

28TH ANNUAL REPORT
2012-2013



MUKESH BABU FINANCIAL SERVICES LIMITED

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.

INDEX

Director's Report	1
Corporate Governance Report	4
Declaration by Chairman & Managing Director	11
Auditor's Certificate on Corporate Governance	12
Certificate of CEO and CFO	13
Auditors' Report	14
Balance Sheet	18
Statement of Profit and Loss	19
Notes forming part of Accounts	20
Cash Flow Statement	35
Statement U/s 212 of the Companies Act,1956.	36
Annual Report of Subsidiary Company	37
Consolidated Accounts	59
Notice	82
Attendance & Proxy Form	85

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2013

Your Directors have pleasure in presenting the Twenty Eighth Annual Report and the audited statement of accounts for the year ended 31st March, 2013.

Total Income	78,772,935	121,095,368
Profit before Interest , Depreciation and Tax	73,279,833	115,192,194
Less: Interest	17,860,049	26,209,438
Gross Profit	55,419,784	88,982,756
Less : Depreciation	927,519	906,244
Profit before Taxation	54,492,265	88,076,512
Less : Taxation Provision & Deferred Tax	14,989,309	25,054,409
Profit available after Taxation	39,502,956	63,022,103
Add: Profit & Loss A/c Credit Balance Brought Forward	154,825,822	112,818,927
Profit Available for Appropriation	194,328,778	175,841,030
Less: Transfer to Statutory Reserve	7,900,591	12,590,420
Less: Provision for Dividend	6,970,900	6,970,900
Less: Provision for Dividend Tax	1,184,704	1,130,854
Less: Provision for Standard Assets	(2,188)	323,034
Profit & Loss A/c Credit Balance Carried Forward	178,274,771	154,825,822

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Your Company earned a net profit of ₹ 395.03 Lacs for the financial year ended 31st March, 2013 as compared to previous year's net profit of ₹ 630.22 lacs. Depreciation during the year was ₹ 9.27 Lacs as compared to ₹ 9.06 Lacs in the previous year. Provision for taxation during the year is ₹ 149.89 Lacs including Deferred Tax Provision as compared to ₹ 250.54 Lacs in previous year.

Opportunities

During the Financial Year 2012-13 the Indian Market had witnessed a turbulent socio-political environment with uncertainty. However, the sensex gained 8.23% during the fiscal 2012-13 closing at 18836 on 28th March, 2013. With falling inflation, falling crude prices, rising demand from the rural sector, moderating interest rates and attractive stock valuations, the stock market is like to get fillip in the financial year 2013-14. With adequate liquidity prevalent in the market, equity as an asset class could perform well. India still emerges as one the most sought-after emerging markets for Foreign Institutional Investors. Your company 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 markets the tremors felt in the Eurozone is being also felt in the Indian markets. For the last four years, the uncertainty in the Eurozone and US markets have brought in lot of related erratic movements in Indian Stock markets. The depreciation of Indian Rupee, high current account deficit, fall in GDP growth has put a large number of companies under financial stress. However, with the control over inflation that our government has been able to gain and the indications of easing interest rate regime by Reserve Bank of India, optimistic view in is in sight for the ensuing financial year. 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 ₹.118.71 Lacs as compared to ₹ 72.76 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. Vijay Vora, 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, 2013, 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, 2013 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 ₹ Nil)

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, 2013 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/-

**Mukesh Babu
Chairman**

**Place : Mumbai
Date: 28/05/2013**

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 24th May 2013.

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, 2013 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 Four meetings during the year on 30th April, 2012, 13th August, 2012, 2nd November 2012 and 1st February 2013.

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

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

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

Mr. Vijay Vora, 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 58 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 59 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 58 years is a Chartered Accountant. He is having 31 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 58 years is a Commerce Graduate, having 27 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	4
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 Item No. 12 of Note No. 22 to the accounts, 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	Venue
Twenty Seventh	28.09.2012	5.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 022.
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.

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

28th Annual General Meeting :

Date & time : Monday , 30th September, 2013 at 5 p.m.

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

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

a. 1 st Quarterly Unaudited Results	On or before 15.08.2013
b. 2 nd Quarterly Unaudited Results	On or before 15.11.2013
c. 3 rd Quarterly Unaudited Results	On or before 15.02.2014
d. 4 th Quarterly Audited Results	On or before 30.05.2014

Book Closure Period: Monday, 23rd September, 2013 to Monday, 30th September, 2013.

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 2012-2013 (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 2012-2013. The monthly high & low quotation as well as the volume of shares traded during the year 2012-2013 at, Bombay Stock Exchange Limited, is as below:

Month	Year	High ₹	Low ₹	Volume(Shares)
April	2012	18.23	14.71	870
May	2012	21.60	18.00	45,461
June	2012	21.05	17.00	4,842
July	2012	22.00	19.20	2,621
August	2012	22.50	18.00	2,849
September	2012	20.25	15.55	2,994
October	2012	22.90	18.00	21,963
November	2012	22.50	18.10	55,521
December	2012	34.95	22.70	1,38,590
January	2013	50.00	30.50	1,23,610
February	2013	43.05	34.00	5,240
March	2013	37.00	21.90	47,442

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-400 078.

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, 2013

SHAREHOLDING PATTERN AS ON 31.03.2013			DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013				
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	1585	80.2126	3469360	4.9769
Mutual Funds, UTI	197500	02.83	501-1000	182	9.2105	1483550	2.1282
Financial Institutions & Banks	11700	00.17	1001- 2000	82	4.1498	1234680	1.7712
Bodies Corporate	774311	11.11	2001- 3000	30	1.5182	792510	1.1369
Individuals	1390044	19.94	3001- 4000	27	1.3664	980780	1.4070
Clearing Member	24494	00.35	4001- 5000	21	1.0628	1027920	1.4746
Market Maker	1500	00.02	5001- 10000	13	0.6579	1100370	1.5785
NRIs and NRN	129250	01.85	10001- Above	36	1.8219	59619830	85.5267
Overseas Bodies corporate	32900	00.47					
HUF	27601	00.40					
Total	6970900	100.00	Total	1976	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) : 30,600 Equity shares
Central Depository Services (India) Ltd. (CDSL) : 3,500 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-400 078

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 28th May 2013.

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

Sd/-

**Place : Mumbai
Date: 28/05/2013**

**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, 2013.

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

Sd/-

**Place : Mumbai
Date : 28/05/2013**

**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, 2013 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: 28/05/2013**

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 2012-13 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: 28/05/2013

Sd/-

K. Chandrasekhar
Director

Independent Auditor's Report

To
The Members,
Mukesh Babu Financial Services Limited

We have audited the accompanying financial statements of **Mukesh Babu Financial Services Limited** as at **31st March 2013**, which comprise of the Balance Sheet as at **March 31, 2013**, and the Statement of Profit and Loss, and Cash Flow Statement of the Company for the year ended on that date annexed thereto, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (i) in case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2013**;
- (ii) in case of Statement of Profit and Loss, of the **profit** of the Company for the year ended on that date.
- (iii) in case of cash flow statement, of cash flow of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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.

As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

(e) on the basis of written representations received from the Directors, as on the date of balance sheet, and taken on record by the board of directors, we report that none of the directors is disqualified as on the said date from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

(f) since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956, nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company;

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

Sd/-

(Mehul Shah)

PARTNER

Mumbai

Date : 28/05/2013

M. No. 049361

FRN: 116457W

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 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 loan to One Company covered in the register maintained under section 301 of the Act involving ₹ 144,442,472 on a maximum basis and ₹ 99,049,430 on at the year end.
 - b The rate of interest and 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; and 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

Mumbai

Date : 28/05/2013

M. No. 049361

FRN: 116457W

MUKESH BABU FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	As at March 31, 2013		As at March 31, 2012	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	1	69,675,000		69,675,000	
(b) Reserves and surplus	2	333,933,050		302,583,510	
(c) Money received against share warrants		-	403,608,050		372,258,510
2 Share application money pending allotment					
3 Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)	9	1,097,891		1,163,344	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions	3	320,846	1,418,737	323,034	1,486,378
4 Current liabilities					
(a) Short-term borrowings	4	150,196,485		134,021,036	
(b) Trade payables	5	24,447,379		7,866,385	
(c) Other current liabilities		-		-	
(d) Short-term provisions	6	23,555,173	198,199,037	46,985,052	188,872,473
TOTAL			603,225,824		562,617,361
II. ASSETS					
1 Non-current assets					
(a) Fixed assets					
(i) Tangible assets	7	8,985,031		9,030,405	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	8	282,309,960		283,309,960	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances	10	23,600,000		24,600,000	
(e) Other non-current assets	11	998,127	315,893,118	998,127	317,938,492
2 Current assets					
(a) Current investments		-		-	
(b) Inventories	12	107,292,071		100,775,875	
(c) Trade receivables		-		-	
(d) Cash and Bank Balances	13	10,685,236		2,107,451	
(e) Short-term loans and advances	14	128,347,217		129,239,126	
(f) Other current assets	15	41,008,182	287,332,706	12,556,417	244,678,869
TOTAL			603,225,824		562,617,361

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: 116457W
M. No.: 049361
Place : Mumbai
Date : 28/05/2013

Mukesh Babu
Director
Place : Mumbai
Date : 28/05/2013

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

MUKESH BABU FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note No.	March 31, 2013		March 31, 2012	
		₹	₹	₹	₹
I Revenue from operations	16		78,592,022		120,046,868
II Other income	17		180,913		1,048,500
III Total Revenue (I + II)			78,772,935		121,095,368
IV Expenses:					
Employee benefits expense	19	1,950,760		1,946,438	
Finance costs	20	17,860,049		26,209,438	
Depreciation	7	927,519		906,244	
Other expenses	21	3,542,342		3,956,736	
Total expenses			24,280,670		33,018,856
V Profit before exceptional and extraordinary items and tax (III-IV)			54,492,265		88,076,512
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			54,492,265		88,076,512
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			54,492,265		88,076,512
X Tax expense:					
(1) Current tax		14,600,000		25,200,000	
(2) Taxation of earlier years		454,762		(70,000)	
(3) Deferred tax		(65,453)	14,989,309	(75,591)	25,054,409
XI Profit (Loss) for the period from continuing operations (VII-VIII)			39,502,956		63,022,103
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)			39,502,956		63,022,103
XVI Earnings per equity share:					
(1) Basic			5.67		9.04
(2) Diluted			5.67		9.04

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: 116457W
M. No.: 049361
Place : Mumbai
Date : 28/05/2013

Place : Mumbai
Date : 28/05/2013

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MUKESH CHAMPAKLAL BABU	3,431,600	49.23%	3,431,600	49.23%
MEENA MUKESH BABU	950,000	13.63%	950,000	13.63%
SAGAR SYSTECH LIMITED	604,500	8.67%	604,500	8.67%

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, 2013		March 31, 2012	
	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 2013

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, 2013	March 31, 2012
	₹	₹
a. Capital Reserves		
Opening Balance	7,081,000	7,081,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
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	46,033,817	33,443,397
(+) Current Year Transfer	7,900,591	12,590,420
	-	-
Closing Balance	53,934,408	46,033,817
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	154,825,822	112,818,927
(+) Net Profit/(Net Loss) For the current year	39,502,956	63,022,103
(-) Provision for Dividends	6,970,900	6,970,900
(-) Provision for Dividend Tax	1,184,704	1,130,854
(-) Transfer to Statutory Reserves (As per RBI Regulations)	7,900,591	12,590,420
(-) Provision for Standard Assets (As per RBI Regulations)	-2,188	323,034
Closing Balance	178,274,771	154,825,822
Total Reserves & Surplus	333,933,050	302,583,510

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, 2013	March 31, 2012
	₹	₹
(a) Provision for Long Term Liabilities	-	-
Total (a)	-	-
(b) Others	-	-
Contingent Provisions against Standard Assets (As per RBI Regulations)	320,846	323,034
Total (b)	320,846	323,034
Total Long Term Provisions	320,846	323,034

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
<u>Secured</u>		
<u>From Banks</u>	-	-
<u>From other parties</u>	128,419,256	110,743,807
(Secured against Stock of 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	128,419,256	110,743,807
<u>Unsecured</u>		
(a) Loans repayable on demand		
from banks (Refer note no. 3. of Other Notes to Accounts)	21,777,229	23,277,229
Total Unsecured Short Term Borrowings	21,777,229	23,277,229
Total Short Term Borrowings	150,196,485	134,021,036

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, 2013	March 31, 2012
	₹	₹
(a) Trade Payables	24,447,379	7,866,385
Total Trade Payables	24,447,379	7,866,385

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, 2013	March 31, 2012
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	239,254	361,732
(c) Others (Specify nature)		
Provision for Taxation (Net of Pre-paid Taxes)	12,210,019	25,339,920
Other Provisions	4,135,000	14,312,500
Provision for Dividend	6,970,900	6,970,900
Total Short Term Provisions	23,555,173	46,985,052

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2012	Additions/ (Disposals)	March 31, 2013	April 1, 2012	Depreciation for the year	On disposals	March 31, 2013	April 1, 2012	March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a Tangible Assets									
Office Premises	14,883,250	-	14,883,250	9,219,601	283,182	-	9,502,783	5,663,649	5,380,467
Guest House	2,100,000	-	2,100,000	633,493	73,325	-	706,818	1,466,507	1,393,182
Furniture and Fixtures	3,517,856	211,655	3,729,511	2,643,133	180,672	-	2,823,805	874,723	905,706
Electrical Fittings	312,776	-	312,776	193,259	21,633	-	214,892	119,517	97,884
Office equipment	1,477,654	-	1,477,654	1,302,014	24,432	-	1,326,446	175,640	151,208
Computers	450,188	87,850	538,038	338,963	70,845	-	409,808	111,225	128,230
Vehicals	2,422,648	582,640	3,005,288	1,803,504	273,430	-	2,076,934	619,144	928,354
Total (Current Year)	25,164,372	882,145	26,046,517	16,133,967	927,519	-	17,061,486	9,030,405	8,985,031
Total (Previous Year)	25,083,074	81,298	25,164,372	15,227,723	906,244	-	16,133,967	9,855,351	9,030,405

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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
			31.3.13	31.3.12			31.3.13	31.3.12	31.3.13	31.3.12		
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								254,000,000	255,000,000		
	The Gaekwar Mills Ltd	Other	3,000	2,200	Unquoted	Fully Paid	Not known	Not known	229,000,000	165,000,000	Yes	N.A.
	Lily Realty P. Ltd	Other	250	-	Unquoted	Fully Paid	Not known	Not known	25,000,000	-	Yes	N.A.
	Platinum Square P. Ltd	Other	-	900	Unquoted	Fully Paid	Not known	Not known	-	90,000,000	Yes	N.A.
	Total								282,309,960	283,309,960		

Note: Market Value of Quoted Investment as on 31st March 2013 is ₹ 510,000/- (Previous Year ₹ 771,000/-)

MUKESH BABU FINANCIL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
Deferred tax liability		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	1,097,891	1,163,344
Gross deferred tax liability	1,097,891	1,163,344
Deferred tax asset	-	-
Net deferred tax liability / (asset)	1,097,891	1,163,344

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, 2013		March 31, 2012	
	₹	₹	₹	₹
a. Loans and advances to related parties	-		-	
Total (a)	-	-	-	-
b. Other loans and advances				
Unsecured, considered good:- Advances Against Projects	23,600,000	23,600,000	24,600,000	24,600,000
Total (b)		23,600,000		24,600,000
Total Long Term Loans and Advances (a)+(b)		23,600,000		24,600,000

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, 2013		March 31, 2012	
	₹	₹	₹	₹
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 2013

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, 2013		March 31, 2012	
	₹	₹	₹	₹
a. Stock of Shares (Trading Stock of shares Valued at lower of cost or net realisable value)	107,292,071		100,775,875	
		107,292,071		100,775,875
Total Inventories		107,292,071		100,775,875

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, 2013		March 31, 2012	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS				
A. Balances with banks*				
In Current Accounts with Scheduled Banks	10,232,589		1,973,521	
		10,232,589		1,973,521
B. Cash on hand*				
Cash and Cash Equivalents		326,722		17,122
		10,559,311		1,990,643
C. Other Bank Balances				
In Fixed Deposits with Scheduled Banks		125,000	110,000	
Interest Accrued not due on Fixed Deposits		925	6,808	116,808
Total Cash and Bank Balances (A+B+C)		10,685,236		2,107,451

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, 2013		March 31, 2012	
	₹	₹	₹	₹
A. Loans and advances to related parties		99,049,430		96,034,101
Sub Total (A)		99,049,430		96,034,101
B. Others				
Unsecured, considered good		26,631,787		31,119,021
Prepaid Expenses		-		25,505
Staff & Associates		2,666,000		2,060,500
Sub Total (B)		29,297,787		33,205,026
Total Short-term loans and advances (A+B)		128,347,217		129,239,126

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, 2013		March 31, 2012	
	₹	₹	₹	₹
a. Taxation	-	-	-	-
b. Non-Taxation				
Interest Accrued on Debentures	11,517,534		-	
Sundry Deposits	29,490,648		12,556,417	
		41,008,182		12,556,417
Total Other Current Assets		41,008,182		12,556,417

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013		March 31, 2012	
	₹	₹	₹	₹
Interest Income		28,929,078		6,698,947
Dividend Income		13,666,647		19,340,489
Profit on Shares and Securities		35,996,297		94,007,432
Net Revenue From Operations		78,592,022		120,046,868

Note 17 OTHER INCOME

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

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Bad Debts Recovery		-		1,000,000
Balance written back		180,000		-
Interest on Term Deposits		913		48,499
Total Other Income		180,913		1,048,500

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013		March 31, 2012	
	₹	₹	₹	₹
Inventories at the end of the year				
Stock of Shares	107,292,071	107,292,071	100,775,875	100,775,875
Inventories at the beginning of the year				
Stock of Shares	100,775,875	100,775,875	107,351,494	107,351,494
Net (Increase) / Decrease in Inventories		(6,516,196)		6,575,619

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, 2013		March 31, 2012	
	₹	₹	₹	₹
(a) Salaries and bonus				
Salaries		661,600	602,900	
Directors' Remuneration		1,240,000	1,235,000	
(b) Staff welfare expenses		49,160	108,538	1,946,438
Total Employee Benefit Expenses		1,950,760		1,946,438

Note 20 FINANCE COST

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

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
<u>Interest expense</u>				
Interest on Loans	17,860,049	17,860,049	26,209,438	26,209,438
Total Finance Cost		17,860,049		26,209,438

Note 21 OTHER EXPENSES

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Auditors' Remuneration		39,627		47,843
Business Promotion Expenses		833,524		158,381
Conveyance & Travelling Expenses		382,803		285,172
Donation paid		300,000		2,111,000
Electricity Expenses		226,531		116,791
Professional & Consultancy Fees		176,115		224,544
Listing Fees		39,326		38,755
Membership & Subscriptions		56,642		79,618
Motor Car Expenses		462,225		104,603
Office Expenses		78,485		30,861
Postage and Courier Expenses		44,131		29,181
Printing and Stationery Expenses		146,437		141,562
Publishing Expenses		63,548		53,768
Rent, Rates & Taxes		403,422		346,193
Repairs and Maintenance Expenses		155,982		43,337
Telephone Expenses		54,076		36,335
Sundry Expenses		79,468		108,792
Total Other Expenses		3,542,342		3,956,736

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

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 realizable 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. An investment property is an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the investing enterprise. Long term investments and are stated at cost. The carrying amount for current investments is the lower of cost and fair value determined either on an individual investment basis or by category of investment.. All long term investments are stated at cost less provision for diminution to recognize a decline, other than temporary, in the value of the investments.

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, 2013

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, 2013

- 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	2012-13	2011-12
As Auditors	33,504	33,092
Other Professional Services	6,123	17,649
	39,627	50,741

- 5 Earning per share is calculated as under:

Particulars	2012-13	2011-12
Basic earning per share		
Net profit after Taxation	39,502,956	63,022,103
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Basic earning per share	5.67	9.04
Diluted earning per share		
Net profit after Taxation	39,502,956	63,022,103
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Diluted earning per share	5.67	9.04

Directors' Remuneration	2012-13	2011-12
	1,240,000	1,235,000
Within the limits of Schedule XIII to the Companies Act 1956.		

- 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 The management has made full inquiries and is of the view that assets of the Company in form of fixed assets and Inventories are good in nature, and are stated at appropriate value of the respective assets; and there is no necessity as to impairment / write down provision in the accounts.
- 10 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 year	Closing Balance
	₹	₹	₹	₹
Income-tax	25,339,920	26,330,854	39,460,755	12,210,019

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

- 11 The year end position of Loans and advances 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. (₹ In Lacs)

NAME OF THE COMPANY	2012-13	2011-12
Mukesh Babu Securities Limited (Subsidiary)	99,049,430	96,034,101

Maximum outstanding during the Year

NAME OF THE COMPANY	2012-13	2011-12
Mukesh Babu Securities Limited (Subsidiary)	144,442,472	119,946,757

- 12 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 -- Sagar Systech Ltd.

B. Transactions with related Parties:

TRANSACTIONS DURING THE YEAR	Relationship	2012-13	2011-12
Opening Balances	Subsidiary Company	96,034,101	100,239,617
	Associates	-	2,700,000
Loans & Advances given during the year	Subsidiary Company	96,020,980	79,769,484
	Associates	-	-
Amounts received back during the year	Subsidiary Company	93,005,651	83,975,000
	Associates	-	2,700,000
Remuneration & Sitting Fees	Key Managerial Persons	1,240,000	1,235,000
Closing Balances	Subsidiary Company	99,049,430	96,034,101
	Associates	-	-

- 13 Income and Expenses in Foreign Currency:

2012-13	2011-12
NIL	NIL

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

Particulars	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty in Nos.)	4471008	67400	0	4538408
Value (in ₹)	100,775,875	312,100	0	107,292,071

(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 ₹ 3,60,27,07,435/- (Previous year ₹ 5,83,43,81,644/-). 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, 2013

15 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)	128,419,256	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	151,947,217	
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	254,000,000	
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	256,560,000	256,500,000
	Total	282,369,960	282,309,960
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, 2013

17 SPECIFIC DISCLOSURES

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

Particulars	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 : 28/05/2013

MUKESH BABU FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
A. Cash flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Item		54,492,265		88,076,511
Adjustments for :				
Depreciation & Misc. Exp. Written off	927,519		906,244	
Bad Debts written off			-	
Excess Provision for Taxation		927,519	-	906,244
Operating Profit Before Working Capital Changes		55,419,784		88,982,755
Changes in Working Capital:				
Inventories	(6,516,196)		6,575,619	
Sundry Debtors	-		-	
Loans and Advances	1,891,910		41,130,166	
Other Current Assets	(28,451,764)		(4,452,249)	48,471,431
Sundry Creditors	16,580,994		(20,636,614)	
Other Liabilities	(23,497,521)	(39,992,577)	29,518,375	52,135,298
Cash Generated from Operations		15,427,207		141,118,053
Direct Taxes Paid		(16,171,825)		(22,515,550)
Cash Flow Before Extraordinary Items		(744,618)		118,602,503
Extraordinary Items		-		-
Net Cash From Operating Activities		(744,618)		118,602,503
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets	(882,145)		(81,298)	
Sale of Fixed Assets	-		-	
Purchase of Investments	(89,009,117)		-	
Sale of Investments	90,000,000	108,738	-	(81,298)
Net cash used in Investing Activities		108,738		(81,298)
C. Cash Flow from Financing Activities :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	16,175,449		(110,505,393)	
Repayment of Loan Short Term Borrowings	-		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	(6,970,900)		(6,970,900)	
Increase in Misc. & Public Issue Expenses	-	9,204,549	-	(117,476,293)
Net cash used in Financing Activities		9,204,549		(117,476,293)
Net Increase / (Decrease) in Cash & Cash Equivalents		8,568,668		1,044,912
Cash & Cash Equivalents at the Beginning of the Year		1,990,643		945,731
Cash & Cash Equivalents at th Closing of the Year		10,559,311		1,990,643

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: 116457W
Place : Mumbai
Date : 28/05/2013

Mukesh Babu
Director

Place : Mumbai
Date : 28/05/2013

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 2013
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 2013	₹ NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2013	₹ 7,590,785
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 2013	₹ NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2013	₹ 110,361,697

**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 : 28/05/2013**

20th

ANNUAL REPORT 2012-2013

MUKESH BABU SECURITIES LIMITED

Board of Directors

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

Company Secretary

Shri K. Chandrasekhar

Main Bankers

Axis Bank
Bank of India
HDFC Bank
ICICI Bank

CONTENTS

Director's Reports	38
Auditor's Reports	40
Balance Sheet	45
Statement of Profit and Loss	46
Notes to Accounts	47
Cash Flow Statement	58

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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2013

Your Directors have pleasure in presenting the Twentieth Annual Report of the Company and audited statement of accounts for the year ended 31st March 2013

FINANCIAL RESULTS	CURRENT YEAR AMOUNT ₹	PREVIOUS YEAR AMOUNT ₹
GROSS TOTAL INCOME	37,592,579	20,996,104
Profit before Interest, Depreciation & Tax	28,356,900	10,644,750
Less: Interest Paid	16,328,174	3,181,965
Gross Profit	12,028,726	7,462,785
Less: Depreciation	158,002	186,890
Profit before Taxation	11,870,724	7,275,895
Less: Provision for Current Tax	1,750,000	1,500,000
Less: Taxation for Earliere years	2,538,724	-
Less: Deferred Tax Provision	(8,784)	(6,247)
Net Profit After Taxation	7,590,784	5,782,142

YEAR IN RETROSPECT

During the year, your company earned the total income of ₹.375.93 lacs as compared to previous year's total income of ₹.209.96 lacs. The gross profit during the year was ₹.120.28 lacs as against the gross profit of ₹. 74.63 lacs during the previous year. The net profit for the year was ₹. 75.91 lacs as against the net profit of ₹. 57.82 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, 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, 2013, 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, 2013 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/-**

**Place : Mumbai
Date : 16th May 2013**

**Mukesh Babu
Chairman**

AUDITORS' REPORT

To,
The Members,
MUKESH BABU SECURITIES LIMITED
Mumbai

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

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

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

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

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

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date;
and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-

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

**Place: Mumbai
Date: 16th May 2013**

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 granted unsecured loans to parties covered in the register maintained under section 301 of the Act.
 - (b) The Company has taken unsecured loan from a 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 & granted 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 2013, 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, 2013 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: 16th May 2013**

MUKESH BABU SECURITIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note No.	March 31,2013		March 31,2012	
		₹	₹	₹	₹
I Brokerage Income			-		-
II Other income	15		37,592,579		20,996,104
III Total Revenue (I + II)			37,592,579		20,996,104
IV Expenses:					
Employee benefits expense	16	3,449,770		3,212,566	
Finance costs	17	16,328,174		3,181,965	
Depreciation and amortization expense	7	158,002		186,890	
Other expenses	18	5,785,909		7,138,788	
Total expenses			25,721,855		13,720,209
V Profit before exceptional and extraordinary items and tax (III-IV)			11,870,724		7,275,895
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			11,870,724		7,275,895
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			11,870,724		7,275,895
X Tax expense:					
(1) Current tax		1,750,000		1,500,000	
(2) Taxation of earlier years		2,538,724		-	
(3) Deferred tax		(8,784)		(6,247)	
XI Profit (Loss) for the period from continuing operations (VII-VIII)			7,590,784		5,782,142
XV Profit (Loss) for the period (XI + XIV)			7,590,784		5,782,142
XVI Earnings per equity share:					
(1) Basic			1.52		1.16
(2) Diluted			1.52		1.16

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/-

Sd/-

Sd/-

Sd/-

Chaitanya C. Dalal
Partner
FRN: 101632W
M. No.: 35809
Place : Mumbai
Date : 16th May 2013

Mukesh Babu **Meena Mukesh** **K. Chandrasekhar**
Director **Managing Director** **Company Secretary**

Place : Mumbai
Date : 16th May 2013

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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, 2013	March 31, 2012
	₹	₹
A. Surplus		
Opening balance	102,770,912	96,988,770
(+) Net Profit/(Net Loss) For the current year	7,590,784	5,782,142
Closing Balance	110,361,696	102,770,912
Total Reserves & Surplus	110,361,696	102,770,912

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
Secured		
From Banks		
Cash Credit from Banks (Secured against Fixed Deposit Receipts of the Company)	34,151,695	42,216,112
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	34,151,695	42,216,112
Unsecured		
(a) Loans repayable on demand from banks	28,196,990	28,196,991
(b) Loans and advances from related parties Holding Company Mukesh Babu Financial Services Ltd	99,049,430	96,034,101
Total Unsecured Short Term Borrowings	127,246,420	124,231,092
Total Short Term Borrowings	161,398,115	166,447,204

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, 2013	March 31, 2012
	₹	₹
(a) Trade Payables	313,260	313,260
(b) Others	-	-
Total Trade Payables	313,260	313,260

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, 2013	March 31, 2012
	₹	₹
(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, 2013	March 31, 2012
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	451,333	145,400
(c) Others (TDS payable)	1,255,146	-
Total Short Term Provisions	1,706,479	145,400

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2012	Additions/ (Disposals)	March 31, 2013	April 1, 2012	Depreciation for the year	On disposals	March 31, 2013	April 1, 2012	March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹
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	1,811,764	54,460	-	1,866,224	391,513	337,053
Vehicles	2,296,735	-	2,296,735	2,237,501	15,336	-	2,252,837	59,234	43,898
Computers	6,449,079	-	6,449,079	6,369,848	31,692	-	6,401,540	79,231	47,539
Furniture & Fixtures	1,741,442	-	1,741,442	1,609,699	23,845	-	1,633,544	131,743	107,898
Electric Equipments	637,723	-	637,723	402,865	32,669	-	435,534	234,858	202,189
	-	-	-	-	-	-	-	-	-
Total (Current Year)	26,986,146	-	26,986,146	12,431,677	158,002	-	12,589,679	14,554,469	14,396,467
Total (Previous Year)	26,926,146	60,000	26,986,146	12,244,787	186,890	-	12,431,677	14,681,359	14,554,469

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
		₹	₹
A	Other Investments (Refer B below)		
	(a) Investment in Equity instruments	58,266,511	60,578,154
	(b) Investments in Mutual Funds & Bonds	800,000	900,000
	Total Other Investments (B)	59,066,511	61,478,154

Particulars	March 31, 2013	March 31, 2012
	₹	₹
Aggregate amount of quoted investments	49,272,673	51,684,316
(Market value of ₹ 281,285,003/- (Previous Year ₹ 3,20,871,262/-)		
Aggregate amount of unquoted investments	9,793,838	9,793,838
	59,066,511	61,478,154

A. Details of Other Investments						
Sr. No.	Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Amount (₹)	
		March 31, 2013	March 31, 2012		March 31, 2013	March 31, 2012
a	Investment in Equity Instruments					
	ABB LTD.	500	780	Quoted	120,000	187,200
	ACC LTD.	500	500	Quoted	183,500	183,500
	Aditya Birla Nuvo Ltd.	-	193	Quoted	-	15,860
	Afteck Ltd.	1,162	1,162	Quoted	62,000	62,000
	Alstom Projects India Ltd.	-	606	Quoted	-	105,444
	Ambalal Sarabhai Enterprises Ltd	100	100	Quoted	940	940
	Ambuja Cements Ltd.	30,000	37,320	Quoted	246,904	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.	3,300	3,000	Quoted	195,000	-
	Bajaj Holdings & Investment Ltd.	3,000	3,000	Quoted	-	-
	Balaji Telefilms Ltd.	-	1,600	Quoted	-	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.	250,000	268,750	Quoted	7,144,419	7,680,250
	Bharat Heavy Electricals Ltd.	2,000	2,100	Quoted	175,000	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	Quoted	-	33,750
	Dena Bank	-	1,000	Quoted	-	30,000
	Dish TV India Ltd.	15,000	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	Quoted	-	189,000
	Great offshore Ltd.	-	210	Quoted	-	-
	HDFC Bank Ltd.	150,000	151,000	Quoted	2,210,195	2,224,930

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

Sr. No.	Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Amount (₹)	
		March 31, 2013	March 31, 2012		March 31, 2013	March 31, 2012
	HDFC Ltd.	-	50	Quoted	-	8,230
	Hindalco Industries Ltd.	2,500	2,700	Quoted	328,305	354,569
	Hindustan Motors Ltd.	-	1,500	Quoted	-	52,500
	Hindustan Oil Exploration Ltd.	125,000	125,000	Quoted	7,031,250	7,031,250
	Hindustan Petroleum Corporation	-	205	Quoted	-	75,850
	ICICI Bank Ltd.	-	425	Quoted	-	137,750
	ICICI Ltd.	-	2,800	Quoted	-	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	Quoted	-	42,625
	Infosys Ltd.	-	72	Quoted	-	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	Quoted	-	33,000
	Larsen & Toubro Ltd.	2,500	2,620	Quoted	687,500	720,500
	LML Ltd.	19,550	19,550	Quoted	713,575	713,575
	Mahanagar Telephone Nigam Ltd.	-	370	Quoted	-	72,150
	Milton Plastics Ltd.	85,000	85,000	Quoted	6,695,000	6,695,000
	Nexus Software Ltd.	44	44	Quoted	220	220
	Número 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	Quoted	-	105,000
	Reliance Capital Ltd	-	198	Quoted	-	18,700
	Reliance Communications Ltd.	1,500	1,769	Quoted	-	-
	Reliance Industries Ltd.	3,000	3,538	Quoted	1,776,658	2,095,272
	Reliance Infrastructure Ltd.	-	232	Quoted	-	23,293
	Reliance Power Ltd.	-	442	Quoted	-	-
	Sesa Goa Ltd.	20,000	20,000	Quoted	1,522,000	1,522,000
	Steel Authority of India Ltd.	-	200	Quoted	-	13,000
	Sun Infoways Ltd.	400	400	Quoted	2,800	2,800
	Supreme Petrochem Ltd.	-	500	Quoted	-	12,500
	Tata Consultancy Services Ltd.	200	200	Quoted	192,000	192,000
	Tata Motors Ltd.	69,010	69,010	Quoted	4,156,110	4,156,110
	Tata Steels Ltd.	-	303	Quoted	-	72,582
	Ultratech Cement Ltd	1,000	1,095	Quoted	186,630	204,360
	Unichem Laboratories Ltd.	-	1,000	Quoted	-	80,000
	Siti Cable Network 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	-	-
		1,216,275	1,262,001		58,266,511	60,578,154
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	Quoted	-	100,000
		80,000	80,010		800,000	900,000
	Total	1,296,275	1,342,011		59,066,511	61,478,154

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 2013

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, 2013	March 31, 2012
	₹	₹
Deferred tax liability		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	0	0
Others	-	-
Gross deferred tax liability	0	0
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	13,561	4,777
Others	-	-
Gross deferred tax asset	13,561	4,777
Net deferred tax liability / (asset)	13,561	4,777

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, 2013		March 31, 2012	
	₹	₹	₹	₹
Security Deposits				
Interest Free Deposits	23,340,217	23,340,217	23,317,217	23,317,217
Total Other Non-Current Assets		23,340,217		23,317,217

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
a. Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	11,554,567	19,912,058
Total Trade Receivables (A+B)	11,554,567	19,912,058

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, 2013		March 31, 2012	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS				
A. Balances with Scheduled banks (In Current Accounts with Scheduled Banks)		2,448,837		2,230,015
B. Cash on Hand		1,456,281		1,526,686
Cash and Cash Equivalents		3,905,118		3,756,701
C. Bank deposits with more than 12 months maturity (Including Interest accrued but not due)		96,743,017		100,949,911
Total Cash and Bank Balance (A+B+C+)		100,648,135		104,706,613

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, 2013		March 31, 2012	
	₹	₹	₹	₹
A. Loans and advances to related parties		-		-
B. Others				
Unsecured, considered good	262,456,498		239,615,629	
Loans To Staff	252,080		234,080	
Prepaid Expenses	9,825	262,718,403	8,500	239,858,209
Total Short-term loans and advances (A+B)		262,718,403		239,858,209

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, 2013		March 31, 2012	
	₹	₹	₹	₹
Taxation				
Advance tax (Net of the Provisions)	2,041,689	2,041,689	5,845,279	5,845,279
Non-Taxation		-		-
Total Other Current Assets		2,041,689		5,845,279

MUKESH BABU SECURITIES LIMITED
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

Note 15 OTHER INCOME

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

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Interest on Term Deposits		8,411,234		8,514,214
Interest Income-Other		15,649,187		7,781,897
Dividend Income		3,088,878		3,799,992
Profit on sale of Investment		9,543,281		
Rent Income		900,000		900,000
Total Other Income		37,592,579		20,996,104

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, 2013		March 31, 2012	
	₹	₹	₹	₹
(a) Salaries, Wages and bonus				
Salaries		1,255,850		1,240,900
Directors' Remuneration		1,200,000		1,200,000
(b) Contributions to - Provident Fund		199,084		204,468
(c) Staff welfare expenses		794,836		567,198
Total Employee Benefit Expenses		3,449,770		3,212,566

Note 17 FINANCE COST

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

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Interest expense				
Interest on bank limits	3,821,664		3,181,965	
Interest on other Loans	12,506,510	16,328,174		3,181,965
Total Finance Cost		16,328,174		3,181,965

Note 18 OTHER EXPENSES

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Auditors Remuneration		44,944		44,944
Donations		651,000		2,000,000
Electricity Expenses		313,541		365,030
Conveyance Expenses		264,675		145,784
Insurance Expenses		829,119		1,398,109
Motor Car Expenses		308,871		211,657
Office Expenses		146,154		102,722
Printing & Stationery Expenses		44,767		49,170
Professional & Consultancy Fees		632,700		386,000
Rent, Rates & Taxes		555,478		834,278
Repairs & Maintenance Expenses		435,105		383,058
Sundry Expenses		195,545		59,839
Stock Exchange Expenses		588,255		540,671
Telephone & Courier Expenses		384,245		287,884
Travelling Expenses		391,510		149,642
Trade Execution Charges		-		180,000
Total Other Expenses		5,785,909		7,138,788

NOTE - 19 : OTHER NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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	960.34	1002.40
Amount received during the year	960.21	797.69
Amount refunded during the year	930.06	839.75
Credit Closing balance Payable at the year end	990.49	960.34
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 ₹. 14,44,42,472/- (Previous Year ₹. 11,99,46,757/-).

15. **Earning Per Share**

PARTICULARS	Current Year	Previous year
Profit/(Loss) After Tax Rs.	7,590,784	5,782,142
Number of Equity Shares Fully Paid Up	5,000,000	5,000,000
Earning Per Share – Basic and Diluted Rs.	1.52	1.16
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/-	22,472/-
Consultancy Fees	22,472/-	22,472/-
Total	44,944/-	44,944/-

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**

Sd/-

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

Place: Mumbai
Date: 16th May 2013

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

Sd/-

Sd/-

Sd/-

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

Place: Mumbai
Date: 16th May 2013

MUKESH BABU SECURITIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	CURRENT YEAR		PREVIOUS YEAR	
	₹	₹	₹	₹
A. Cash Flow From Operating Activities :				
Net Profit Before Tax and Extraordinary Item		11,870,724		7,275,895
Adjustments for :				
Depreciation & Misc. Exp. Written off	158,002		186,890	
Foreign Exchange	-		-	
Loss/(Profit) on Sale on Investments	-		-	
Profit on Trading	-		-	
Interest/Dividend (Received)	(11,500,112)		(12,314,207)	
Interest paid	16,328,174		3,181,965	
Excess Provision for Taxation		4,986,064		(8,945,352)
Operating Profit Before Working Capital Changes		16,856,789		(1,669,457)
Adjustments for:				
Sundry Debtors	8,357,491		617,963	
Loans and Advances	(22,860,194)		(13,082,146)	
Other Current Assets	6,487,485		21,979,377	
Sundry Creditors	-		(567,984)	
Other Liabilities	1,561,079	(6,454,139)	(40,034)	8,907,176
Cash Generated from Operations		10,402,649		7,237,719
Interest Paid		(16,328,174)		(3,181,965)
Direct Taxes Paid		(2,788,724)		-
Cash Flow Before Extraordinary Items		(8,714,249)		4,055,754
Extraordinary Items				-
Net Cash from Operating Activities		(8,714,249)		4,055,754
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets	-		(60,000)	
Sale of Fixed Assets	-		-	
Purchase of Investments	-		-	
Purchase of Stock -in -Trade	-		-	
Sale of Investments	2,411,643		-	
Sale of Stock - in -Trade	-		-	
Profit on Share Trading (Speculation)	-		-	
Interest & Dividend Received	11,500,112	13,911,755	12,314,207	12,254,207
Net Cash Used in Investing Activities		13,911,755		12,254,207
C. Cash from from Financing Activities :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	-		(16,414,804)	
Repayment of Short Term Borrowings	(5,049,089)		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	-		-	
Increase in Misc. & Public Issue Expenses	-	(5,049,089)	-	(16,414,804)
Net Cash used in Financing Activities		(5,049,089)		(16,414,804)
Net Increase/ (Decrease) in Cash & Cash Equivalents		148,417		(104,843)
Cash & Cash Equivalents at the beginning of the year		3,756,701		3,861,544
Cash & Cash Equivalents at the Closing of the year		3,905,118		3,756,701

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 : 16th May 2013

Place : Mumbai
Date : 16th May 2013

28th

ANNUAL REPORT 2012-2013

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 Shah, Shah & Shah
63 Chartered Accountants
64 502, Damji Shamji Trade Centre,
76 Vidyavihar - West, Mumbai - 400086.

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CONTENTS

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Auditors Report
Balance Sheet
Statement of Profit and Loss
Notes forming part of Accounts
Cash Flow Statement

**INDEPENDENT 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 audited the accompanying consolidated financial statements of **Mukesh Babu Financial Services Limited** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at **March 31, 2013**, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, and to the best of our information, and according to the explanations given to us, and based on consideration of the reports of the other Auditors on the financial statements / consolidated financial statements of the subsidiaries as noted below, the consolidated financial statements 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, 2013; and
- (ii) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date
- (iii) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date

Other Matters

We did not audit the financial statements of the subsidiary whose financial statements reflect total gross assets of ₹ 4,737.80 Lac as at 31st March, 2013 and total gross revenues of ₹ 375.93 Lac 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.

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

Sd/-

**(Mehul Shah)
M. No. 049361
FRN: 116457W
Place : Mumbai
Date : 28/05/2013**

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	As at March 31, 2013		As at March 31, 2012	
		₹	₹	₹	₹
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share capital	1	69,675,000		69,675,000	
(b) Reserves and surplus	2	390,901,757		355,633,854	
(c) Money received against share warrants			460,576,757		425,308,854
2 Mionority Interest			77,583,029		73,910,607
3 Non-current liabilities					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)	10	1,084,330		1,158,567	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions	3	320,846	1,405,176	323,034	1,481,601
4 Current liabilities					
(a) Short-term borrowings	4	212,545,170		204,434,139	
(b) Trade payables	5	24,760,639		8,179,644	
(c) Other Current Liabilities	6	150,000,000		150,000,000	
(d) Short-term provisions	7	23,219,963	410,525,772	41,285,174	403,898,957
TOTAL			950,090,734		904,600,019
II. ASSETS					
1 Non-current assets					
(a) Fixed assets	8	23,381,498		23,584,874	
(i) Tangible assets		-		-	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	9	315,566,511		318,978,154	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances	11	23,600,000		24,600,000	
(e) Other non-current assets	12	24,338,344	386,886,353	24,315,344	391,478,372
2 Current assets					
(a) Current investments		-		-	
(b) Inventories	13	107,292,071		100,775,875	
(c) Trade receivables	14	11,554,567		19,912,058	
(d) Cash and Bank Balances	15	111,333,371		106,814,062	
(e) Short-term loans and advances	16	292,016,190		273,063,235	
(f) Other current assets	17	41,008,182	563,204,381	12,556,417	513,121,647
TOTAL			950,090,734		904,600,019

Contingent Liabilities & Commitments --

NOTES ON ACCOUNT 23

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: 116457W

M. No.: 049361

Place : Mumbai

Date : 28/05/2013

Mukesh Babu
Director

Place : Mumbai

Date : 28/05/2013

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note No.	March 31, 2013		March 31, 2012	
		₹	₹	₹	₹
I Revenue from operations	18		81,734,699		127,828,765
II Other income	19		22,124,306		14,262,706
III Total Revenue (I + II)			103,859,005		142,091,471
IV Expenses:					
Employee benefits expense	20	5,400,530		5,152,963	
Finance costs	21	21,681,713		29,391,403	
Depreciation	8	1,085,521		1,093,134	
Other expenses	22	9,328,251		11,101,566	
Total expenses			37,496,015		46,739,066
V Profit before exceptional and extraordinary items and tax (III-IV)			66,362,990		95,352,405
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			66,362,990		95,352,405
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			66,362,990		95,352,405
X Tax expense:					
(1) Current tax		16,350,000		26,700,000	
(2) Taxation for Earlier Years		2,993,486		(70,000)	
(2) Deferred tax		(74,237)	19,269,249	(81,838)	26,548,162
XI Profit (Loss) for the period from continuing operations (VII-VIII)			47,093,741		68,804,243
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)			47,093,741		68,804,243
XVI Earnings per equity share:					
(1) Basic			6.76		9.87
(2) Diluted			6.76		9.87

NOTES ON ACCOUNT

23

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: 116457W
M. No.: 049361
Place : Mumbai
Date : 28/05/2013

Place : Mumbai
Date : 28/05/2013

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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, 2013		March 31, 2012	
	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 2013

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, 2013	March 31, 2012
	₹	₹
a. Capital Reserves		
Opening Balance	7,081,000	7,081,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
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	46,033,818	33,443,397
(+) Current Year Transfer	7,900,591	12,590,421
	-	-
Closing Balance	53,934,409	46,033,818
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	207,876,165	162,884,531
(+) Net Profit/(Net Loss) For the current year	47,093,741	68,804,243
(-) Transferred to Minority Interest	3,672,422	2,797,400
(-) Provision for Dividends	6,970,900	6,970,900
(-) Provision for Dividend Tax	1,184,704	1,130,854
(-) Transfer to Statutory Reserves (As per RBI Regulations)	7,900,591	12,590,421
(-) Provision for Standard Assets (As per RBI Regulations)	-2,188	323,034
Closing Balance	235,243,477	207,876,165
Total Reserves & Surplus	390,901,757	355,633,854

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
(a) Provision for Long Term Liabilities	-	-
Total (a)	-	-
(b) Others	-	-
Contingent Provisions against Standard Assets (As per RBI Regulations)	320,846	323,034
	320,846	323,034
Total Long Term Provisions (a+b)	320,846	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, 2013	March 31, 2012
	₹	₹
Secured		
<u>From Banks (Cash Credit Facility)</u>	34,151,695	42,216,112
(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>	128,419,256	110,743,807
(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	162,570,951	152,959,919
Unsecured		
(a) Loans repayable on demand		
from banks (Refer note no. 3. of Other Notes to Accounts)	49,974,219	51,474,220
Total Unsecured Short Term Borrowings	49,974,219	51,474,220
Total Short Term Borrowings	212,545,170	204,434,139

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, 2013	March 31, 2012
	₹	₹
(a) Trade Payables	24,760,639	8,179,644
Total Trade Payables	24,760,639	8,179,644

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
(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, 2013	March 31, 2012
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	690,587	507,134
(c) Others (Specify nature)		
Provision for Taxation (Net of Pre-paid Taxes)	10,168,330	19,494,641
Other Provisions	5,390,146	14,312,500
Provision for Dividend	6,970,900	6,970,900
Total Short Term Provisions	23,219,963	41,285,174

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2012	Additions/ (Disposals)	March 31, 2013	April 1, 2012	Depreciation for the year	On disposals	March 31, 2013	April 1, 2012	March 31, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a. Tangible Assets									
Office Premises	26,313,640	-	26,313,640	9,219,601	283,182	-	9,502,783	17,094,039	16,810,857
Premises	2,227,500	-	2,227,500	-			-	2,227,500	2,227,500
Guest House	2,100,000	-	2,100,000	633,493	73,325	-	706,818	1,466,507	1,393,182
Furniture and Fixtures	5,259,298	211,655	5,470,953	4,252,832	204,517	-	4,457,349	1,006,466	1,013,604
Electrical Fittings	890,499	-	890,499	596,124	54,302	-	650,426	294,375	240,073
Office equipment	3,680,931	-	3,680,931	3,113,778	78,892	-	3,192,670	567,153	488,261
Computers	6,959,267	87,850	7,047,117	6,708,811	102,537	-	6,811,348	250,456	235,769
Vehicals	4,719,383	582,640	5,302,023	4,041,005	288,766	-	4,329,771	678,378	972,252
Total (Current Year)	52,150,518	882,145	53,032,663	28,565,644	1,085,521	-	29,651,165	23,584,874	23,381,498
Total (Previous Year)	52,009,220	141,298	52,150,518	27,472,510	1,093,134	-	28,565,644	24,536,710	23,584,874

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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
			31.3.13	31.3.12			31.3.13	31.3.12	31.3.13	31.3.12		
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	500	780	Quoted	Fully Paid	Not known	Not known	120,000	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	Quoted	Fully Paid	Not known	Not known	-	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	Quoted	Fully Paid	Not known	Not known	-	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	30,000	37,320	Quoted	Fully Paid	Not known	Not known	246,904	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	3,300	3,000	Quoted	Fully Paid	Not known	Not known	195,000	-	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	Quoted	Fully Paid	Not known	Not known	-	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	250,000	268,750	Quoted	Fully Paid	Not known	Not known	7,144,419	7,680,250	Yes	N.A.
	Bharat Heavy Electricals Ltd.	Others	2,000	2,100	Quoted	Fully Paid	Not known	Not known	175,000	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	Quoted	Fully Paid	Not known	Not known	-	33,750	Yes	N.A.
	Dena Bank	Others	-	1,000	Quoted	Fully Paid	Not known	Not known	-	30,000	Yes	N.A.
	Dish TV India Ltd.	Others	15,000	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 2013

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
			31.3.13	31.3.12			31.3.13	31.3.12	31.3.13	31.3.12		
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	Quoted	Fully Paid	Not known	Not known	-	189,000	Yes	N.A.
	Great offshore Ltd.	Others	-	210	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	HDFC Bank Ltd.	Others	150,000	151,000	Quoted	Fully Paid	Not known	Not known	2,210,195	2,224,930	Yes	N.A.
	HDFC Ltd.	Others	-	50	Quoted	Fully Paid	Not known	Not known	-	8,230	Yes	N.A.
	Hindalco Industries Ltd.	Others	2,500	2,700	Quoted	Fully Paid	Not known	Not known	328,305	354,569	Yes	N.A.
	Hindustan Motors Ltd.	Others	-	1,500	Quoted	Fully Paid	Not known	Not known	-	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	Quoted	Fully Paid	Not known	Not known	-	75,850	Yes	N.A.
	ICICI Bank Ltd.	Others	-	425	Quoted	Fully Paid	Not known	Not known	-	137,750	Yes	N.A.
	IFCI Ltd.	Others	-	2,800	Quoted	Fully Paid	Not known	Not known	-	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	Quoted	Fully Paid	Not known	Not known	-	42,625	Yes	N.A.
	Infosys Ltd.	Others	-	72	Quoted	Fully Paid	Not known	Not known	-	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.
	Kirloskar 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	Quoted	Fully Paid	Not known	Not known	-	33,000	Yes	N.A.
	Larsen & Toubro Ltd.	Others	2,500	2,620	Quoted	Fully Paid	Not known	Not known	687,500	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	Quoted	Fully Paid	Not known	Not known	-	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	Quoted	Fully Paid	Not known	Not known	-	105,000	Yes	N.A.
	Reliance Capital Ltd	Others	-	198	Quoted	Fully Paid	Not known	Not known	-	18,700	Yes	N.A.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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
			31.3.13	31.3.12			31.3.13	31.3.12	31.3.13	31.3.12		
1	2	3	4	5	6	7	8	9	10	11	12	13
	Reliance Communications Ltd.	Others	1,500	1,769	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Reliance Industries Ltd.	Others	3,000	3,538	Quoted	Fully Paid	Not known	Not known	1,776,658	2,095,272	Yes	N.A.
	Reliance Infrastructure Ltd.	Others	-	232	Quoted	Fully Paid	Not known	Not known	-	23,293	Yes	N.A.
	Reliance Power Ltd.	Others	-	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	Quoted	Fully Paid	Not known	Not known	-	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	Quoted	Fully Paid	Not known	Not known	-	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	69,010	Quoted	Fully Paid	Not known	Not known	4,156,110	4,156,110	Yes	N.A.
	Tata Steels Ltd.	Others	-	303	Quoted	Fully Paid	Not known	Not known	-	72,582	Yes	N.A.
	Ultratech Cement Ltd	Others	1,000	1,095	Quoted	Fully Paid	Not known	Not known	186,630	204,360	Yes	N.A.
	Unichem Laboratories Ltd.	Others	-	1,000	Quoted	Fully Paid	Not known	Not known	-	80,000	Yes	N.A.
	Siti Cable Network Limited	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								60,716,512	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 Limited	Others	3,000	2,200	Unquoted	Fully Paid	Not known	Not known	229,000,000	165,000,000	Yes	N.A.
	Lily Realty Private Limited	Others	250	-	Unquoted	Fully Paid	Not known	Not known	25,000,000	-		
	Platinum Square P. Ltd	Others	-	900	Unquoted	Fully Paid	Not known	Not known	-	90,000,000	Yes	N.A.
	Secured Bond of Dena Bank	Others	-	10	Quoted	Fully Paid	Not known	Not known	-	100,000		
	Total								254,000,000	255,100,000		
	Total								315,566,511	318,978,154		

Note: Market Value of Quoted Investment as of 31st March, 2013 is ₹ 281,795,003/ (Previous Year ₹ 321,642,262/-)

MUKESH BABU FINANCIL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013	March 31, 2012
	₹	₹
Deferred tax liability		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	1,097,891	1,163,344
Gross deferred tax liability	1,097,891	1,163,344
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	13,561	4,777
Deferred tax asset	13,561	4,777
Net deferred tax liability / (asset)	1,084,330	1,158,567

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, 2013		March 31, 2012	
	₹	₹	₹	₹
a. Loans and advances to related parties	-		-	
Total (a)		-		-
b. Other loans and advances				
Unsecured, considered good:- Advances Against Projects	23,600,000	23,600,000	24,600,000	24,600,000
Total (b)		23,600,000		24,600,000
Total Long Term Loans and Advances		23,600,000		24,600,000

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, 2013		March 31, 2012	
	₹	₹	₹	₹
Security Deposits :				
Unsecured, considered good Interest Free Deposits		24,338,344		24,315,344
Total Other Non-Current Assets		24,338,344		24,315,344

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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, 2013		March 31, 2012	
	₹	₹	₹	₹
a. Stock of Shares <i>(Trading Stock Valued at lower of cost or net realisable value)</i>		107,292,071		100,775,875
Total Inventories		107,292,071		100,775,875

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, 2013		March 31, 2012	
	₹	₹	₹	₹
a. Trade receivables outstanding for a period exceeding six months from the date they are due. Unsecured, considered good	11,554,567	11,554,567	19,912,058	19,912,058
Total Trade Receivables (A+B)	11,554,567	11,554,567	19,912,058	19,912,058

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, 2013		March 31, 2012	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS				
A. Balances with banks In Current Accounts with Scheduled Banks	12,681,426	12,681,426	4,203,536	4,203,536
B. Cash on hand* Cash and Cash Equivalents		1,783,003		1,543,808
		14,464,429		5,747,343
C. Other Bank Balances In Fixed Deposits with Scheduled Banks Interest Accrued not due on Fixed Deposits	95,455,726 1,413,216	96,868,942	97,708,208 3,358,511	101,066,719
Total Cash and Bank Balances (A+B+C+D)		111,333,371		106,814,062

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, 2013		March 31, 2012	
	₹	₹	₹	₹
A. Loans and advances to related parties		-		-
B. Others				
Unsecured, considered good	289,088,285		270,734,650	
Prepaid Expenses	9,825		34,005	
Staff & Associates	2,918,080	292,016,190	2,294,580	273,063,235
Total Short-term loans and advances		292,016,190		273,063,235

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, 2013		March 31, 2012	
	₹	₹	₹	₹
A. Taxation		-		-
B. Non-Taxation				
Interest accrued on Debentures	11,517,534		-	
Sundry Deposits	29,490,648	41,008,182	12,556,417	12,556,417
Total Other Current Assets		41,008,182		12,556,417

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, 2013		March 31, 2012	
	₹	₹	₹	₹
Interest Income	32,071,755		14,480,844	
Dividend Income - Holding Company	13,666,647		19,340,489	
Profit on Shares and Securities	35,996,297		94,007,432	
		81,734,699		127,828,765
Net Revenue From Operations		81,734,699		127,828,765

Note 19 OTHER INCOME

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

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Bad Debts Recovery	-		1,000,000	
Balances written Back	180,000		-	
Dividend Income-Subsidiary Company	3,088,878		3,799,993	
Rent Income	900,000		900,000	
Profit on Sale of Investment	9,543,281		-	
Interest on Term Deposits	8,412,147	22,124,306	8,562,714	14,262,706
Total Other Income		22,124,306		14,262,706

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2013

Note 20 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, 2013		March 31, 2012	
	₹	₹	₹	₹
(a) Salaries and bonus				
Salaries	1,917,450		1,843,800	
Directors' Remuneration	2,440,000	4,357,450	2,435,000	4,278,800
(b) Contribution to Provident Fund	199,084		204,468	
(b) Staff welfare expenses	843,996	1,043,080	669,695	874,163
Total Employee Benefit Expenses		5,400,530		5,152,963

Note 21 FINANCE COST

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

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Interest expense				
Interest on Loans other than bank	17,860,049		26,209,438	
Interest on Bank Limits	3,821,664	21,681,713	3,181,965	29,391,403
Total Finance Cost		21,681,713		29,391,403

Note 22 OTHER EXPENSES

Particulars	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
Auditors' Remuneration		84,571		92,787
Bad Debts				-
Business Promotion Expenses		833,524		158,381
Computer Expenses				43,337
Conveyance & Travelling Expenses		1,038,988		896,858
Donation paid		951,000		4,111,000
Electricity Expenses		540,072		481,821
Insurance Expenses		829,119		1,398,109
Professional & Consultancy Fees		808,815		610,544
Listing Fees		39,326		38,755
Membership & Subscription		56,642		79,618
Motor Car Expenses		771,096		104,603
Office Expenses		224,639		30,861
Printing and Stationery Expenses		191,204		190,732
Rent, Rates & Taxes		958,900		1,180,471
Repairs and Maintenance Expenses		591,087		383,058
Telephone & Courier Expenses		482,452		353,400
Sundry Expenses		338,561		226,560
Stock Exchange Expenses		588,255		540,671
Trade Execution Charges				180,000
Total Other Expenses		9,328,251		11,101,566

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2013

NOTE 23 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 realizable 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. An investment property is an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the investing enterprise. Long term investments and are stated at cost. The carrying amount for current investments is the lower of cost and fair value determined either on an individual investment basis or by category of investment.. All long term investments are stated at cost less provision for diminution to recognize a decline, other than temporary, in the value of the investments.

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.

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.

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2013

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

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	2012-13	2011-12
As Auditors	55,976	55,976
Other Professional Services	28,595	36,811
	84,571	92,787

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2013

5 Earning per share is calculated as under:

Particulars	2012-13	2011-12
Basic earning per share		
Net profit after Taxation	47,093,741	68,804,243
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Basic earning per share	6.76	9.87
Diluted earning per share		
Net profit after Taxation	47,093,741	68,804,243
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Diluted earning per share	6.76	9.87

6 Directors' Remuneration	2012-13	2011-12
	2,440,000	2,435,000
Within the limits of Schedule XIII to the Companies Act 1956.		

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 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 year	Closing Balance
	₹	₹	₹	₹
Income-tax	19,494,641	19,343,486	28,669,797	10,168,330

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

12 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 -- , Sagar Systech Ltd,

B. Transactions with related Parties:

TRANSACTIONS DURING THE YEAR	Relationship	2012-13	2011-12
Opening Balances	Associates	-	2,700,000
Loans & Advances given during the year	Associates	-	-
Amounts received back during the year	Associates	-	2,700,000
Remuneration & Sitting Fees	Key Managerial Persons	2,440,000	2,435,000
Closing Balances	Associates	-	-

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2013

13 Income and Expenses in Foreign Currency:

2012-13	2011-12
NIL	NIL

14 The additional information on Quantitative Information of Shares and Securities Traded

Particulars	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty in Nos.)	4471008	67400	0	4538408
Value (in ₹)	100,775,875	312,100	0	107,292,071

(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 ₹ 3,602,707,435/- (Previous year ₹ 5,834,381,644/-). In case of derivatives transactions, purchases and sales are accounted after netting off.

15 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)	128,419,256	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	151,938,341	
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	254,000,000	
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	256,560,000	256,500,000
	Total	282,369,960	282,309,960

MUKESH BABU FINANCIAL SERVICES LIMITED
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2013

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

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
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			
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

<p>Sd/-</p> <p>(Mukesh Babu) Director</p>	<p>Sd/-</p> <p>(K. Chandrasekhar) Director</p>	<p>Sd/-</p> <p>(Dipali Shah) Company Secretary</p>
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Place : Mumbai
Date : 28/05/2013

MUKESH BABU FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013.

	March 31, 2013		March 31, 2012	
	₹	₹	₹	₹
A. Cash flow from Operating Activities :				
Net Profit Before Tax and Extraordinary Item		66,362,990		95,352,405
Adjustments for :				
Depreciation & Misc. Exp. Written off	1,085,521		1,093,134	
Interest / Dividend Received	(11,501,025)		(20,096,104)	
Interest Paid	3,821,664		3,181,965	
Excess Provision for Taxation	-	(6,593,840)	-	(15,821,005)
Operating Profit Before Working Capital Changes		59,769,150		79,531,400
Changes in Working Capital:				
Inventories	(6,516,196)		6,575,619	
Sundry Debtors	8,357,491		617,963	
Loans and Advances	(17,952,955)		23,842,505	
Other Current Assets	(28,474,765)		40,586,751	
Sundry Creditors	16,580,995		(21,204,598)	
Other Liabilities	(18,141,636)	(46,147,066)	8,131,144	58,549,384
Cash Generated from Operations		13,622,084		138,080,784
Interest Paid		(3,821,664)		(3,181,965)
Direct Taxes Paid		(20,451,765)		(24,227,976)
Cash Flow Before Extraordinary Items		(10,651,345)		110,670,843
Extraordinary Items		-		-
Net Cash From Operating Activities		(10,651,345)		110,670,843
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets	(882,145)		(141,298)	
Sale of Fixed Assets			-	
Purchase of Investments	(89,000,000)		-	
Dividend and Interest	11,501,025		20,096,104	
Sale of Investments	96,609,420	18,228,300	-	19,954,806
Net cash used in Investing Activities		18,228,300		19,954,806
C. Cash Flow from Financing Activities :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	8,111,031		-	
Proceeds from Long term Borrowings			(122,714,681)	
Repayment of Loan Short Term Borrowings			-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	(6,970,900)		(6,970,900)	
Increase in Misc. & Public Issue Expenses	-	1,140,131	-	(129,685,581)
Net cash used in Financing Activities		1,140,131		(129,685,581)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENT		8,717,086		940,068
Cash & Cash Equivalents at the Beginning of the Year		5,747,343		4,807,275
Cash & Cash Equivalents at th Closing of the Year		14,464,429		5,747,343

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: 116457W
Place : Mumbai
Date : 28/05/2013

Mukesh Babu
Director

Place : Mumbai
Date : 28/05/2013

K. Chandrasekhar
Director

Dipali Shah
Company Secretary

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUKESH BABU FINANCIAL SERVICES LIMITED WILL BE HELD ON MONDAY, 30TH SEPTEMBER, 2013 AT 5.00 P.M. AT 12A/4, NEW SION CO-OP. HSG. SOC. LTD., SION – WEST, MUMBAI – 400022 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS

1. ADOPTION OF DIRECTORS' REPORT AND ANNUAL ACCOUNTS.

To consider and adopt the Balance Sheet as at 31st March, 2013 the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. TO DECLARE DIVIDEND

To declare dividend on Equity Shares.

3. TO APPOINT DIRECTOR WHO RETIRES BY ROTATION AND ELIGIBLE FOR RE-APPOINTMENT

To appoint a director in place of Mr. Vijay Vora 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 Shah, Shah & Shah, Chartered Accountants, Mumbai, for the Financial Year 2013-2014 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 Shah, Shah & Shah, Chartered Accountants, Mumbai, the retiring Auditors of the Company are eligible for appointment

SPECIAL BUSINESS

5. CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING AS SPECIAL RESOLUTION.

"**RESOLVED THAT** pursuant to the provisions of Sections 198,269,309,310,311 read with Schedule XIII of the Companies Act,1956 and other applicable provisions, if any, of the Companies Act, 1956 the approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Mukesh C. Babu, as Managing Director of the Company for a period of five years with effect from 24th May, 2013 on the terms and conditions and remuneration as set out in the Explanatory Statement annexed hereto."

"**RESOLVED FURTHER THAT** the aggregate amount of remuneration payable to him in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do necessary changes in the terms and conditions commensurate with any amendments carried out in the Company.

"**RESOLVED FURTHER THAT** the same salary and perquisites as set out in the Explanatory Statement annexed hereto be paid to Mr. Mukesh Babu as minimum remuneration in the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director subject to the overall limit laid down in Schedule XIII of the Companies Act, 1956.

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

**Sd/-
Mukesh C. Babu
Chairman & Managing Director**

**Place: Mumbai
Date : 28/05/2013**

NOTES:

- (a) A member entitled to attend & vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. 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.
- (b) A blank Proxy Form is sent herewith.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 23rd September, 2013 to Monday 30th September, 2013 (both days inclusive).
- (d) Members are requested to advise the Company immediately of any change of their address.
- (e) Members attending the Annual General Meeting are requested to bring their copies of Annual Report at the Meeting.
- (f) Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same order of names.
- (g) Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- (h) The Company's Equity Shares are listed on The Stock Exchange, Mumbai, the Stock Exchange, Ahmedabad, Further, the Listing fees in respect of shares of the Company have been paid to the aforesaid Stock Exchanges upto the financial year 2013-14.
- (i) All members are requested to send their correspondence in respect of shares to the Share Transfer Agent of the Company. viz:

Link Intime India Pvt. Ltd; C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai-400 058.
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INFORMATION AS REQUIRED BY CLAUSE 49(VIA) OF THE LISTING AGREEMENT:

As required by Clause 49(VIA) of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be appointed/ reappointed is provided hereunder:

Mr. Vijay Vora, aged 58 years, is a Commerce Graduate. He is having 27 years of experience in the field of finance and investment. He is a Director Mukesh Babu Financial Services Ltd and Mukesh Babu Securities Limited.

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

Explanatory Statement as required under Section 173 of the Companies Act,1956.**Item No.5**

The Board of Directors of the Company vide resolution passed at its meeting held on 28th May, 2013, re-appointed Mr. Mukesh C. Babu as the Managing Director of the Company on terms and conditions as detailed in the agreement, which will be placed before the meeting.

The terms and conditions of re-appointment of Mr. Mukesh C. Babu are as follows:

A) Period of Agreement:

Five years with effect from 24th May, 2013

B) Remuneration:**1. Salary:**

Mr. Mukesh C. Babu will be paid salary up to a maximum limit of Rs 100,000/- per month from the Company.

2. Perquisites:

Mr. Mukesh C. Babu will be allowed perquisites as specified here below:

Housing:-

The expenditure incurred by the company on hiring furnished accommodation will be subject to a ceiling of Rs. 100,000/= per month.

In case the accommodation is owned by the company, ten percent of the salary shall be deducted by the company; or

In case no accommodation is provided by the company, Mr. Mukesh Babu shall be entitled to house rent allowance subject to the ceiling laid down in clause (a);

Explanation: The expenditure incurred by the company on gas, electricity, water, and furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of ten percent of the salary.

Medical Reimbursement:

Reimbursement of the expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

Leave Travel Concession

Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the company.

Explanation: Family for (ii) and (iii) means the spouse, the dependent children and dependent parents.

Club Fees:

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.

Personal Accident Insurance:

Personal Accident insurance of an amount, the annual premium of which does not exceed Rs. 10,000/- per annum.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act. Gratuity payable shall not exceed half a month's salary for each completed year of service.

Earned Leave:

One full pay and allowances and perquisites, as per the rules and regulations of the company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

Car for use on company's business and telephone at residence shall not be considered as perquisites.

Your Directors recommend this resolution for approval of the shareholders.

Except Mr. Mukesh C. Babu, no other Director is concerned or interested in passing of the resolution

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

**Place: Mumbai
Date : 28/05/2013**

**Sd/-
Mukesh C. Babu
Chairman & Managing Director**

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 Monday, 30th September 2013 at 5 p.m. at 12A/4, New Sion C.H.S. Ltd, Sion - West. Mumbai – 400022.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

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

Mukesh Babu Financial Services Limited

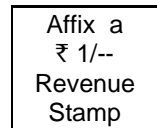
Registered office : 111, Maker Chambers III, 223, Nariman Point, Mumbai –400 021

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 Monday 30th September 2013 or at any adjournment thereof.

Signed this _____ day of September 2013



- 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.

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If undelivered please return to
Mukesh BabuFinancial Services Limited
111, Maker Chambers III
223, Nariman Point
Mumbai - 400 021.