,809,960
	b. Other Related Parties	-	-
	2. Other than Related Parties	257,500,000	257,500,000
	Total	283,309,960	283,309,960
8	OTHER INFORMATION		
	Particulars	Amount	
	(i) Gross Non-Performing Assets		
	(a) Related Parties	NIL	
	(b) Other than related parties	NIL	
	(ii) Net Non-Performing Assets		
	(a) Related Parties	NIL	
	(b) Other than related parties	NIL	
	(iii) Assets acquired in satisfaction of Debt	NIL	

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

17 SPECIFIC DISCLOSURES

1 Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956

Particlars	Total ₹	Total ₹
Dividends proposed to be distributed to equity shareholders	6970900	1.00

2 Disclosure pursuant to Note no. 6(V) of Part I of Schedule VI to the Companies Act, 1956

Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the balance sheet date, Indicate below how such unutilized amounts have been used or invested.
Not Applicable

3 Disclosure pursuant to Note no. 6(W) of Part I of Schedule VI to the Companies Act, 1956

If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion, shall be stated.			
Name of Assets	Realisable Value	Value in Balance Sheet	Opinion of Board
		Not Applicable	

- 18 The previous year's figures are regrouped / rearranged / reclassified wherever considered necessary to correspond with the figures of current year.
- 19 Other information pursuant to General Instructions for preparation of Balance Sheet and Profit & Loss Account of Schedule VI to the Companies Act, 1956 is not applicable.

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-	Sd/-	Sd/-
(Mukesh Babu) Director	(K. Chandrasekhar) Director	(Dipali Shah) Company Secretary

Place : Mumbai
Date : 13/08/2012

MUKESH BABU FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012.

	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
A. Cash flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Item		88,076,511		73,383,190
Adjustments for :				
Depreciation & Misc. Exp. Written off	906,244		1,052,468	
Bad Debts written off	-		1,007,890	
Excess Provision for Taxation		906,244	-	2,060,358
Operating Profit Before Working Capital Changes		88,982,755		75,443,548
Changes in Working Capital:				
Inventories	6,575,619		12,319,449	
Sundry Debtors	-		-	
Loans and Advances	41,130,166		44,988,039	
Other Current Assets	(4,452,249)		(31,736,019)	
Sundry Creditors	(20,636,614)		12,196,395	
Other Liabilities	29,518,375	52,135,297	25,683,640	63,451,504
Cash Generated from Operations		141,118,053		138,895,052
Direct Taxes Paid		(22,515,550)		(20,650,042)
Cash Flow Before Extraordinary Items		118,602,503		118,245,010
Extraordinary Items		-		(620)
Net Cash From Operating Activities		118,602,503		118,244,390
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets	(81,298)		-	
Sale of Fixed Assets	-		-	
Purchase of Investments	-		(165,000,000)	
Sale of Investments	-	(81,298)	9,500,000	(155,500,000)
Net cash used in Investing Activities		(81,298)		(155,500,000)
C. Cash Flow from Financing Activities :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	-		44,174,480	
Repayment of Loan Short Term Borrowings	(110,505,393)		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	(6,970,900)		(6,967,250)	
Increase in Misc. & Public Issue Expenses	-	(117,476,293)	-	37,207,230
Net cash used in Financing Activities		(117,476,293)		37,207,230
Net Increase / (Decrease) in Cash & Cash Equivalents		1,044,911		(48,380)
Cash & Cash Equivalents at the Beginning of the Year		945,731		994,111
Cash & Cash Equivalents at th Closing of the Year		1,990,642		945,731

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

(MEHUL C. SHAH)
Partner
Membership No.49361
FRN: 116495W
Place : Mumbai
Date : 13/08/2012

Mukesh Babu
Director

Place : Mumbai
Date : 13/08/2012

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

MUKESH BABU FINANCIAL SERVICES LIMITED

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies.	
1 NAME OF THE SUBSIDIARY COMPANY	MUKESH BABU SECURITIES LIMITED
2 Financial year of the subsidiary ended on	31st March 2012
3 Shares of the Subsidiary held by the company on the above date	
a) Number of Shares	2,580,996 Equity Shares
b) Face Value of Shares	₹10 each fully paid
c) Extent of Holding	51.62%
4 Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the company.:	
a) Dealt with in the accounts of the company for the year ended 31st March 2012	₹ NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2012	₹ 5,782,142
5 Net aggregate amount of profit/(losses) for previous financial years of the subsidiary, since it become a subsidiary so far as they concern members of the company:	
a) Dealt with in the accounts of the company for the year ended 31st March 2012	₹ NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2012	₹ 102,770,912

**FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED**

Sd/-

**Mukesh Babu
Managing Director**

Sd/-

**K. Chandrasekhar
Director**

Sd/-

**Dipali Shah
Company Secretary**

**Place : Mumbai.
Date : 13/08/2012**

NOTICE

NOTICE is hereby given that the Twentyseventh Annual General Meeting of the Members of the Company will be held on Friday, 28th September, 2012 at 5 p.m. at 12A/4, New Sion C.H.S. Ltd., Sion – West, Mumbai 400 022, to transact the following business:

ORDINARY BUSINESS

- 1. ADOPTION OF DIRECTORS REPORT AND ANNUAL ACCOUNTS.**
To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2012, Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2. TO DECLARE DIVIDEND.**
To declare dividend on the Equity Shares.
- 3. TO APPOINT DIRECTOR WHO RETIRES BY ROTATION AND ELIGIBLE FOR RE-APPOINTMENT.**
To appoint a director in place of Mr. K. Chandrasekhar, who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.
- 4. APPOINTMENT OF AUDITORS OF THE COMPANY.**
To appoint M/s. Shah Shah & Shah, Chartered Accountants, Mumbai, for the Financial Year 2012-2013, who shall hold office from the conclusion of the Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s.,Shah Shah & Shah, Chartered Accountants, Mumbai the retiring Auditors of the Company are eligible for re-appointment.

**By Order of the Board of Directors
For Mukesh Babu Financial Services Limited**

**Sd/-
Mukesh C Babu
Chairman**

Registered Office:- 111, Maker Chambers III, 223, Nariman Point, Mumbai 400 021
Dated: 13th August, 2012

Notes:

- (i) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. FOR PROXY TO BE EFFECTIVE, ATTACHED PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.**
- (ii) The Register of Members and the Share Transfer Books of the Company, will be closed from Friday, 21st September, 2012 to Friday, 28th September, 2012 (both days inclusive).
- (iii) Change of address, if any, should be notified to the Company, immediately.
- (iv) Members attending the Annual General Meeting are requested to bring their copy of the Annual Report at the meeting.
- (v) Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for ease of identification for recording the attendance at the meeting.
- (vi) The Company's Equity Shares are listed on the Bombay Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad. The listing fees in respect of the shares of the Company have been paid to the aforesaid exchanges upto the financial year 2012-13.
- (vii) All members are requested to send their correspondence in respect of their shares to the Registrar and Share Transfer Agents of the company viz. **Link Intime India Pvt. Ltd.,** C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(West), Mumbai 400 078.

**By Order of the Board
For Mukesh Babu Financial Services Ltd**

Place: Mumbai
Date: 13th August, 2012

**Sd/-
Mukesh C Babu
Chairman**

19th

ANNUAL REPORT 2011-12

MUKESH BABU SECURITIES LIMITED

Board of Directors

Shri Mukesh Babu (Chairman)
Ms.Meena Mukesh (Managing Director)
Shri Vijay Vora

Company Secretary

Mr. K. Chandrasekhar

Main Bankers

Bank of India
HDFC Bank
Axis Bank
ICICI Bank

Registered Office

111, Maker Chambers III,
223, Nariman Point,
Mumbai - 400 021.

Auditors

Chaitanya C. Dalal & Co.
Chartered Accountants
104, Bombay Samachar Marg, Fort,
Bharat House,3rd Floor, Mumbai - 400001.

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2012

Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company and audited statement of accounts for the year ended 31st March 2012

FINANCIAL RESULTS	CURRENT YEAR AMOUNT ₹	PREVIOUS YEAR AMOUNT ₹
GROSS TOTAL INCOME	20,996,104	20,183,735
Profit before Interest, Depreciation & Tax	10,644,750	10,047,438
Less: Interest Paid	3,181,965	3,568,201
Gross Profit	7,462,785	6,479,237
Less: Depreciation	186,890	225,222
Profit before Taxation	7,275,895	6,254,015
Less: Provision for Taxation & Deferred Tax	1,493,753	691,794
Net Profit After Taxation	5,782,142	5,562,221

YEAR IN RETROSPECT

During the year, your company earned the total income of ₹.209.96 lacs as compared to previous year's total income of ₹.201.84 lacs. The gross profit during the year was ₹.74.63 lacs as against the gross profit of ₹. 64.79 lacs during the previous year. The net profit for the year was ₹. 57.82 lacs as against the net profit of ₹. 55.62 lacs in the previous year.

Due to temporary closure of Broking activities from July 2003, company has not earned any income from Broking Activities during the year.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies (Amendment) Act, 2008 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2012 on a going concern basis.

AUDIT COMMITTEE

The Audit committee of Directors was constituted on 19th April 2004. The constitution of the committee was made in pursuance with section 292A of the Companies (Amendment) Act, 2000. The present composition of the Audit Committee is as follows.

- (i) Mr. Vijay Vora
(ii) Mr. Mukesh Babu

MR. K. Chandrasekhar, Company Secretary is the Secretary of Audit Committee. The terms of reference of audit committee is to review the internal controls, to investigate in to any matter, to meet auditors & discuss their findings & other issues relating to company operations. At the invitation of committee the auditors attended the audit committee meetings.

No.	Name of the Member	Designation	No. of Committee meetings Held	No. of Committee meeting attended
1	Mr. Vijay Vora	Chairman	4	4
2	Mr. Mukesh Babu	Member	4	4

FIXED DEPOSITS

At the end of the year, there were no unclaimed matured Fixed Deposits.

AUDITORS

The current Auditors M/s. Chaitanya C. Dalal & Company retire on the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNING AND OUT GO.

As the company is service company, no particulars have been given regarding conservation of Energy and Technology Absorption.

Foreign Exchange earning and outgo during the year – Rs. Nil (Previous Year Rs. Nil).

PARTICULARS OF EMPLOYEES

There is no employee drawing remuneration in excess of the limits laid down under section 217 (2A) of the companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers .

Your Directors wish to place on record their deep sense of appreciation for the commitment displayed by all the employees.

**For And on Behalf of Board of
Mukesh Babu Securities Limited**

Sd/-

**Mukesh Babu
Chairman**

**Place : Mumbai
Date : 10th August 2012**

AUDITORS' REPORT

To,
The Members,
MUKESH BABU SECURITIES LIMITED
Mumbai

We have audited the attached Balance Sheet of **MUKESH BABU SECURITIES LIMITED** as at 31st March, 2012 and Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

And we report that:

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

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) 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.
- (iii) The Balance Sheet and Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion the Balance Sheet and Statement Profit and Loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- (v) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2012 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon give the information required by the Companies Act, 1956, in the manner so required and in conformity with the accounting principles generally accepted in India and give a true and fair view :
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
 - (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and
 - (c) In the case of Cash flow statement, of the cash flows for the year ended on that date.

**For Chaitanya C. Dalal & Co.
Chartered Accountants**

Sd/-

**Chaitanya C. Dalal
Partner
Membership No. 35809
Firm's Registration No.: 101632W**

**Place: Mumbai
Date: 10th August 2012.**

Annexure to the Auditors' Report

Re: Mukesh Babu Securities Limited

As required by the Companies (Auditor's Report) Order 2003 including the Companies (Auditor's Report) (Amendment) 2004 issued by the Central Government of India in term of Section 227(4A) of the Companies Act 1956 and on the basis of such checks as we considered appropriate we report that: -

- (i)
 - a. The company is 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. As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) The Company did not carry any inventory during the year. Accordingly, the clauses as to physical verification of inventory at reasonable intervals, the procedures of physical verification of inventory followed by the management, and maintenance of proper records of inventory are not applicable.
- (iii)
 - (a) The Company has not granted any unsecured loans to any party covered in the register maintained under section 301 of the Act. Since unsecured loans not granted to any party covered in the register maintained under section 301 of the Act reporting under Clause (b), (c), and (d) are not required
 - (b) The Company has taken unsecured loan from one party covered in the register maintained under section 301 of the Act.
 - (c) The rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company
 - (d) The company is repaying the principal amounts as stipulated and is also regular in payment of interest, wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and revenue recognition. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal procedures.
- (v)
 - a. In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of Act have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding the value of Rupees Five Lakh in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from public; hence question of complying with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records for the company under section 209 (1) (d) of companies act, 1956
- (ix)
 - a. According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including investor education and protection fund, income tax, sales-tax, wealth tax, customs duty, excise duty, Cess, ESIC and PF and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March 2012, for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us there is no disputed dues of sales tax/income tax/custom tax/wealth tax/excise duty/Cess have been deposited on account of any dispute.
- (x) The company has no accumulated losses as at 31st March, 2012 and has not incurred cash losses during the period ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
- (xii) Company has not granted loans against pledge of shares, debentures and other securities; hence question of Maintenance of adequate documents and records of pledge of shares, debentures and other securities, does not arise.
- (xiii) The company is not a chit fund or a Nidhi mutual benefit fund/ society therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xiv) The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein. The investments are held by the company in its own names except those allowable under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed any term loans facility during the year, hence, question of using of it for the purposes for which they were obtained does not arise.
- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised as working capital loans (short term loans) that have been used for long-term investment and vice versa.

- (xviii) The Company has not made any preferential allotments of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year
- (xix) The company has not issued any debentures; paragraph 4(xix) of the order is not applicable
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) 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 Chaitanya C. Dalal & Co.
Chartered Accountants**

Sd/-

**Chaitanya C. Dalal
Partner
Membership No. 35809
Firm's Registration No.: 101632W**

**Place: Mumbai
Date: 10th August 2012.**

MUKESH BABU SECURITIES LIMITED
BALANCE SHEET AS ON MARCH 31, 2012

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	1	50,000,000		50,000,000	
(b) Reserves and surplus	2	102,770,912		96,988,770	
(c) Money received against share warrants		-	152,770,912	-	146,988,770
2 Non-current liabilities					
(a) Long-term borrowings	0	-		-	
(b) Deferred tax liabilities (Net)	9	-		1,470	
(c) Other Long term liabilities	0	-		-	
(d) Long-term provisions	0	-	-	-	1,470
3 Current liabilities					
(a) Short-term borrowings	3	166,447,204		182,862,008	
(b) Trade payables	4	313,259		881,243	
(c) Other current liabilities	5	150,000,000		150,000,000	
(d) Short-term provisions	6	145,401	316,905,864	185,435	333,928,686
TOTAL			469,676,776		480,918,926
II. ASSETS					
Non-current assets					
1 (a) Fixed assets					
Tangible assets	7	14,554,469		14,681,359	
(b) Non-current investments	8	61,478,154		61,478,154	
(c) Deferred tax assets (net)	9	4,777		-	
(d) Long-term loans and advances	0	-		-	
(e) Other non-current assets	10	23,317,217	99,354,617	33,355,655	109,515,168
2 Current assets					
(a) Current investments	0	-		-	
(b) Inventories	0	-		-	
(c) Trade receivables	11	19,912,058		20,530,021	
(d) Cash and bank balances	12	104,706,613		118,427,320	
(e) Short-term loans and advances	13	239,858,209		226,776,063	
(f) Other current assets	14	5,845,279	370,322,159	5,670,354	371,403,758
TOTAL			469,676,776		480,918,926

Contingent Liabilities & Commitments --
NOTES ON ACCOUNT 19

AS PER OUR REPORT OF EVEN DATE
For CHAITANYA C. DALAL & CO.
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU SECURITIE LIMITED

Sd/-
Chaitanya C. Dalal
Partner
FRN: 101632W
M. No.: 35809
Place : Mumbai
Date : 10th August 2012

Sd/- Sd/- Sd/- Sd/-
Mukesh Babu **Meena Mukesh** **K. Chandrasekhar**
Director Managing Director Company Secretary
Place : Mumbai
Date : 10th August 2012

MUKESH BABU SECURITIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	March 31,2012		March 31,2011	
		₹	₹	₹	₹
I Brokerage Income	0		-		-
II Other income	15		20,996,104		20,183,735
III Total Revenue (I + II)			20,996,104		20,183,735
IV Expenses:					
Employee benefits expense	16	3,212,566		3,647,683	
Finance costs	17	3,181,965		3,568,201	
Depreciation and amortization expense	7	186,890		225,222	
Other expenses	18	7,138,788		6,488,614	
Total expenses			13,720,209		13,929,720
V Profit before exceptional and extraordinary items and tax (III-IV)			7,275,895		6,254,015
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			7,275,895		6,254,015
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			7,275,895		6,254,015
X Tax expense:					
(1) Current tax		1,500,000		700,000	
(2) Deferred tax		(6,247)	1,493,753	(8,206)	691,794
XI Profit (Loss) for the period from continuing operations (VII-VIII)			5,782,142		5,562,221
XV Profit (Loss) for the period (XI + XIV)			5,782,142		5,562,221
XVI Earnings per equity share:					
(1) Basic			1.16		1.11
(2) Diluted			1.16		1.11

NOTES ON ACCOUNT

19

AS PER OUR REPORT OF EVEN DATE
For CHAITANYA C. DALAL & CO.
CHARTERED ACCOUNTANTS

**FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU SECURITIES LIMITED**

Sd/-

Sd/-

Sd/-

Sd/-

Chaitanya C. Dalal
Partner

Mukesh Babu
Director

Meena Mukesh
Managing Director

K. Chandrasekhar
Company Secretary

FRN: 101632W

M. No.: 35809

Place : Mumbai

Date : 10th August 2012

Place : Mumbai

Date : 10th August 2012

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 1 SHARE CAPITAL

Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Authorised				
Equity Shares of ₹ 10 each	5,000,000	50,000,000	5,000,000	50,000,000
Issued				
Equity Shares of ₹ 10 each	5,000,000	50,000,000	5,000,000	50,000,000
Subscribed & Paid up				
Equity Shares of ₹ 10 each fully paid	5,000,000	50,000,000	5,000,000	50,000,000
Subscribed but not fully Paid up				
Equity Shares of ₹ 10 each, not fully paid up	-	-	-	-
Total	5,000,000	50,000,000	5,000,000	50,000,000

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars - Equity Shares	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule VI to the Companies Act, 1956

25,80,996 Equity Shares (25,80,996 Previous year) are held by None, the holding company.

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (more than 5%)

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mukesh Babu Financial Services Limited	2,580,996	52%	2,580,996	52%
Mukesh Babu	2,218,990	44%	2,218,990	44%

Disclosure pursuant to Note no. 6 (A) (e, h, j) of Part I of Schedule VI to the Companies Act, 1956

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

Particulars	March 31, 2012		March 31, 2011	
	Number	Description	Number	Description
Equity Shares	5,000,000	Pari Pasu	5,000,000	Pari Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

Note 2 RESERVES AND SURPLUS

Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
A. Surplus		
Opening balance	96,988,770	91,426,549
(+) Net Profit/(Net Loss) For the current year	5,782,142	5,562,221
Closing Balance	102,770,912	96,988,770
Total Reserves & Surplus	102,770,912	96,988,770

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 3 SHORT-TERM BORROWINGS

Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Secured		
From Banks		
Cash Credit from Banks (Secured against Fixed Deposit Receipts of the Comapny)	42,216,112	54,425,400
Period of maturity	-	-
Number and amount of installments due	CC A/c. Between 1 to 3 years	
Applicable rate of interest	10.50%	
Total Secured Short Term Borrowings	42,216,112	54,425,400
Unsecured		
(a) Loans repayable on demand from banks	28,196,991	28,196,991
(b) Loans and advances from related parties Holding Company Mukesh Babu Financial Services Ltd	96,034,101	100,239,617
Total Unsecured Short Term Borrowings	124,231,092	128,436,608
Total Short Term Borrowings	166,447,204	182,862,008

Note 4 TRADE PAYABLES

Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Trade Payables	313,259	881,243
(b) Others	-	-
Total Trade Payables	313,259	881,243

Note 5 OTHER CURRENT LIABILITIES

Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Deposits Margin Accounts	150,000,000	150,000,000
(b) Other payables	-	-
Total Current Liabilities	150,000,000	150,000,000

Note 6 SHORT TERM PROVISIONS

Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	145,401	185,435
(c) Others (Specify nature)	-	-
Total Short Term Provisions	145,401	185,435

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 7 FIXED ASSETS

Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part of Schedule VI to the Companies Act, 1956

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	April 1, 2011	Additions/ (Disposals)	March 31, 2012	April 1, 2011	Depreciation for the year	On disposals	March 31, 2012	April 1, 2011	March 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a Tangible Assets									
Office Premises	11,430,390	-	11,430,390	-	-	-	-	11,430,390	11,430,390
Premises	2,227,500	-	2,227,500	0	-	-	-	2,227,500	2,227,500
Office equipment	2,203,277	-	2,203,277	1,748,506	63,258	-	1,811,764	454,771	391,513
Vehicles	2,296,735	-	2,296,735	2,216,808	20,693	-	2,237,501	79,927	59,234
Computers	6,449,079	-	6,449,079	6,328,693	41,155	-	6,369,848	120,386	79,231
Furniture & Fixtures	1,741,442	-	1,741,442	1,580,584	29,115	-	1,609,699	160,858	131,743
Electric Equipments	577,723	60,000	637,723	370,196	32,669	-	402,865	207,527	234,858
	-	-	-	-	-	-	-	-	-
Total (Current Year)	26,926,146	60,000	26,986,146	12,244,787	186,890	-	12,431,677	14,681,359	14,554,469
Total (Previous Year)	26,748,569	177,577	26,926,146	12,019,585	225,222	-	12,244,807	14,729,004	14,681,359

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 8 NON CURRENT INVESTMENTS

Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

Particulars		March 31,	March 31,
		2012	2011
		₹	₹
A	Other Investments (Refer B below)		
	(a) Investment in Equity instruments	60,578,154	60,578,154
	(b) Investments in Mutual Funds & Bonds	900,000	900,000
	Total Other Investments (B)	61,478,154	61,478,154

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Aggregate amount of quoted investments (Market value of ₹ 320,871,262/- (Previous Year ₹ 303,130,642))	51,684,316	51,684,316
Aggregate amount of unquoted investments	9,793,838	9,793,838
	61,478,154	61,478,154

A. Details of Other Investments						
Sr. No.	Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Amount (₹)	
		31.03.12	31.03.11		31.03.12	31.03.11
1	2	4	5	6	10	11
a	Investment in Equity Instruments					
	ABB LTD.	780	780	Quoted	187,200	187,200
	ACC LTD.	500	500	Quoted	183,500	183,500
	Aditya Birla Nuvo Ltd.	193	193	Quoted	15,860	15,860
	Ateck Ltd.	1,162	1,162	Quoted	62,000	62,000
	Alstom Projects India Ltd.	606	606	Quoted	105,444	105,444
	Ambalal Sarabhai Enterprises Ltd	100	100	Quoted	940	940
	Ambuja Cements Ltd.	37,320	37,320	Quoted	307,148	307,148
	Bajaj Auto Ltd.	6,000	6,000	Quoted	1,652,000	1,652,000
	Bombay Stock Exchange Ltd	70,694	70,694	Unquoted	9,793,838	9,793,838
	Bajaj Financial Services Ltd.	3,000	3,000	Quoted	-	-
	Bajaj Holdings & Investment Ltd.	3,000	3,000	Quoted	-	-
	Balaji Telefilms Ltd.	1,600	1,600	Quoted	166,400	166,400
	Ballarpur Industries Ltd.	300	300	Quoted	85,775	85,775
	BF Investment Ltd.	50,000	50,000	Quoted	-	-
	BF Utilities Ltd.	50,000	50,000	Quoted	-	-
	Bharat Forge Ltd.	268,750	268,750	Quoted	7,680,250	7,680,250
	Bharat Heavy Electricals Ltd.	2,100	420	Quoted	183,750	183,750
	Biopac India Corporation Ltd.	1,000	1,000	Quoted	14,000	14,000
	Cadbury India Ltd	50	50	Quoted	15,533	15,533
	Cummins India Ltd.	350	250	Quoted	33,750	33,750
	Dena Bank	1,000	1,000	Quoted	30,000	30,000
	Dish TV India Ltd.	17,458	17,458	Quoted	-	-
	DSQ Software	5,200	5,200	Quoted	62,400	62,400
	Garware Polyester & Plastics Ltd.	1,400	1,400	Quoted	194,853	194,853
	Global Trust Bank Ltd	5,000	5,000	Quoted	5,850	5,850
	Grasim Ltd	1,000	1,000	Quoted	455,000	455,000
	Great Easteran Shipping Company	840	840	Quoted	189,000	189,000
	Great offshore Ltd.	210	210	Quoted	-	-
	HDFC Bank Ltd.	151,000	30,200	Quoted	2,224,930	2,224,930

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Sr. No.	Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Amount (₹)	
	HDFC Ltd.	50	50	Quoted	8,230	8,230
	Hindalco Industries Ltd.	2,700	2,700	Quoted	354,569	354,569
	Hindustan Motors Ltd.	1,500	1,500	Quoted	52,500	52,500
	Hindustan Oil Exploration Ltd.	125,000	125,000	Quoted	7,031,250	7,031,250
	Hindustan Petroleum Corporation	205	205	Quoted	75,850	75,850
	ICICI Bank Ltd.	425	425	Quoted	137,750	137,750
	IFCI Ltd.	2,800	2,800	Quoted	56,000	56,000
	Indian Telephone Industries Ltd.	10,000	10,000	Quoted	1,650,000	1,650,000
	Indogulf Industries Ltd.	520	520	Quoted	72,800	72,800
	Indusind Bank Ltd.	1,000	1,000	Quoted	42,625	42,625
	Infosys Ltd.	72	72	Quoted	80,640	80,640
	ITC Ltd.	3,000	3,000	Quoted	137,000	137,000
	Kesoram Industries Ltd.	40	40	Quoted	5,400	5,400
	Kirlosker Pneumatics Co. Ltd.	100,000	100,000	Quoted	4,521,000	4,521,000
	Kotak Mahindra Bank Ltd.	500	500	Quoted	33,000	33,000
	Larsen & Toubro Ltd.	2,620	2,620	Quoted	720,500	720,500
	LML Ltd.	19,550	19,550	Quoted	713,575	713,575
	Mahanagar Telephone Nigam Ltd.	370	370	Quoted	72,150	72,150
	Milton Plastics Ltd.	85,000	85,000	Quoted	6,695,000	6,695,000
	Nexus Software Ltd.	44	44	Quoted	220	220
	Numero Uno Projects Ltd.	2,030	2,030	Quoted	5,278	5,278
	P.M. Telelinks Ltd.	100	100	Quoted	400	400
	Pooja Intertainment & Films Ltd.	500	500	Quoted	2,890	2,890
	Ranbaxy Laboratories Ltd.	450	450	Quoted	294,975	294,975
	Raymond Ltd.	300	300	Quoted	105,000	105,000
	Reliance Capital Ltd	198	198	Quoted	18,700	18,700
	Reliance Communications Ltd.	1,769	1,769	Quoted	-	-
	Reliance Industries Ltd.	3,538	3,538	Quoted	2,095,272	2,095,272
	Reliance Infrastructure Ltd.	232	232	Quoted	23,293	23,293
	Reliance Power Ltd.	442	442	Quoted	-	-
	Sesa Goa Ltd.	20,000	20,000	Quoted	1,522,000	1,522,000
	Steel Authority of India Ltd.	200	200	Quoted	13,000	13,000
	Sun Infoways Ltd.	400	400	Quoted	2,800	2,800
	Supreme Petrochem Ltd.	500	500	Quoted	12,500	12,500
	Tata Consultancy Services Ltd.	200	200	Quoted	192,000	192,000
	Tata Motors Ltd.	69,010	13,802	Quoted	4,156,110	4,156,110
	Tata Steels Ltd.	303	303	Quoted	72,582	72,582
	Ultratech Cement Ltd	1,095	1,095	Quoted	204,360	204,360
	Unichem Laboratories Ltd.	1,000	1,000	Quoted	80,000	80,000
	Wire & Wireless India Ltd	35,181	35,181	Quoted	380,000	380,000
	Zee Entertainment Enterprises Ltd	66,504	66,504	Quoted	5,287,514	5,287,514
	Zee Learn Ltd	8,313	8,313	Quoted	-	-
	Zee News Ltd	13,727	13,727	Quoted	-	-
		<u>1,262,001</u>	<u>1,084,213</u>		<u>60,578,154</u>	<u>60,578,154</u>
b	Investments in Mutual Funds / Bonds					
	UTI Index Equity Fund	50,000	50,000	Quoted	500,000	500,000
	SBI Mutual Fund	30,000	30,000	Quoted	300,000	300,000
	Secured Bond of Dena Bank	10	10	Quoted	100,000	100,000
		<u>80,010</u>	<u>80,010</u>		<u>900,000</u>	<u>900,000</u>
	Total	<u>1,342,011</u>	<u>1,164,223</u>		<u>61,478,154</u>	<u>61,478,154</u>

Note:-

- 1 There is no investment in Joint Venture, Subsidiary, Associate or Controlled Company.
- 2 All the Investment are Fully paid up.
- 3 Extent of the Holding (%) in the Individual company is not known.
- 4 All the Investment are stated at cost.
- 5 Adjustment is accounted on Split of face value of shares and Bonus Shares received during the year.

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 9 DEFERRED TAX ASSET (NET)

The Company has accounted for taxes on income in accordance with AS-22 – Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / asset is charged / credited to Profit and Loss Account. The year end position of taxes on income is as under:

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Deferred tax liability		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	0	1,470
Others	-	-
Gross deferred tax liability	0	1,470
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	-
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	(4,777)	
Others	-	-
Gross deferred tax asset	(4,777)	-
Net deferred tax liability / (asset)	(4,777)	1,470

Note 10 OTHER NON CURRENT ASSETS

Disclosure pursuant to Note no.M (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Security Deposits				
Interest Free Deposits	23,317,217	23,317,217	33,355,655	33,355,655
Total Other Non-Current Assets		23,317,217		33,355,655

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 11 TRADE RECEIVABLES

Disclosure pursuant to Note no.P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
a. Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	19,912,058	20,530,021
Total Trade Receivables (A+B)	19,912,058	20,530,021

Note 12 CASH AND BANK BALANCES

Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS				
A. Balances with Scheduled banks (In Current Accounts with Scheduled Banks)		2,230,015		2,571,583
B. Cash on Hand		1,526,686		1,289,961
Cash and Cash Equivalents		3,756,701		3,861,544
C. Bank deposits with more than 12 months maturity (Including Interest accrued but nto due)		100,949,911		114,565,776
Total Cash and Bank Balance (A+B+C+)		104,706,613		118,427,320

Note 13 SHORT TERM LOANS AND ADVANCES

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
A. Loans and advances to related parties		-		-
B. Others				
Unsecured, considered good		239,615,629		226,299,602
Loans To Staff		234,080		459,080
Prepaid Expenses		8,500		17,381
Total Short-term loans and advances (A+B)		239,858,209		226,776,063

Note 14 OTHER CURRENT ASSETS

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Taxation				
Advance tax (Net of the Provisions)	5,845,279	5,845,279	5,670,354	5,670,354
Non-Taxation		-		-
Total Other Current Assets		5,845,279		5,670,354

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 15 OTHER INCOME

Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Interest on Term Deposits		8,514,214		7,292,309
Interest Income-Other		7,781,897		9,141,041
Dividend Income		3,799,992		2,850,386
Rent Income		900,000		900,000
Total Other Income		20,996,104		20,183,735

Note 16 EMPLOYEE BENEFIT EXPENSES

Disclosure pursuant to Note no. 5(1)(a) of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
(a) Salaries, Wages and bonus				
Salaries		1,240,900		1,578,800
Directors' Remuneration		1,200,000		1,200,000
(b) Contributions to - Provident Fund		204,468		241,046
(c) Staff welfare expenses		567,198		627,837
Total Employee Benefit Expenses		3,212,566		3,647,683

Note 17 FINANCE COST

Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Interest expense				
Interest on bank limits	3,181,965	3,181,965	3,568,201	3,568,201
Total Finance Cost		3,181,965		3,568,201

Note 18 OTHER EXPENSES

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Auditors Remuneration		44,944		44,120
Donations		2,000,000		500,000
Electricity Expenses		365,030		489,310
Conveyance & Travelling Expenses		507,083		851,426
Insurance Expenses		1,398,109		1,965,667
Telephone & Courier Expenses		287,884		289,950
Printing & Stationery Expenses		49,170		42,476
Professional & Consultancy Fees		386,000		216,500
Rent, Rates & Taxes		834,278		603,478
Repairs & Maintenance Expenses		383,058		152,574
Sundry Expenses		162,561		144,980
Stock Exchange Expenses		540,671		468,133
Trade Execution Charges		180,000		720,000
Total Other Expenses		7,138,788		6,488,614

NOTE - 19 : OTHER NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

A. SIGNIFICANT ACCOUNTING POLICIES.

1. Basis of Preparation of Financial Statements:

The financial statements are prepared on historical cost basis and as a going concern. Accounting Policies not referred to otherwise are consistent with generally accepted accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of The Companies Act, 1956.

2. Revenue Recognition:

Company follows Mercantile System of accounting and recognizes Income and Expenditure on accrual basis with necessary provisions for all known liabilities. Accounting Policies not referred to otherwise, are consistent with generally accepted accounting principles.

3. Fixed Assets and Depreciation

Fixed Assets are stated at cost. Fixed Asset of the Company has not been revalued during the year. Depreciation on Fixed Asset of the year has been provided on the written down value method in accordance in rates and manner provided in schedule XVI of Companies Act, 1956 wherever applicable.

4. Investments

Investments are stated at cost of acquisition. No provision has been made in the accounts of the company for the depletion or appreciation in the value of the investments.

5. Provision for Taxation

Provision for tax comprises of current and deferred Tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

6. Deferred Tax Assets

Deferred Tax Assets are accounted in accordance with the Accounting Standard – 22.

7. Cash and Cash Equivalent:

Cash and Cash Equivalent in the Balance Sheet comprise of cash at bank and cash at hand.

B. NOTES TO THE ACCOUNTS:

8. Related Party Disclosure:

Related Party Disclosures to comply with Accounting Standard – 18 – Related Party disclosure by ICAI.

1. **Holding Company** : Mukesh Babu Financial Services Limited
2. **Key Managerial Personnel** : Ms. Meena Mukesh Babu (Managing Director)
3. **Transactions During the Year:**

Particulars	Current Year ₹. in Lacs	Previous Year ₹. In Lacs
A. Holding Company		
Opening Balance	1002.40	1253.90
Amount received during the year	797.69	918.50
Amount refunded during the year	839.75	1170.00
Credit Closing balance Payable at the year end	960.34	1002.40
B. Ms. Meena Mukesh Babu (Managing Director)		
Remuneration paid during the year	12.00	12.00

9. **Current Assets Loans and Advances.**

In the opinion of the Directors balances in Loans and Advances & Current Assets have a value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance sheet according to the management provision for all the loans and liabilities adequate. Balances in Creditors, Loans, and advances and current assets are subject to confirmation & reconciliation.

10. **Sundry Debtors and Creditors:**

Balances of sundry Debtors and Balance of Sundry Creditors are subject to confirmations and reconciliation, if any.

11. No provision for gratuity and leave encashment to the employee has been made in the accounts. Gratuity payable will be accounted as and when payments are made and as such the liability for the year has not been ascertained, hence the disclosure required under AS-15 are not applicable.
12. The Company has no broking income as it has not re-commenced its business.
13. Bank overdraft balance is subject to reconciliation and confirmation.
14. The maximum amount outstanding during the year to the holding company is ₹. 11,99,46,757/- (Previous Year ₹. 13,59,80,117/-).

15. **Earning Per Share**

PARTICULARS	Current Year	Previous year
Profit/(Loss) After Tax Rs.	5,782,142	5,562,221
Number of Equity Shares Fully Paid Up	5,000,000	5,000,000
Earning Per Share – Basic and Diluted Rs.	1.16	1.11
Face Value per Equity Share Rs.	10	10

16. Fixed assets of company are treated as “Corporate assets” and are not “Cash Generating Units” as defined by AS-28 issued by Institute of Chartered Accountants of India (ICAI). In the Opinion of the Management, there is no impairment of fixed assets.

17. **Auditor’s Remuneration**

Auditor’s remuneration in accordance with paragraph 4B of part II of Schedule VI to the Companies Act, 1956 is as Under :

Particulars	Current Year ₹.	Previous Year ₹.
Audit Fees	22,472/-	22,060/-
Consultancy Fees	22,472/-	22,060/-
Total	44,944/-	44,120/-

18. **Foreign Currency Transactions :**

There were no foreign exchange transactions during the year.

19. **Prior Period Comparatives:**

The figures pertaining to previous year have been regrouped and rearranged , wherever necessary.

20. Schedules referred to in the Balance Sheet and Profit and Loss account form an integral part of the Accounts.

21. Quantitative Information.

Quantitative details pursuant to paragraph 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 is not applicable.

AS PER OUR REPORT ATTACHED

**For Chaitanya C. Dalal & Co.
Chartered Accountants**

**FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU SECURITIES LIMITED**

Sd/-

Sd/-

Sd/-

Sd/-

Chaitanya C. Dalal & Co.
Partner
Membership No. 35809
FRN No.101632W

(Mukesh Babu) (Meena Mukesh) (K. Chandrasekhar)
Director Managing Director Company Secretary

Place: Mumbai
Date: 10th August 2012

Place: Mumbai
Date: 10th August 2012.

MUKESH BABU SECURITIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	CURRENT YEAR		PREVIOUS YEAR		
	₹	₹	₹	₹	
A. Cash Flow From Operating Activities :					
Net Profit Before Tax and Extraordinary Item		7,275,895		6,254,015	
Adjustments for :					
Depreciation & Misc. Exp. Written off	186,890		225,222		
Foreign Exchange	-		-		
Loss/(Profit) on Sale on Investments	-		-		
Profit on Trading	-		-		
Interest/Dividend (Received)	(12,314,207)		(10,142,694)		
Interest paid	3,181,965		3,568,201		
Excess Provision for Taxation		(8,945,352)		(6,349,271)	
Operating Profit Before Working Capital Changes		<u>(1,669,457)</u>		<u>(95,257)</u>	
Adjustments for:					
Sundry Debtors	617,963		334,149		
Loans and Advances	(13,082,146)		(40,934,131)		
Other Current Assets	21,979,377		(1,892,317)		
Sundry Creditors	(567,984)		(35,926,357)		
Other Liabilities	(40,034)	8,907,176	(110,720)	(78,529,376)	7,237,719
Cash Generated from Operations		<u>7,237,720</u>		<u>(78,624,633)</u>	
Interest Paid		(3,181,965)		(3,568,201)	
Direct Taxes Paid		-		-	
Cash Flow Before Extraordinary Items		<u>4,055,755</u>		<u>(82,192,834)</u>	
Extraordinary Items		-		-	
Net Cash from Operating Activities		<u>4,055,755</u>		<u>(82,192,834)</u>	
B. Cash flow from Investing Activities :					
Purchase of Fixed Assets	(60,000)		(177,577)		
Sale of Fixed Assets	-		-		
Purchase of Investments	-		(200,000)		
Purchase of Stock -in -Trade	-		-		
Sale of Investments	-		5,000,000		
Sale of Stock - in -Trade	-		-		
Profit on Share Trading (Speculation)	-		-		
Interest & Dividend Received	12,314,207	12,254,207	20,183,735	24,806,158	
Net Cash Used in Investing Activities		<u>12,254,207</u>		<u>24,806,158</u>	
C. Cash from from Financing Activities :					
Proceeds from Issue of Share Capital	-		-		
Proceeds from Short Term Borrowings	-		54,073,549		
Repayment of Short Term Borrowings	(16,414,804)		-		
Repayment of Finance Lease Liabilities	-		-		
Dividends Paid	-		-		
Increase in Misc. & Public Issue Expenses	-	(16,414,804)	-	54,073,549	
Net Cash used in Financing Activities		<u>(16,414,804)</u>		<u>54,073,549</u>	
Net Increase/ (Decrease) in Cash & Cash Equivalents		(104,843)		(3,313,127)	
Cash & Cash Equivalents at the beginning of the year		3,861,544		7,174,670	
Cash & Cash Equivalents at the Closing of the year		3,756,701		3,861,544	

For Chaitanya C. Dalal & Co.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU SECURITIES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

(Chaitany C. Dalal)
Partner
Membership No. 35809
FRN No.: 101632W

Mukesh Babu
Director

Meena Mukesh
Managing Director

K. Chandrasekhar
Company Secretary

Place : Mumbai
Date : 10th August 2012

Place : Mumbai
Date : 10th August 2012

MUKESH BABU FINANCIAL SERVICES LIMITED
[CONSOLIDATED ACCOUNTS]

Board of Directors

Shri Mukesh Babu (Chairman & Managing Director)
Shri K. Chandrasekhar
Shri Pankaj Majithia
Shri Vijay Vora

Company Secretary

Ms. Dipali C. Shah

Main Bankers

Axis Bank
Bank of India
HDFC Bank
ICICI Bank

Registered Office

111, Maker Chambers III,
223, Nariman Point,
Mumbai - 400 021.

Auditors

60
61 Shah, Shah & Shah
62 Chartered Accountants
63 502, Damji Shamji Trade Centre,
81 Vidyavihar - West, Mumbai - 400086.

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Balance Sheet
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Cash Flow Statement

**AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF
MUKESH BABU FINANCIAL SERVICES LIMITED AND ITS SUBSIDIARY**

To
The Board of Directors,
Mukesh Babu Financial Services Limited

- 1 We have examined the attached consolidated Balance Sheet of Mukesh Babu Financial services Ltd., ("The Company") and its subsidiary Mukesh Babu Securities Limited as at 31st March 2012 and the Consolidated Statement of Profit and Loss and the consolidated cash flow statement for the year then ended annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 3 We did not audit the financial statements of the subsidiary whose financial statements reflect total gross assets of ₹ 4696.77 lacs as at 31st March, 2012 and total gross revenues of ₹ 209.96 lacs for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
- 4 We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statement issued by the Ministry of Corporate Affairs pursuant to section 211 (3C) of the Companies Act 1956, and other recognized accounting policies and practices, and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements except herein under written.
- 5 On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, and its subsidiary, we are of the opinion that the said consolidated financial statements read with notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March, 2012; and
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Company and its subsidiary for the year then ended;
 - (iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

**FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS**

Sd/-

**(Mehul Shah)
PARTNER
M. No. 049361
FRN: 116457W
Place : Mumbai
Date : 13/08/2012**

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2012

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	1	69,675,000		69,675,000	
(b) Reserves and surplus	2	355,633,854		298,051,799	
(c) Money received against share warrants			425,308,854		367,726,799
2 Mionority Interest			73,910,607		71,113,207
3 Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)	10	1,158,567		1,240,405	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions	3	323,034	1,481,601	-	1,240,405
4 Current liabilities					
(a) Short-term borrowings	4	204,434,139		327,148,820	
(b) Trade payables	5	8,179,644		29,384,242	
(c) Other Current Liabilities	6	150,000,000		150,000,000	
(d) Short-term provisions	7	41,285,174	403,898,957	29,621,152	536,154,214
TOTAL			904,600,019		976,234,625
II. ASSETS					
1 Non-current assets					
(a) Fixed assets	8	23,584,874		24,536,710	
(i) Tangible assets		-		-	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	9	318,978,154		318,978,154	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances	11	55,719,021		92,538,429	
(e) Other non-current assets	12	24,315,344	422,597,393	34,353,782	470,407,075
2 Current assets					
(a) Current investments		-		-	
(b) Inventories	13	100,775,875		107,351,494	
(c) Trade receivables	14	19,912,058		20,530,021	
(d) Cash and Bank Balances	15	106,814,063		119,950,775	
(e) Short-term loans and advances	16	241,944,213		228,967,310	
(f) Other current assets	17	12,556,417	482,002,626	29,027,950	505,827,550
TOTAL			904,600,019		976,234,625

Contingent Liabilities & Commitments --

NOTES ON ACCOUNT 24

AS PER OUR REPORT OF EVEN DATE
FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

Mehul Shah
Partner

FRN: 116495W
M. No.: 049361
Place : Mumbai
Date : 13/08/2012

Mukesh Babu
Director

Place : Mumbai
Date : 13/08/2012

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	March 31, 2012		March 31, 2011	
		₹	₹	₹	₹
I Revenue from operations	18		127,828,765		120,090,891
II Other income	19		14,262,706		11,138,665
III Total Revenue (I + II)			142,091,471		131,229,556
IV Expenses:					
Employee benefits expense	21	5,152,963		6,226,441	
Finance costs	22	29,391,403		31,317,995	
Depreciation	8	1,093,134		1,277,690	
Other expenses	23	11,101,566		12,770,226	
Total expenses			46,739,066		51,592,352
V Profit before exceptional and extraordinary items and tax (III-IV)			95,352,405		79,637,204
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			95,352,405		79,637,204
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			95,352,405		79,637,204
X Tax expense:					
(1) Current tax		26,700,000		21,975,000	
(2) Deferred tax		(81,838)	26,618,162	(48,619)	21,926,381
XI Profit (Loss) for the period from continuing operations (VII-VIII)			68,734,243		57,710,823
XII Profit/(loss) from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit (Loss) for the period (XI + XIV)			68,734,243		57,710,823
XVI Earnings per equity share:					
(1) Basic			9.86		8.28
(2) Diluted			9.86		8.28

NOTES ON ACCOUNT

24

AS PER OUR REPORT OF EVEN DATE
FOR SHAH, SHAH & SHAH
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

Mehul Shah
Partner

Mukesh Babu
Director

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

FRN: 116495W
M. No.: 049361
Place : Mumbai
Date : 13/08/2012

Place : Mumbai
Date : 13/08/2012

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2012

Note 1 SHARE CAPITAL

Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Authorised Equity Shares of ₹ 10 each	10,000,000	100,000,000	10,000,000	100,000,000
Issued Equity Shares of ₹ 10 each	6,970,900	69,709,000	6,970,900	69,709,000
Subscribed and fully Paid up Equity Shares of ₹ 10 each fully paid	6,960,600	69,606,000	6,960,600	69,606,000
Subscribed but not fully Paid up Equity Shares of ₹ 10 each, not fully paid up	10,300	103,000	10,300	103,000
Less: Unpaid Calls		34,000		34,000
Total	6,970,900	69,675,000	6,970,900	69,675,000

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars - Equity Shares	March 31, 2012		March 31, 2011	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	6,970,900	69,709,000	6,970,900	69,709,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,970,900	69,709,000	6,970,900	69,709,000

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to Companies Act, 1956 (more than 5%)

Name of Shareholder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MUKESH CHAMPAKLAL BABU	3,431,600	49.23%	3,431,600	0
MEENA MUKESH BABU	950,000	13.63%	950,000	0
SAGAR SYSTECH LIMITED	604,500	8.67%	604,500	0

Disclosure pursuant to Note no. 6 (A) (e, h, j) of Part I of Schedule VI to the Companies Act, 1956

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

Particulars	March 31, 2012		March 31, 2011	
	Number	Description	Number	Description
Equity Shares	Number	Pari Pasu	Number	Pari Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

Disclosure pursuant to Note no. 6(A)(k) of Part I of Schedule VI to the Companies Act, 1956

Unpaid Calls	₹
By Directors	-
By Officers	-
Others	34,000

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2012

Note 2 RESERVES AND SURPLUS

Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
a. Capital Reserves		
Opening Balance	7,081,000	7,088,500
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	7,500
Closing Balance	7,081,000	7,081,000
b. Securities Premium Account		
Opening Balance	73,628,000	73,628,000
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilised for various reasons	-	-
Less: Unpaid Calls	68,000	68,000
Closing Balance	73,560,000	73,560,000
c. Statutory Reserve		
Opening Balance	33,443,397	23,013,676
(+) Current Year Transfer	12,590,421	10,429,721
Closing Balance	46,033,818	33,443,397
d. General Reserve		
Opening Balance	21,082,871	21,082,871
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	21,082,871	21,082,871
e. Surplus Profit and Loss A/c		
Opening balance	162,884,531	126,396,806
(+) Net Profit/(Net Loss) For the current year	68,734,243	57,710,823
(-) Transferred to Minority Interest	2,797,400	2,691,003
(-) Provision for Dividends	6,970,900	6,970,900
(-) Provision for Dividend Tax	1,130,854	1,130,854
(-) Short Taxation provision of earlier years	-	620
(+) Excess Taxation provision of earlier years	70,000	-
(-) Transfer to Statutory Reserves	12,590,421	10,429,721
(-) Provision for Standard Assets (As per RBI Regulations)	323,034	-
Closing Balance	207,876,165	162,884,531
Total Reserves & Surplus	355,633,854	298,051,799

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2012

Note 3 LONG TERM PROVISIONS

Disclosure pursuant to Note no. 6(E) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Provision for Long Term Liabilities	-	-
Total (a)	-	-
(b) Others	-	-
Contingent Provisions against Standard Assets	323,034	-
	323,034	-
Total Long Term Provisions (a+b)	323,034	-

Note 4 SHORT-TERM BORROWINGS

Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Secured		
<u>From Banks (Cash Credit Facility)</u>	42,216,112	54,425,400
(Secured against Fixed Deposit Receipts of the Company)		
Period of Maturity	C.C. A/c	
Number & Amount of Installments of due.	Between 1 to 3 years	
Applicable rate of Interest	10.50%	
<u>From other parties</u>	110,743,807	220,199,200
(Secured against Shares)		
Terms of repayment:	Working Capital Loans	
Period of Maturity	Not Applicable	
Number and amount of instalments	Not Applicable	
Applicable rate of interest	14%	
Other significant relevant terms	-	
Total Secured Short Term Borrowings	152,959,919	274,624,600
Unsecured		
(a) Loans repayable on demand		
from banks (Refer note no. 3. of Other Notes to Accounts)	51,474,220	52,524,220
Total Unsecured Short Term Borrowings	51,474,220	52,524,220
Total Short Term Borrowings	204,434,139	327,148,820

Note 5 TRADE PAYABLES

Disclosure pursuant to Note no. 6(D) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Trade Payables	8,179,644	29,384,242
Total Trade Payables	8,179,644	29,384,242

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2012

Note 6 OTHER CURRENT LIABILITIES

Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Deposits		
Margin Accounts	150,000,000	150,000,000
(b) Other payables	-	-
Total Current Liabilities	150,000,000	150,000,000

Note 7 SHORT TERM PROVISIONS

Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	507,134	713,990
(c) Others (Specify nature)		
Provision for Taxation (Net of Pre-paid Taxes)	19,494,641	15,924,262
Other Provisions	14,312,500	6,012,000
Provision for Dividend	6,970,900	6,970,900
Total Short Term Provisions	41,285,174	29,621,152

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 8 FIXED ASSETS

Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part of Schedule VI to the Companies Act, 1956

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	April 1, 2011	Additions/ (Disposals)	March 31, 2012	April 1, 2011	Depreciation for the year	On disposals	March 31, 2012	April 1, 2011	March 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a. Tangible Assets									
Office Premises	26,313,640	-	26,313,640	8,921,514	298,087	-	9,219,601	17,392,126	17,094,039
Premises	2,227,500	-	2,227,500	-	-	-	-	2,227,500	2,227,500
Guest House	2,100,000	-	2,100,000	556,308	77,185	-	633,493	1,543,692	1,466,507
Furniture and Fixtures	5,259,298	-	5,259,298	4,030,402	222,430	-	4,252,832	1,228,896	1,006,466
Electrical Fittings	890,499	-	890,499	537,041	59,083	-	596,124	353,458	294,375
Office equipment	3,680,931	-	3,680,931	3,022,141	91,637	-	3,113,778	658,790	567,153
Computers	6,817,969	141,298	6,959,267	6,601,087	107,724	-	6,708,811	216,882	250,456
Vehicals	4,719,383	-	4,719,383	3,804,017	236,988	-	4,041,005	915,366	678,378
Total (Current Year)	52,009,220	141,298	52,150,518	27,472,510	1,093,134	-	28,565,644	24,536,710	23,584,874
Total (Previous Year)	51,831,643	177,577	52,009,220	26,194,820	1,277,690	-	27,472,510	25,636,823	24,536,710

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 9 NON CURRENT INVESTMENTS
Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

A. Details of Other Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost?	If Answer to Column (9) is 'No' - Basis of Valuation
			31.3.12	31.3.11			31.3.12	31.3.11	31.3.12	31.3.11		
1	2	3	4	5	6	7	8	9	10	11	12	13
a.	Investment in Equity Instruments											
	Steelcast Ltd	Others	10,000	10,000	Quoted	Fully Paid	Not known	Not known	450,000	450,000	Yes	N.A.
	Rushil Industries Ltd.	Others	50,000	50,000	Unquoted	Fully Paid	Not known	Not known	500,000	500,000	Yes	N.A.
	Dynamic Ship Recyclers Pvt.Ltd.	Others	400,000	400,000	Unquoted	Fully Paid	Not known	Not known	1,500,000	1,500,000	Yes	N.A.
	ABB LTD.	Others	780	780	Quoted	Fully Paid	Not known	Not known	187,200	187,200	Yes	N.A.
	ACC LTD.	Others	500	500	Quoted	Fully Paid	Not known	Not known	183,500	183,500	Yes	N.A.
	Aditya Birla Nuvo Ltd.	Others	193	193	Quoted	Fully Paid	Not known	Not known	15,860	15,860	Yes	N.A.
	Afteck Ltd.	Others	1,162	1,162	Quoted	Fully Paid	Not known	Not known	62,000	62,000	Yes	N.A.
	Alstom Projects India Ltd.	Others	606	606	Quoted	Fully Paid	Not known	Not known	105,444	105,444	Yes	N.A.
	Ambalal Sarabhai Enterprises Ltd	Others	100	100	Quoted	Fully Paid	Not known	Not known	940	940	Yes	N.A.
	Ambuja Cements Ltd.	Others	37,320	37,320	Quoted	Fully Paid	Not known	Not known	307,148	307,148	Yes	N.A.
	Bajaj Auto Ltd.	Others	6,000	6,000	Quoted	Fully Paid	Not known	Not known	1,652,000	1,652,000	Yes	N.A.
	Bombay Stock Exchange Ltd	Others	70,694	70,694	Unquoted	Fully Paid	Not known	Not known	9,793,838	9,793,838	Yes	N.A.
	Bajaj Financial Services Ltd.	Others	3,000	3,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Bajaj Holdings & Investment Ltd.	Others	3,000	3,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Balaji Telefilms Ltd.	Others	1,600	1,600	Quoted	Fully Paid	Not known	Not known	166,400	166,400	Yes	N.A.
	Ballarpur Industries Ltd.	Others	300	300	Quoted	Fully Paid	Not known	Not known	85,775	85,775	Yes	N.A.
	BF Investment Ltd.	Others	50,000	50,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	BF Utilities Ltd.	Others	50,000	50,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Bharat Forge Ltd.	Others	268,750	268,750	Quoted	Fully Paid	Not known	Not known	7,680,250	7,680,250	Yes	N.A.
	Bharat Heavy Electricals Ltd.	Others	2,100	420	Quoted	Fully Paid	Not known	Not known	183,750	183,750	Yes	N.A.
	Biopac India Corporation Ltd.	Others	1,000	1,000	Quoted	Fully Paid	Not known	Not known	14,000	14,000	Yes	N.A.
	Cadbury India Ltd	Others	50	50	Quoted	Fully Paid	Not known	Not known	15,533	15,533	Yes	N.A.
	Cummins India Ltd.	Others	350	250	Quoted	Fully Paid	Not known	Not known	33,750	33,750	Yes	N.A.
	Dena Bank	Others	1,000	1,000	Quoted	Fully Paid	Not known	Not known	30,000	30,000	Yes	N.A.
	Dish TV India Ltd.	Others	17,458	17,458	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	DSQ Software	Others	5,200	5,200	Quoted	Fully Paid	Not known	Not known	62,400	62,400	Yes	N.A.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost?	If Answer to Column (9) is 'No' - Basis of Valuation
			31.3.12	31.3.11			31.3.12	31.3.11	31.3.12	31.3.11		
1	2	3	4	5	6	7	8	9	10	11	12	13
	Garware Polyester & Plastics Ltd.	Others	1,400	1,400	Quoted	Fully Paid	Not known	Not known	194,853	194,853	Yes	N.A.
	Global Trust Bank Ltd	Others	5,000	5,000	Quoted	Fully Paid	Not known	Not known	5,850	5,850	Yes	N.A.
	Grasim Ltd	Others	1,000	1,000	Quoted	Fully Paid	Not known	Not known	455,000	455,000	Yes	N.A.
	Great Easteran Shipping Company	Others	840	840	Quoted	Fully Paid	Not known	Not known	189,000	189,000	Yes	N.A.
	Great offshore Ltd.	Others	210	210	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	HDFC Bank Ltd.	Others	151,000	30,200	Quoted	Fully Paid	Not known	Not known	2,224,930	2,224,930	Yes	N.A.
	HDFC Ltd.	Others	50	50	Quoted	Fully Paid	Not known	Not known	8,230	8,230	Yes	N.A.
	Hindalco Industries Ltd.	Others	2,700	2,700	Quoted	Fully Paid	Not known	Not known	354,569	354,569	Yes	N.A.
	Hindustan Motors Ltd.	Others	1,500	1,500	Quoted	Fully Paid	Not known	Not known	52,500	52,500	Yes	N.A.
	Hindustan Oil Exploration Ltd.	Others	125,000	125,000	Quoted	Fully Paid	Not known	Not known	7,031,250	7,031,250	Yes	N.A.
	Hindustan Petroleum Corporation	Others	205	205	Quoted	Fully Paid	Not known	Not known	75,850	75,850	Yes	N.A.
	ICICI Bank Ltd.	Others	425	425	Quoted	Fully Paid	Not known	Not known	137,750	137,750	Yes	N.A.
	IFCI Ltd.	Others	2,800	2,800	Quoted	Fully Paid	Not known	Not known	56,000	56,000	Yes	N.A.
	Indian Telephone Industries Ltd.	Others	10,000	10,000	Quoted	Fully Paid	Not known	Not known	1,650,000	1,650,000	Yes	N.A.
	Indogulf Industries Ltd.	Others	520	520	Quoted	Fully Paid	Not known	Not known	72,800	72,800	Yes	N.A.
	Indusind Bank Ltd.	Others	1,000	1,000	Quoted	Fully Paid	Not known	Not known	42,625	42,625	Yes	N.A.
	Infosys Ltd.	Others	72	72	Quoted	Fully Paid	Not known	Not known	80,640	80,640	Yes	N.A.
	ITC Ltd.	Others	3,000	3,000	Quoted	Fully Paid	Not known	Not known	137,000	137,000	Yes	N.A.
	Kesoram Industries Ltd.	Others	40	40	Quoted	Fully Paid	Not known	Not known	5,400	5,400	Yes	N.A.
	Kirlosker Pneumatics Co. Ltd.	Others	100,000	100,000	Quoted	Fully Paid	Not known	Not known	4,521,000	4,521,000	Yes	N.A.
	Kotak Mahindra Bank Ltd.	Others	500	500	Quoted	Fully Paid	Not known	Not known	33,000	33,000	Yes	N.A.
	Larsen & Toubro Ltd.	Others	2,620	2,620	Quoted	Fully Paid	Not known	Not known	720,500	720,500	Yes	N.A.
	LML Ltd.	Others	19,550	19,550	Quoted	Fully Paid	Not known	Not known	713,575	713,575	Yes	N.A.
	Mahanagar Telephone Nigam Ltd.	Others	370	370	Quoted	Fully Paid	Not known	Not known	72,150	72,150	Yes	N.A.
	Milton Plastics Ltd.	Others	85,000	85,000	Quoted	Fully Paid	Not known	Not known	6,695,000	6,695,000	Yes	N.A.
	Nexus Software Ltd.	Others	44	44	Quoted	Fully Paid	Not known	Not known	220	220	Yes	N.A.
	Numero Uno Projects Ltd.	Others	2,030	2,030	Quoted	Fully Paid	Not known	Not known	5,278	5,278	Yes	N.A.
	P.M. Telelinks Ltd.	Others	100	100	Quoted	Fully Paid	Not known	Not known	400	400	Yes	N.A.
	Pooja Intertainment & Films Ltd.	Others	500	500	Quoted	Fully Paid	Not known	Not known	2,890	2,890	Yes	N.A.
	Ranbaxy Laboratories Ltd.	Others	450	450	Quoted	Fully Paid	Not known	Not known	294,975	294,975	Yes	N.A.
	Raymond Ltd.	Others	300	300	Quoted	Fully Paid	Not known	Not known	105,000	105,000	Yes	N.A.
	Reliance Capital Ltd	Others	198	198	Quoted	Fully Paid	Not known	Not known	18,700	18,700	Yes	N.A.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost?	If Answer to Column (9) is 'No' - Basis of Valuation
			31.3.12	31.3.11			31.3.12	31.3.11	31.3.12	31.3.11		
1	2	3	4	5	6	7	8	9	10	11	12	13
	Reliance Communications Ltd.	Others	1,769	1,769	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Reliance Industries Ltd.	Others	3,538	3,538	Quoted	Fully Paid	Not known	Not known	2,095,272	2,095,272	Yes	N.A.
	Reliance Infrastructure Ltd.	Others	232	232	Quoted	Fully Paid	Not known	Not known	23,293	23,293	Yes	N.A.
	Reliance Power Ltd.	Others	442	442	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Sesa Goa Ltd.	Others	20,000	20,000	Quoted	Fully Paid	Not known	Not known	1,522,000	1,522,000	Yes	N.A.
	Steel Authority of India Ltd.	Others	200	200	Quoted	Fully Paid	Not known	Not known	13,000	13,000	Yes	N.A.
	Sun Infoways Ltd.	Others	400	400	Quoted	Fully Paid	Not known	Not known	2,800	2,800	Yes	N.A.
	Supreme Petrochem Ltd.	Others	500	500	Quoted	Fully Paid	Not known	Not known	12,500	12,500	Yes	N.A.
	Tata Consultancy Services Ltd.	Others	200	200	Quoted	Fully Paid	Not known	Not known	192,000	192,000	Yes	N.A.
	Tata Motors Ltd.	Others	69,010	13,802	Quoted	Fully Paid	Not known	Not known	4,156,110	4,156,110	Yes	N.A.
	Tata Steels Ltd.	Others	303	303	Quoted	Fully Paid	Not known	Not known	72,582	72,582	Yes	N.A.
	Ultratech Cement Ltd	Others	1,095	1,095	Quoted	Fully Paid	Not known	Not known	204,360	204,360	Yes	N.A.
	Unichem Laboratories Ltd.	Others	1,000	1,000	Quoted	Fully Paid	Not known	Not known	80,000	80,000	Yes	N.A.
	Wire & Wireless India Ltd	Others	35,181	35,181	Quoted	Fully Paid	Not known	Not known	380,000	380,000	Yes	N.A.
	Zee Entertainment Enterprises Ltd	Others	66,504	66,504	Quoted	Fully Paid	Not known	Not known	5,287,514	5,287,514	Yes	N.A.
	Zee Learn Ltd	Others	8,313	8,313	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Zee News Ltd	Others	13,727	13,727	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Total								63,028,154	63,028,154		
b.	Investments in Government or Trust securities, Mutual Fund											
	UTI-IEF units	Others	5,000	5,000	Quoted	Fully Paid	Not known	Not known	50,000	50,000	Yes	N.A.
	UTI Index Equity Fund	Others	50,000	50,000	Quoted	Fully Paid	Not known	Not known	500,000	500,000		
	SBI Mutual Fund	Others	30,000	30,000	Quoted	Fully Paid	Not known	Not known	300,000	300,000		
c.	Investments in Debentures or Bonds								850,000	850,000		
	The Gaekwar Mills Ltd	Others	2,200	2,200	Unquoted	Fully Paid	Not known	Not known	165,000,000	165,000,000	Yes	N.A.
	Platinum Square P. Ltd	Others	900	900	Unquoted	Fully Paid	Not known	Not known	90,000,000	90,000,000	Yes	N.A.
	Secured Bond of Dena Bank	Others	10	10	Quoted	Fully Paid	Not known	Not known	100,000	100,000		
	Total								255,100,000	255,100,000		
	Total								318,978,154	318,978,154		

Note : Market Value of Quoted Investment as of 31st March, 2012 is ₹ 321,642,262/- (Previous Year ₹ 314882238/-)

MUKESH BABU FINANCIL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 10 DEFERRED TAX ASSET (NET)

The Company has accounted for taxes on income in accordance with AS-22 – Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Consequently, the net incremental deferred tax (liability) / asset is charged / credited to Profit and Loss Account. The year end position of taxes on income is as under:

Particulars	March 31, 2012	March 31, 2011
	₹	₹
Deferred tax liability		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	1,163,344	1,240,405
Gross deferred tax liability	1,163,344	1,240,405
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	4,777	0
Deferred tax asset	4,777	-
Net deferred tax liability / (asset)	1,158,567	1,240,405

Note 11 LONG TERM LOANS AND ADVANCES

Disclosure pursuant to Note no. L (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
a. Loans and advances to related parties	-		-	
Total (a)		-		-
b. Other loans and advances				
Unsecured, considered good:-				
Inter Corporate Loans	21,119,021		61,277,827	
Other Loans	10,000,000		10,460,602	
Advances Against Projects	24,600,000	55,719,021	20,800,000	92,538,429
Total (b)		55,719,021		92,538,429
Total Long Term Loans and Advances		55,719,021		92,538,429

Note 12 OTHER NON CURRENT ASSETS

Disclosure pursuant to Note no.M (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Security Deposits :				
Unsecured, considered good				
Interest Free Deposits		24,315,344		34,353,782
Total Other Non-Current Assets		24,315,344		34,353,782

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Note 13 INVENTORIES

Disclosure pursuant to Note no.O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
a. Stock of Shares <i>(Trading Stock Valued at lower of cost or net realisable value)</i>		100,775,875		107,351,494
Total Inventories		100,775,875		107,351,494

Note 14 TRADE RECEIVABLES

Disclosure pursuant to Note no.P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012	March 31, 2011
	₹	₹
a. Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	19,912,058	20,530,021
Total Trade Receivables (A+B)	19,912,058	20,530,021

Note 15 CASH AND BANK BALANCES

Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS				
A. Balances with banks In Current Accounts with Scheduled Banks	4,203,536	4,203,536	3,511,798	3,511,798
B. Cash on hand* Cash and Cash Equivalents		1,543,808 5,747,343		1,295,477 4,807,275
C. Other Bank Balances In Fixed Deposits with Scheduled Banks with Interest Accrued not due on Fixed Deposits	101,066,719	101,066,719	115,143,500	115,143,500
Total Cash and Bank Balances (A+B+C+D)		106,814,063		119,950,775

Note 16 SHORT TERM LOANS AND ADVANCES

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
A. Loans and advances to related parties		-		-
B. Others Unsecured, considered good		239,615,629		226,299,603
To be recoverable in cash or in kind for the value to be received.		34,005		42,128
Staff & Associates		2,294,580		2,625,580
Total Short-term loans and advances		241,944,213		228,967,310

Note 17 OTHER CURRENT ASSETS

Disclosure pursuant to Note no.R (i), (ii) & (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
A. Taxation		-		-
B. Non-Taxation Sundry Deposits	12,556,417	12,556,417	29,027,950	29,027,950
Total Other Current Assets		12,556,417		29,027,950

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2012

Note 18 REVENUE FROM OPERATIONS

Disclosure pursuant to Note no. 2 of Part II of Schedule VI to the Companies Act, 1956

In respect of a **finance company**, revenue from operations shall include revenue from

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Interest Income		14,480,844		19,395,167
Dividend Income - Holding Company		19,340,489		15,484,082
Profit on Shares and Securities		94,007,432		85,211,642
Net Revenue From Operations		127,828,765		120,090,891

Note 19 OTHER INCOME

Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Bad Debts Recovery	1,000,000		-	
Dividend Income-Subsidiary Company	3,799,993		2,850,386	
Rent Income	900,000		900,000	
Interest on Term Deposits	8,562,714	14,262,706	7,388,279	11,138,665
Total Other Income		14,262,706		11,138,665

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2012

Note 20 (INCREASE) / DECREASE IN INVENTORIES

Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Inventories at the end of the year				
Stock of Shares	100,775,875	100,775,875	107,351,494	107,351,494
Inventories at the beginning of the year				
Stock of Shares	107,351,494	107,351,494	119,670,943	119,670,943
Net (Increase) / Decrease in Inventories		6,575,619		12,319,449

Note 21 EMPLOYEE BENEFIT EXPENSES

Disclosure pursuant to Note no. 5(1)(a) of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
(a) Salaries and bonus				
Salaries	1,843,800		2,507,250	
Directors' Remuneration	2,435,000	4,278,800	2,440,000	4,947,250
(b) Contribution to Provident Fund	204,468		241,046	
(b) Staff welfare expenses	669,695	874,163	1,038,145	1,279,191
Total Employee Benefit Expenses		5,152,963		6,226,441

Note 22 FINANCE COST

Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
<u>Interest expense</u>				
Interest on Loans other than bank	26,209,438		27,749,794	
Interest on Bank Limits	3,181,965	29,391,403	3,568,201	31,317,995
Total Finance Cost		29,391,403		31,317,995

Note 23 OTHER EXPENSES

Particulars	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
Auditors' Remuneration		92,787		94,861
Bad Debts		-		1,007,890
Business Promotion Expenses		158,381		774,137
Computer Expenses		43,337		176,022
Conveyance & Travelling Expenses		896,858		1,444,185
Donation paid		4,111,000		1,500,000
Electricity Expenses		481,821		686,204
Insurance Expenses		1,398,109		1,971,294
Professional & Consultancy Fees		610,544		998,860
Listing Fees		38,755		27,575
Office Expenses		30,861		138,875
Printing and Stationery Expenses		190,732		275,175
Rent, Rates & Taxes		1,180,471		717,001
Repairs and Maintenance Expenses		383,058		466,994
Telephone & Courier Expenses		353,400		578,401
Sundry Expenses		410,781		691,529
Stock Exchange Expenses		540,671		501,223
Trade Execution Charges		180,000		720,000
Total Other Expenses		11,101,567		12,770,226

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

NOTE 24 OTHER NOTES - NOTES ON ACCOUNTS

**1 SIGNIFICANT ACCOUNTING POLICIES:
ACCOUNTING CONCEPTS**

The Company follows mercantile system of accounting, and recognizes all income and expenses on accrual basis. The financial statement have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Ministry of Corporate Affairs and in accordance with Indian Generally Accepted Accounting Policies and as per the provisions of the Companies Act, 1956.

FIXED ASSETS

Fixed Assets are recorded at cost of acquisition including the expenditure incurred in connection with the acquisition and installation of the assets.

DEPRECIATION

Depreciation is provided on written down value method in accordance with the rates and in the manner provided in the Schedule XIV to the Companies Act, 1956.

INVESTMENTS

A current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made. A long term investment is an investment other than a current investment. Long term investments are carried at cost less provision for diminution other than temporary, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

INVENTORIES

Inventories of quoted shares are carried at lower of cost or net realizable value and that of unquoted Shares at cost. The cost of inventories of items that are not ordinarily inter-changeable are assigned by specific identification of their individual costs. Other inventory items are recorded using first-in-first-out cost formula. The inventories include the relevant duties, taxes, and cess other than those subsequently recoverable by the enterprise from the taxing authorities that were incurred to bring the inventory to their present location and conditions

REVENUE RECONGNITION:

Service Receipts are recognized on completion of provision of services and are recorded inclusive of all the relevant taxes and duties. The same is recognized as income on completion of transaction and at the time of performance it is not unreasonable to expect ultimate collection. Other revenue items are recognized as income on their accrual basis.

EMPLOYEE .BENEFITS:

The Company's contribution to ESIC is accounted on accrual basis and charged to Profit and Loss Account. Gratuity is accounted as payable to Employees on Retirement or Resignation of Employees; whereas there is no defined policy enabling the employees to avail encashment of leave.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The Impairment loss recognized in prior accounting periods is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the net selling price and value in use.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses and the disclosures relating to contingent liabilities as on the date of financial statements. Actual results could differ from those of estimates. Any revision in accounting estimates is recognized in accordance with the respective accounting standard.

EARNINGS PER SHARE

The Company reports basic and diluted earnings per share in accordance with AS-20 "Earnings Per Share". Basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of Equity Shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities as defined in AS-29 "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of the past or future cash receipts or payments. The cash flows from regular revenue generating, investing & financing activities of the company are segregated.

BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, the assets that take substantial period of time to get ready for intended use, are capitalised as part of the cost of such assets.

STATUTORY RESERVE

A Statutory Reserve of 20% of the current profit after tax is made during the year in pursuance of section 45-1C of the Reserve Bank of India Act, 1934.

PRUDENTIAL NORMS

For the purpose of identifying the assets as Non-performing assets in pursuance of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, the Company follows generally accepted accounting principles and industry practices.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

TAXES ON INCOME:

Current tax is determined as the tax payable in respect of taxable income for the year.

Deferred tax for the year is recognized on timing difference, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured assuming the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognized and carried forward only if there is a reasonable / virtual certainty of realization.

- 2 The value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. According to the management, provision for all the known liabilities is adequate.
- 3 The Balances of loans and advances, Sundry Debtors , Sundry Creditors and overdraft from bank are subject to confirmation and reconciliation. The necessary adjustment if any will be made in the accounts on receipt thereof.
- 4 Auditors' remuneration in accordance with paragraph 4B of part II of Schedule VI to the Companies Act, 1956 is as under:

Particulars	2011-12	2010-11
As Auditors	55,976	55,152
Other Professional Services	36,811	39,709
	92,787	94,861

- 5 Earning per share is calculated as under:

Particulars	2011-12	2010-11
Basic earning per share		
Net profit after Taxation	68,734,243	57,710,823
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Basic earning per share	9.86	8.28

Diluted earning per share		
Net profit after Taxation	68,734,243	57,710,823
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Diluted earning per share	9.86	8.28

- 6 Directors' Remuneration
- | | 2011-12 | 2010-11 |
|---|-----------|-----------|
| Within the limits of Schedule XIII to the Companies Act 1956. | 2,435,000 | 2,440,000 |

- 7 The Company is mainly engaged in the business of providing commercial finance and dealing in shares and securities. All other activities of the Company revolve around the main business, and as such in the opinion of the management, there are no separate reportable segments as per Accounting Standard – AS – 17-“Segment Reporting” Issued by ICAI.

- 8 Loans and advances given to the employees and associates and for projects do not carry any stipulation as to repayment of principal or payment of interest; and are being repaid periodically. Accordingly, these are considered as good and not considered as part of non-performing assets.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

- 9 Fixed Assets of Company are treated as "Corporate Assets" and are not "Cash Generating Units" as defined by AS-28 issued by the Ministry of Corporate Affairs. In view of this, the Management is of Opinion that this Standard is not applicable to the Company.
- 10 No interest has been charged on loans and advances given to subsidiary and some associate companies and for projects in view of commercial considerations of the group.
- 11 Disclosure of Provisions as required by AS-29 is as under:

Particulars	Opening Balance	Additional provisions during the year	Amount Used & Unused amount reversed during the	Closing Balance
	₹	₹	₹	₹
Income-tax	15,924,262	27,830,854	24,260,475	19,494,641

- 12 The Company has no broking income as it has not re-commenced its business.

- 13 Related Party Disclosures, as required by AS-18 are given below:

A. Relationships:

Category I: Holding / Subsidiary Company -- - Consolidated Financial Results

Category II: Key management Personnel -- Shri Mukesh Babu, Ms. Meena Mukesh Babu ,Shri Pankaj Majithia and Shri Vijay Vora.

Category III: Others Associates -- Babu & Parekh Securities Private Limited, Sagar Systech Ltd,

B. Transactions with related Parties:

TRANSACTIONS DURING THE YEAR	Relationship	2011-12	2010-11
Opening Balances	Associates	12,200,000.00	15,950,000.00
Loans & Advances given during the year	Associates	-	250,000.00
Amounts received back during the year	Associates	2,700,000.00	4,000,000.00
Remuneration & Sitting Fees	Key Managerial Persons	2,435,000.00	2,440,000.00
Closing Balances	Associates	9,500,000.00	12,200,000.00

- 14 Income and Expenses in Foreign Currency:

2011-12	2010-11
NIL	NIL

- 15 The additional information on Quantitative Information of Shares and Securities Traded

Particulars	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty in Nos.)	4221008	650000	400000	4471008
Value (in ₹)	107,351,494	0	97,573,121	100,775,875

(Purchases and sales include Bonus Shares and Splits and other adjustments, if any)

Consolidated transaction value (purchases and sales) on account of cash and derivative transactions amounts to ₹ 5,834,381,644 (Previous year ₹ 3,333,609,695). In case of derivatives transactions, purchases and sales are accounted after netting off.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

16 Disclosure of details as required by Para 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank of India) Directions, 1998.

(₹ in lakhs)

Particulars			
LIABILITIES SIDE:			
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
	a. Loan Against Securities (Secured Against shares)	110,743,807	NIL
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	NIL	NIL
ASSETS SIDE:			
		Amount Outstanding	
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	a. Secured	NIL	
	b. Unsecured	153,839,126	
4	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	NIL	
5	Break-up of Investments :		
	<u>Current Investments :</u>		
	<u>Long Term Investments :</u>		
	1 Quoted :		
	(i) Shares : (a) Equity	450,000	
	(b) Preference		
	(ii) Units of Mutual Funds	50,000	
	2 Unquoted :		
	(i) Shares : (a) Equity	27,809,960	
	(b) Preference	-	
	(ii) Debtntures and Bonds	255,000,000	
6	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :	NIL	
7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value / Break up or fair Value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a. Subsidiaries	25,809,960	25,809,960
	b. Other Related Parties	-	-
	2. Other than Related Parties	257,500,000	257,500,000
	Total	283,309,960	283,309,960
8	OTHER INFORMATION		
	Particulars	Amount	
	(i) Gross Non-Performing Assets		
	(a) Related Parties	NIL	
	(b) Other than related parties	NIL	
	(ii) Net Non-Performing Assets		
	(a) Related Parties	NIL	
	(b) Other than related parties	NIL	
	(iii) Assets acquired in satisfaction of Debt	NIL	

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2012

17 SPECIFIC DISCLOSURES

1 Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956

Particlars	Total ₹	Total ₹
Dividends proposed to be distributed to equity shareholders	6970900	1.00

2 Disclosure pursuant to Note no. 6(V) of Part I of Schedule VI to the Companies Act, 1956

Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has Not Applicable

3 Disclosure pursuant to Note no. 6(W) of Part I of Schedule VI to the Companies Act, 1956

If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not			
Name of Assets	Realisable Value	Value in Balance Sheet	Opinion of Board
		Not Applicable	

18 The previous year's figures are regrouped / rearranged / reclassified wherever considered necessary to correspond with the figures of current year.

19 Other information pursuant to General Instructions for preparation of Balance Sheet and Profit & Loss Account of Schedule VI to the Companies Act, 1956 is not applicable.

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

(Mukesh Babu)
Director

Sd/-

(K. Chandrasekhar)
Director

Sd/-

(Dipali Shah)
Company Secretary

Place : Mumbai
Date : 13/08/2012

MUKESH BABU FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012.

	March 31, 2012		March 31, 2011	
	₹	₹	₹	₹
A. Cash flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Item		95,352,405		79,637,204
Adjustments for :				
Depreciation & Misc. Exp. Written off	1,093,134		1,277,690	
Interest / Dividend Received	(20,096,104)		(19,283,735)	
Interest Paid	3,181,965		3,568,201	
Excess Provision for Taxation	-	(15,821,005)	-	(14,437,844)
Operating Profit Before Working Capital Changes		79,531,400		65,199,359
Changes in Working Capital:				
Inventories	6,575,619		12,319,449	
Sundry Debtors	617,963		334,149	
Loans and Advances	23,842,505		(20,088,202)	
Other Current Assets	40,586,751		(34,241,256)	
Sundry Creditors	(21,204,598)		12,073,999	
Other Liabilities	8,131,144	58,549,384	27,410,699	(2,191,162)
Cash Generated from Operations		138,080,784		63,008,197
Interest Paid		(3,181,965)		(3,568,201)
Direct Taxes Paid		(24,227,976)		(22,487,820)
Cash Flow Before Extraordinary Items		110,670,843		36,952,176
Extraordinary Items		-		(620)
Net Cash From Operating Activities		110,670,843		36,951,556
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets	(141,298)		(177,577)	
Sale of Fixed Assets	-		-	
Purchase of Investments	-		(165,200,000)	
Dividend and Interest	20,096,104		19,283,735	
Sale of Investments	-	19,954,806	14,500,000	(131,593,842)
Net cash used in Investing Activities		19,954,806		(131,593,842)
C. Cash Flow from Financing Activities :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	-		54,073,549	
Proceeds from Long term Borrowings	-		44,174,480	
Repayment of Loan Short Term Borrowings	(122,714,681)		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	(6,970,900)		(6,967,250)	
Increase in Misc. & Public Issue Expenses	-	(129,685,581)	-	91,280,779
Net cash used in Financing Activities		(129,685,581)		91,280,779
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENT		940,068		(3,361,506)
Cash & Cash Equivalents at the Beginning of the Year		4,807,275		8,168,782
Cash & Cash Equivalents at th Closing of the Year		5,747,343		4,807,275

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF
MUKESH BABU FINANCIAL SERVICES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

(MEHUL C. SHAH)
Partner
Membership No.49361
FRN: 116495W
Place : Mumbai
Date : 13/08/2012

Mukesh Babu
Director

Place : Mumbai
Date : 13/08/2012

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

Mukesh Babu Financial Services Limited.

Registered office : 111, Maker Chambers III, 223, Nariman Point, Mumbai –400 021

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip at the venue of the meeting.

DP. Id*

Regd. Folio No.

Client Id*

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held:

I hereby record my presence at an Annual General Meeting of the Company held on Friday, 28th September 2012 at 5 p.m. at 12A/4, New Sion C.H.S. Ltd, Sindhi Colony, Sion - West. Mumbai – 400022

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

----- TEAR HERE-----

Babu Financial Services Limited

Registered office : 111, Maker Chambers III, 223, Nariman Point, Mumbai –400 021

DP. Id*

Client Id*

I/We _____ of _____ being a member/members of Mukesh Babu Financial Services Limited hereby appoint _____ of _____ or failing him _____ of _____ as my /our proxy to vote for me/us and on my/our behalf at an Annual General meeting to be held on Friday 28th September 2012 or at any adjournment thereof.

Signed this _____ day of September 2012



- Applicable for investors holding shares in electronic form.

Note: (1) The proxy 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 time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
(2) Members holding shares under more than one folio may use photo copy of this proxy form for other folios. The Company shall provide additional forms on request.