

ANNUAL REPORT 2009-2010

MUKESH BABU FINANCIAL SERVICES LIMITED

CONTENTS

Director's Report	1
Corporate Governance Report	4
Declaration Chairman & Managing Director	11
Auditor's Certificate on Corporate Governance	12
Certificate of CEO and CFO	13
Auditors' Report	14
Balance Sheet	19
Profit and Loss Account	20
Schedules to Accounts	21
Notes forming part of Accounts	26
Cash Flow Statement	31
Statement under Part IV of Schedule VI	32
Statement U/s 212 of the Act	33
Notice	34
Subsidiary Company Accounts	35
Consolidated Accounts	50
Attendance/ Proxy Form	66

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

Oriental Bank Of Commerce
HDFC Bank
ICICI Bank

Registered Office

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

Auditors

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2010

Your Directors have pleasure in presenting the Twenty Fifth Annual Report and the audited statement of accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS	Year Ended	Year Ended
	31.03.2010	31.03.2009
	Rs.	Rs.
Total Income	92,903,261	14,806,883
Profit before Interest , Depreciation and Tax	77,890,068	9,429,558
Less: Interest	2,619,714	-
Gross Profit	75,270,354	9,429,558
Less : Depreciation	1,282,721	866,676
Profit before Taxation	73,987,633	8,562,882
Less : Taxation Provision & Deferred Tax	21,958,935	222,673
Profit available after Taxation	52,028,698	8,340,209
Add: Profit & Loss A/c Credit Balance Brought Forward	45,599,766	38,942,795
Add/(Less):Income tax for Earlier Years	131,030	(18,995)
Profit Available for Appropriation	97,759,494	47,264,009
Less: Transfer to Statutory Reserve	10,405,740	1,664,243
Less: Provision for Dividend	6,967,250	-
Less: Provision for Dividend Tax	1,184,084	-
Profit & Loss A/c Credit Balance Carried Forward	79,202,420	45,599,766

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Your Company earned a net profit of Rs. 520.29 Lacs for the financial year ended 31st March, 2010 as compared to previous year's net profit of Rs. 83.40 lacs. Depreciation during the year was Rs 12.83 Lacs as compared to Rs.8.67 Lacs in the previous year. Provision for taxation during the year is Rs. 219.59 Lacs including Deferred Tax Provision as compared to Rs. 2.23 Lacs in previous year.

Opportunities

The Indian economy has been robust and the Indian economy emerging as a economic super power is quite evident from the performance of various sectors of the economy. The stock market has been performing well and the index is a clear reflection of the good performance of the economy. Though inflation has been a cause for concern for the economy, the Hon'ble Prime Minister of our country is confident of bringing inflation to controllable levels by December, 2010. Your company continues to believe in investing in companies, which have good potential and in sectors that will be the sunshine sectors in the good times ahead.

Challenges

The integration of our stock market with the Global markets results in increased volatility and unpredictability in our stock and financial markets. However, with Indian Economy doing exceedingly well, the challenge before your company lies in identifying strong companies and sectors where investment can be made for good returns. Your company management is confident of making the right investment decisions on account of the two decades of experience that it has in the field.

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, Mukesh Babu Securities Limited, earned a profit before tax of Rs. 79.43 Lacs as compared to Rs.31.86 Lacs during the previous year.

Dividend

The Board of Directors has recommended a dividend of 10% (Previous year nil) 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, 2010, 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, 2010 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 Rs. NIL (Previous Year NIL)
Foreign exchange outgo during the year Rs. 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 the with The Stock Exchanges, Cash Flow Statement for the year ended 31st March, 2010 duly examined by the Auditors of the Company is furnished along with the audited financial statements of the Company.

Acknowledgements

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

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

Sd/-

**Place : Mumbai
Date: 27/08/2010**

**Mukesh Babu
Chairman**

CORPORATE GOVERNANCE REPORT

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

1. Company's Philosophy on Code of Governance:

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

2. Board of Directors

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

The names and categories of the Directors on the Board, their attendance at Board meetings during the year, as also the number of Directorships and Committee Memberships/Chairmanships held by them in Indian public companies as on 31st March, 2010 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 29th April, 2009, 31st July, 2009, 30th October 2009, 27th January, 2010.

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

Name of the Director	Brief Resume	Board Meetings		Annual General Meeting
		Held	Attended	If Attended
Mr. Mukesh C. Babu	B.com, A.C.A.	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	2	No
Mr. Vijay Vora.	B.Com	4	4	No

During the financial year 2009-10, Mr. Vijay Vora, who retires by rotation 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 55 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 56 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 55 years is a Chartered Accountant. He is having 28 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 55 years is a Commerce Graduate, having 24 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	2
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 Rs.2000/- for Board Meetings and Rs.500/- towards out of pocket expenses.

The functions of the Remuneration Committee are as follows:

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

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

5. Disclosures

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

Attention of members is drawn to the disclosures of transactions with related parties set out in Note No. 11 of Notes to Accounts- Schedule "10", forming part of the Annual Report.

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

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

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

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

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

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

6. General Body Meetings:

Details of last three Annual General Meetings held:

Meeting No.	Date	Time	Location
Twenty Fourth	22.09.2009	5.00 p.m.	301, Sagar Avenue, S.V. Road, Opp: Shopper's Stop, Andheri (West), Mumbai – 400058.
Twenty Third	30.09.2008	4.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 021.
Twenty Second	28.09.2007	4.00 p.m.	12-A/1 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 021.

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 Financial Express 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

25th Annual General Meeting :

Date & time : Thursday, 30th September, 2010 at 5 p.m.

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

Actual / Expected dates of Quarterly Results for F.Y.2010-11

- | | |
|--------------------------------------|-------------------------|
| a. 1 st Quarterly Results | July 30, 2010 |
| b. 2 nd Quarterly Results | On or before 31.10.2010 |
| c. 3 rd Quarterly Results | On or before 31.01.2011 |
| d. 4 th Quarterly Results | On or before 30.04.2011 |

Book Closure Period: Thursday, 23rd September, 2010 to Thursday, 30th September, 2010.

Listing on Stock Exchanges

The Stock Exchange, Mumbai P.J. Towers, Dalal Street, Fort, Mumbai-400 001. Security Code:30341	The Stock Exchange, Ahmedabad Kamdhenu Complex, Near Panjarpole, Opp. Sahajanand College,Ahmedabad-380 015 Security Code:38196
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Annual Listing fees for the year 2009-10 (as applicable) have been paid by the Company to The Mumbai Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd.

9. Market Price Data

The Company's shares are listed on The Stock Exchange, Mumbai & The Stock Exchange, Ahmedabad. There was no trading of the Company's Shares in The Stock Exchange, Ahmedabad during the financial year 2009-2010. The monthly high & low quotation as well as the volume of shares traded during the year 2009-2010 at, The Stock Exchange, Mumbai, is as below:

Month	High	Low	Volume(Shares)
April, 2009	20.42	14.64	1301
May, 2009	20.35	14.50	9049
June, 2009	15.10	10.40	12062
July, 2009	11.97	09.15	18146
August, 2009	16.80	11.23	49258
September, 2009	17.90	13.20	20639
October, 2009	25.60	15.50	55022
November, 2009	28.00	19.20	31991
December, 2009	24.00	18.30	56333
January, 2010	24.80	17.80	25492
February, 2010.	22.15	16.05	15198
March, 2010	21.00	16.20	23759

10. The Registrar and Share Transfer Agent of the Company

Link Intime India Private Limited.

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

Telephone No. 2596 3838

11. Share Transfer System

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

12. The Share Holding Pattern and Distribution of Shareholding as on 31st March, 2010

SHAREHOLDING PATTERN AS ON 31.03.2010			DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010				
Category Shareholding	No. of Shares	%to the total paid up Capital	No. of Shares	Shareholders		Shares	
				Number	%	Amount in (Rs.)	% to Equity
Promoters	4381600	62.86	Up to- 500	1688	80.07	3864130	5.54
Mutual Funds, UTI	197500	02.83	501-1000	186	8.82	1536320	2.21
Financial Institutions & Banks	11700	00.17	1001- 2000	102	4.84	1504980	2.16
Bodies Corporate	780769	11.20	2001- 3000	37	1.76	957220	1.38
Individuals	1331034	19.10	3001- 4000	25	1.19	901180	1.29
Clearing Member	896	00.01	4001- 5000	21	1.00	1019990	1.46
Market Maker	250	00.00	5001- 10000	15	0.71	1242570	1.78
NRIs and NRN	204500	02.93	10001- Above	34	1.61	58682610	84.18
Overseas Bodies corporates	32900	00.47					
HUF	29751	00.43					
Total	6970900	100.00	Total	2108	100.00	69709000	100.00

Dematerialisation of Equity Shares and Liquidity

To facilitate trading in dematerialised 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 dematerialised in the following depositories:

National Securities Depository Ltd. (NSDL) : 5,900 Equity shares
Central Depository Services (India) Ltd. (CDSL) : 10,200 Equity shares

ISIN No. : INE596B01017

13. Address for Correspondence For matters related to shares

Link Intime India Private Limited.

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

Telephone No.: 2596 3838

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 27th August 2010.

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

Sd/-

**Place : Mumbai
Date: 27/08/2010**

**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, 2010

Sd/-

Place : Mumbai
Date : 27/08/2010

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, 2010 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**

Mumbai : 27/08/2010

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 2009-10 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/-

Sd/-

Mukesh Babu
Managing Director

K. Chandrasekhar
Director

Place: Mumbai
Date: 27/08/2010

REPORT OF AUDITORS TO THE MEMBERS OF MUKESH BABU FINANCIAL SERVICES LIMITED.

We have audited the attached Balance Sheet of **Mukesh Babu Financial Services Limited** as at **31st March 2010** and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- (i) we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) the Balance Sheet and Profit and Loss Account and cash flow statement with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2010 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

- (vi) in our opinion, and to the best of our information, and according to the explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and are in conformity with the accounting principles generally accepted in India and give a true and fair view :
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - (b) in the case of the Profit and Loss Account, of profit for the year ended on that date.
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For SHAH, SHAH & SHAH
Chartered Accountants**

Sd/-

**(MEHUL C. SHAH)
Partner
M. No. 49361
FRN: 116457W
Mumbai: August 27, 2010**

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 loans to Two companies covered in the register maintained under section 301 of the Act involving RS. 125.79 million, which are interest free.
 - (b) Other terms and conditions of these loans are prima facie not prejudicial interest of the Company.
 - (c) In respect of the loans given, the parties are repaying the principal amounts as stipulated; whereas there is no stipulation as to payment of interest.
 - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One lac.
 - (e) The Company has not taken loans from companies covered in the register maintained under Section 301 of the Act. Hence the clause as to repayment of principal and interest is not applicable.
 - (f) Since no loans are taken from the aforesaid parties, the sub-clause dealing with rate of interest and other terms and conditions of loans given by the company are not applicable.
 - (g) Since no loans are taken as aforesaid, the sub-clause dealing with payment of the principal amount and interest on regular basis is not applicable.
- (iv)

In our view, there is an adequate internal control system commensurate with the 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 Rs. 500,000 referred to in Section 301 of the Act to be entered in the register required to be maintained under that Section have been so entered; and
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from public within the meaning of the provisions of section 58A and section 58AA or any other provisions of the Companies Act, 1956 and the rules made there under and as mentioned in directives issued by the reserve bank of India. We have been informed by the management that there has been no order passed by the Company law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company with respect to compliance of the provisions of section 58A or 58AA or any other provisions of the Companies Act 1956.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have been informed by the management that, the Central Government has not prescribed the method of maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 to the industry to which the Company pertains.
- (ix) (a) We have been informed by the management that, the Company is generally regular in depositing all undisputed statutory dues with the appropriate authorities and there have been no arrears of outstanding dues as at the last day of this financial year for more than six months from the date they became payable.
- (b) We have been informed by the management that, there has been no disputes pending with any forums as regards any of the statutory dues including sales-tax, income tax, customs duty, wealth tax, service tax, excise duty or cess.
- (x) There are no accumulated losses at the end of the financial year. Also, the company has not reported any cash losses during the year, but had reported cash losses in immediately preceding financial 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. 6 of 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 C. SHAH)
Partner
M. No. 49361
FRN: 116457W**

Mumbai: 27/08/2010

MUKESH BABU FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010		AS AT 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. SHAREHOLDER'S FUNDS					
a. Share Capital	1	69,672,500		69,672,500	
b. Reserves and Surplus	2	<u>203,942,467</u>	273,614,967	<u>159,934,073</u>	229,606,573
2. LOAN FUNDS					
a. Secured Loans	3	176,024,720		-	
b. Unsecured Loans		<u>-</u>	176,024,720	<u>-</u>	-
3. DEFFERRED TAX LIABILITY			1,279,348		-
TOTAL FUNDS EMPLOYED			<u>450,919,035</u>		<u>229,606,573</u>
II. APPLICATION OF FUNDS					
1. FIXED ASSETS	4				
Gross Block		25,083,074		25,083,074	
Less : Depreciation		<u>14,175,255</u>		<u>12,892,534</u>	
Net Block			10,907,819		12,190,540
2. INVESTMENTS	5		127,809,960		37,309,960
3. DEFERRED TAX ASSETS			-		1,179,587
4. CURRENT ASSETS, LOANS AND ADVANCES:	6				
a. Inventories		119,670,943		113,068,601	
b. Sundry Debtors		-		-	
c. Cash and Bank Balance		1,546,273		4,263,679	
d. Other Current Assets		18,696,858		9,950,778	
e. Loans & Advances		<u>240,965,222</u>		<u>84,605,452</u>	
		<u>380,879,296</u>		<u>211,888,510</u>	
5. LESS : CURRENT LIABILITIES AND PROVISIONS:	7				
a. Current Liabilities		40,956,706		31,288,524	
b. Provisions		<u>27,721,334</u>		<u>1,673,500</u>	
		<u>68,678,040</u>		<u>32,962,024</u>	
NET CURRENT ASSETS			312,201,256		178,926,486
6. MISCELLANEOUS EXPENDITURE			-		-
TOTAL ASSETS			<u>450,919,035</u>		<u>229,606,573</u>

Notes to Accounts 10

As per our report of even date.

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Sd/-

Sd/-

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

(DIPALI SHAH)
Company Secretary

(MUKESH BABU)
Managing Director

(K. CHANDRASEKHAR)
Director

Place : Mumbai
Date : 27/08/2010

Place : Mumbai
Date : 27/08/2010

MUKESH BABU FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Income from Operations	8	92,875,351		14,541,020	
Other Income		27,910	92,903,261	265,863	14,806,883
Total			92,903,261		14,806,883
II. EXPENSES					
Administrative and General Expenses	9	15,013,193		5,377,325	
Depreciation		1,282,721		866,676	
Interest Expenses		2,619,714	18,915,628	-	6,244,001
PROFIT BEFORE TAXATION			73,987,633		8,562,882
Less : Taxation & Non Tax Bearing Items					
Current Tax		19,500,000		-	
Deferred Tax		2,458,935		152,673	
Fringe Benefit Tax		-	21,958,935	70,000	222,673
PROFIT AFTER TAXATION			52,028,698		8,340,209
Add: Balance in Profit & Loss A/c brought forward.			45,599,766		38,942,795
Add (Less) : Excess/Short Taxation for earlier Years			131,030		(18,995)
Profit Available for Appropriations			97,759,494		47,264,009
Less:					
Transferred to Statutory Reserve		10,405,740		1,664,243	
Proposed Dividend		6,967,250		-	
Tax on Proposed Dividend		1,184,084	18,557,074	-	1,664,243
Balance available after Appropriation			79,202,420		45,599,766
Balance in Profit & Loss A/c Carried forward.			79,202,420		45,599,766
Earning per share (Basic/Diluted)			7.46		1.20

Notes to Accounts 10

As per our report of even date.

FOR SHAH SHAH & SHAH
Chartered Accountants

Sd/-
(Mehul C. Shah)
Partner
Membership No. 49361
FRN: 116457W
Place : Mumbai
Date : 27/08/2010

FOR AND ON BEHALF OF THE BOARD

Sd/- (DIPALI SHAH) Company Secretary
Sd/- (MUKESH BABU) Managing Director
Sd/- (K. CHANDRASEKHAR) Director

Place : Mumbai
Date : 27/08/2010

MUKESH BABU FINANCIAL SERVICES LIMITED

SCHEDULE "1" TO "10" FORMING AN INTEGRAL PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

Particulars	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE " 1" - SHARE CAPITAL				
Authorised capital :				
10,000,000 (10,000,000) Equity Shares of Rs. 10/- each.		<u>100,000,000</u>		<u>100,000,000</u>
Issued, Subscribed and Paid up Capital :				
6,970,900(6,970,900) Equity Shares of Rs. 10/- each.	69,709,000		69,709,000	
Less : Unpaid Calls	<u>36,500</u>	69,672,500	<u>36,500</u>	69,672,500
As per Balance Sheet		<u>69,672,500</u>		<u>69,672,500</u>
SCHEDULE "2" - RESERVES & SURPLUS				
Capital Reserve :		7,088,500		7,088,500
Share Premium Account :				
Balance as per last Balance Sheet	73,628,000		73,628,000	
Less: Unpaid Calls	<u>73,000</u>	73,555,000	<u>73,000</u>	73,555,000
General Reserve :				
Balance as per last Balance Sheet	21,082,871		21,082,871	
Add:Transfer from Profit & Loss A/c	<u>-</u>	21,082,871	<u>-</u>	21,082,871
Profit & Loss Account credit Balance :				
Balance as per last Balance Sheet	45,599,766		38,942,795	
Add:Transfer from Profit & Loss A/c	<u>33,602,654</u>	79,202,420	<u>6,656,971</u>	45,599,766
Statutory Reserve :				
Balance as per last Balance Sheet	12,607,936		10,943,693	
Add:Transfer from Profit & Loss A/c	<u>10,405,740</u>	23,013,676	<u>1,664,243</u>	12,607,936
As per Balance Sheet		<u>203,942,467</u>		<u>159,934,073</u>
SCHEDULE "3" - SECURED LOANS				
Loan Against Securities (Secured against Shares)		176,024,720		-
As per Balance Sheet		<u>176,024,720</u>		<u>-</u>

SCHEDULE "4" - FIXED ASSETS

SR.	PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		AS ON 1.4.2009	ADD	LESS	AS ON 31.03.2010	UP TO 1.4.2009	FOR THE YEAR	WRITTEN BACK	UP TO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
1	Office Premises	14,883,250	-	-	14,883,250	8,277,448	330,290	-	8,607,738	6,275,512	6,605,802
2	Guest House	2,100,000	-	-	2,100,000	389,536	85,524	-	475,060	1,624,940	1,710,464
3	Furniture & Fixtures	3,517,856	-	-	3,517,856	1,925,575	288,203	-	2,213,778	1,304,078	1,592,281
4	Electrical Fittings	312,776	-	-	312,776	95,214	39,379	-	134,593	178,183	217,562
5	Office Equipments	1,477,654	-	-	1,477,654	1,202,380	38,291	-	1,240,671	236,983	275,274
6	Computers	368,890	-	-	368,890	100,843	107,219	-	208,062	160,828	268,047
7	Vehicles	2,422,648	-	-	2,422,648	901,538	393,815	-	1,295,353	1,127,295	1,521,110
	Total Rs.	25,083,074	-	-	25,083,074	12,892,534	1,282,721	-	14,175,255	10,907,819	12,190,540
	Previous Year	25,010,827	2,835,450	2,763,203	25,083,074	14,427,302	866,676	2,401,444	12,892,534	12,190,540	10,583,525

SCHEDULE "5" - INVESTMENTS (AT COST)

Scrip Name	AS AT 31.03.2010		AS AT 31.03.2009	
	No.	Rs.	No.	Rs.
<u>LONG TERM INVESTMENTS</u>				
<u>SHARES AND DEBENTURES</u>				
A. Shares (Quoted)				
Steelcast Ltd	10,000	450,000	10,000	450,000
		450,000		450,000
B. Shares (Unquoted)				
Rushil Industries Ltd.	500,000	5,000,000	500,000	5,000,000
Dynamic Ship Recyclers Pvt.Ltd.	600,000	3,500,000	600,000	3,500,000
Units - UTI - IEF	5,000	50,000	5,000	50,000
Platinum Square P. Ltd.	300,000	3,000,000	-	-
Omni Engineering Industries P.ltd (Share applicaion Money)	-	-	25,000	2,500,000
		11,550,000		11,050,000
C. Shares (Unquoted Subsidiary Company)				
Mukesh Babu Securities Ltd.	2,580,996	25,809,960	2,580,996	25,809,960
		25,809,960		25,809,960
D. Debentures (Secured, Optionally Convertible 0%)				
Platinum Square P. Ltd	900	90,000,000	-	-
AS PER BALANCE SHEET (A+B+C+D)		127,809,960		37,309,960

Note : Market Value of Quoted Investment as of 31st March,2010 is Rs. 630,000 (Previous Year Rs.460,000)

Particulars	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "6" - CURRENT ASSETS, LOANS & ADVANCES				
a) Closing Stock		119,670,943		113,068,601
b) Sundry Debtors (Unsecured)				
Considered good Over Six months	-		-	
Others Considered good	<u>-</u>	-	<u>-</u>	-
c) Cash and Bank Balance				
Cash on hand (As certified by the management)	259,195		797,934	
In Current Account with Scheduled Banks	<u>1,287,078</u>	1,546,273	<u>3,465,745</u>	4,263,679
d) Other Current Assets				
Advance Tax & TDS	1,178,260		2,117,765	
Sundry deposits	<u>17,518,598</u>	18,696,858	<u>7,833,013</u>	9,950,778
e) Loans and Advances (Unsecured Considered Good)				
Loans - Inter Corporate :				
Others	76,503,698		26,593,466	
Advances to Staff & Associates	19,507,890		9,789,404	
Dues from Subsidiaries	1,954,500		2,227,500	
Dues from company under the same Management	125,389,617		24,064,082	
Advances Recoverable in Cash or Kind or for Value to be received	400,000		400,000	
	<u>17,209,517</u>	240,965,222	<u>21,531,000</u>	84,605,452
As per Balance Sheet		380,879,296		211,888,510
SCHEDULE "7" - CURRENT LIABILITIES & PROVISIONS				
a. Current Liabilities				
Bank Over Draft	24,327,229		24,327,229	
Sundry Creditors	16,306,604		6,805,016	
Other Liabilities	<u>322,873</u>	40,956,706	<u>156,279</u>	31,288,524
b. provisions				
Provision for Taxation	20,754,084		1,673,500	
Provision for Dividend	<u>6,967,250</u>	27,721,334	<u>-</u>	1,673,500
As per Balance Sheet		68,678,040		32,962,024

Particulars	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "8" - INCOME FROM OPERATION				
Interest on loans granted		5,915,188		3,151,781
Dividend Income		11,862,348		12,217,957
Income from Commodity trading		15,097		-
Bad debts recovery		-		987,865
Profit on Shares & Securities		75,082,718		(1,816,583)
As per Profit & Loss Account		92,875,351		14,541,020

SCHEDULE "9" - ADMINISTRATIVE AND GENERAL EXPENSES

Auditors' Remuneration				
For Certification & Other work		13,790		12,923
For Statutory Audit		22,060	35,850	22,060
Bad Debts / write offs.			7,372,654	-
Business Promotion Expenses			510,772	229,182
Computer Expenses			136,923	131,230
Conveyance & Travelling Expenses			789,029	547,808
Directors' Remunerations			1,480,000	1,235,000
Demat and Depository Expenses			221,668	21,889.49
Donation			1,011,000	-
Electricity Expenses			156,624	132,837
Guest House Expenses			36,000	36,000
Professional & Consultancy Fees			926,821	968,130
Listing Fees			27,575	27,861
Office Expenses			72,201	73,669
Postage and Courier			38,079	32,425
Printing and Stationery Expenses			150,445	126,884
Rent, Rates & Taxes			100,193	113,839
Repairs and Maintenance			300,394	189,017
Salary Expenses			863,550	857,800
Staff welfare Expenses			150,287	67,208
Mess & Refreshment Expenses			182,780	262,164
Telephone Expenses			160,785	77,477
Sundry Expenses			289,563	211,922
As per Profit & Loss Account			15,013,193	5,377,325

SCHEDULE “10” – NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING CONCEPTS:

The Company follows mercantile system of accounting, and recognizes all income and expenses on accrual basis.

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 as per the rates, and in the manner provided in Schedule XIV to the Companies Act 1956.

INVESTMENTS:

Investments are stated at cost of acquisition. The management does not find it necessary to provide for any diminution in the value of investments as the decline, if any, may be due to short term stock market forces.

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 RECOGNITION:

Sale of shares is recognized on receipt of contract note from the broker and are recorded exclusive of securities transaction tax that is in nature of advance income-tax. Dividends are recorded in the year of declaration and receipt. Interest on loans granted is recognized as income on completion at the time it is not unreasonable to expect ultimate collection. Other revenue items are recognized as income on their accrual basis.

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 differences, 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.

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.

- The figures of the previous year are regrouped, rearranged and reclassified wherever necessary to correspond with those of the current year.
- The year end position of Loans and advances in the nature of interest free loans given to the following companies which are under the same management within the meaning of Sub-section (1B) of Section 370 of the Companies Act, 1956.

NAME OF THE COMPANY	Current Year Rs.	Previous Year Rs.
Mukesh Babu Securities Limited (Subsidiary)	125,389,617	24,064,082
Sagar Systech Limited	400,000	400,000
Istaa Infotech Private Limited	0	6,300,000

Maximum outstanding during the Year

NAME OF THE COMPANY	Current Year Rs.	Previous Year Rs.
Mukesh Babu Securities Limited (Subsidiary)	125,389,617	25,014,082
Sagar Systech Limited	400,000	1,000,000
Istaa Impex Private Limited	0	1,500,000
Istaa Infotech Private Limited	6,300,000	8,000,000

- Information pursuant to paragraph 3 of part II of Schedule VI to the companies Act, 1956 in respect of opening stock, purchases, sales and closing stock of shares traded in:

	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty. Nos.)	4,156,873	108,411	312,314	3,952,970
Value (Amount Rs.)	113,068,601	8,156,094	64,126,906	119,670,943

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

Consolidated transaction value (purchases and sales) on account of cash and derivative transactions amounts to Rs.1,535,394,719/-. In case of derivatives transactions, purchases and sales are accounted after netting off.

- During the year, the Company has accounted for Deferred Tax in Accordance with the Accounting Standard – 22, which has resulted in a Deferred Tax Liability amounting to Rs. 12,79,348/ as at the year end. The components of Deferred Tax Assets and (liability) are given hereunder.

Particulars	Amount of Tax Effect
Depreciation	(1,279,348)
Net Deferred Tax Assets / (Liabilities)	(1,279,348)

6. The balances of loans & advances, overdraft from bank are subject to confirmation & reconciliation. The necessary adjustment if any will be made in the accounts on receipt thereof.
7. Earning Per Share

PARTICULARS	Current Year	Previous year
Profit/(Loss) After Tax Rs.	52,028,698	8,340,209
Number of Equity Shares Fully Paid Up	6,960,600	6,960,600
Number of Equity Shares Party Paid Up	10,300	10,300
Weighted Average number of Equity Shares	6,965,750	6,965,750
Earning Per Share – Basic and Diluted Rs.	7.46	1.20
Face Value per Equity Share Rs.	10	10

8. 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.
9. 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.
10. Directors’ remuneration RS. 1,480,000/-(Previous year RS. 1,235,000/-) is within the limits of Schedule XIII to the Companies Act 1956.
11. Related Party Disclosures to comply with Accounting Standard – 18 – Related Party Disclosure by ICAI.

List of the related parties with whom transactions entered:

- (i) Subsidiary Company: Mukesh Babu Securities Limited.
- (ii) Associates: Ista Fashions Pvt. Ltd., Babu & Parekh Securities Private Limited, Ista Infotech Private Limited, Sagar Systech Limited,
- (iii) Key Managerial Personnel: Shri Mukesh Babu, Shri Pankaj Majithia, Shri Vijay Vora.

Transactions During the year	Relationship	Rupees
		in Lacs
Opening Balances	Subsidiary Company	240.64
	Associates	222.50
Loans & Advances further given during the year	Subsidiary Company	2,012.05
	Associates	0.00
Amounts received back as loans and Advances	Subsidiary Company	998.79
	Associates	63.00
Remuneration & Sitting Fees	Key Managerial Personnel	14.80
Closing Balances	Subsidiary Company	1,253.90
	Associates	159.50

12. 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 view of this, the Management is of Opinion that this Standard is not applicable to the Company.

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

(Rs. in lakhs)

Particulars			
Liabilities side :			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount out-standing	Amount overdue
	(a) Loan Against Securities (Secured against Shares)	1760.25	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	2409.65	
(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>	NIL	
	<u>Long Term investments :</u>		
	1. <u>Quoted :</u>		
	(i) Share : (a) Equity	4.50	
	(b) Preference	NIL	
	(ii) Units of mutual funds	NIL	
	2. <u>Unquoted :</u>		
	(i) Shares : (a) Equity	373.60	
	(b) Preference	NIL	
	(ii) Debentures and Bonds	900.00	
(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):		
	Please see note 3 below		
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties **		
	(a) Subsidiaries	258.10	258.10
	(c) Other related parties	930.00	930.00
	2. Other than related parties	90.00	115.00
	Total	1,278.10	373.10
(8)	Other information		
	Particulars	Amount	
(i)	<i>Gross Non-Performing Assets</i>	--	
	(a) <i>Related parties</i>		
	(b) <i>Other than related parties</i>		
(ii)	<i>Net Non-Performing Assets</i>	--	
	(a) <i>Related parties</i>		
	(b) <i>Other than related parties</i>		
(iii)	Assets acquired in satisfaction of debt	--	

14. No interest has been charged on loans and advances given to subsidiary and some associate companies and for projects in view of commercial considerations of the group.
15. Other information pursuant to paragraph 3, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 is not applicable.

Signature to the Schedules “1” to “10”

FOR AND ON BEHALF OF THE BOARD

Sd/
(Mukesh Babu)
Managing Director

Sd/-
(K. Chandrasekhar)
Director

Sd/-
(Dipali Shah)
Company Secretary

Place: Mumbai.
Date: 27/08/2010

MUKESH BABU FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH 2010

	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary Item		73,987,633		8,562,882
Adjustments for :				
Depreciation & Misc. Exp. Written off	1,282,721		866,676	
Bad Debts written off	7,372,654		-	
Excess Provision for Taxation	-	8,655,375	-	866,676
Operating Profit Before Working Capital Changes		82,643,008		9,429,558
Changes in Working Capital:				
Inventories	(6,602,342)		19,716,490	
Sundry Debtors	-		5,753	
Loans and Advances	(163,732,424)		(31,175,573)	
Other Current Assets	(8,746,080)		4,466,238	
Sundry Creditors	9,501,588		(5,011,274)	
Other Liabilities	166,594	(169,412,664)	2,927	(11,995,439)
Cash Generated from Operations		(86,769,656)		(2,565,881)
Direct Taxes Paid		(1,603,500)		(825,995)
Cash Flow Before Extraordinary Items		(88,373,156)		(3,391,876)
Extraordinary Items		131,030		-
NET CASH FROM OPERATING ACTIVITIES		(88,242,126)		(3,391,876)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	-		(2,835,450)	
Sale of Fixed Assets	-		361,759	
Purchase of Investments	(90,500,000)		-	
Sale of Investments	-	(90,500,000)	-	(2,473,691)
NET CASH USED IN INVESTING ACTIVITIES		(90,500,000)		(2,473,691)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	176,024,720		-	
Repayment of Loan	-		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	-		-	
Increase in Misc. & Public Issue Expenses	-	176,024,720	-	-
NET CASH USED IN FINANCING ACTIVITIES		176,024,720		-
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(2,717,406)		(5,865,567)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,263,679		10,129,246
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		<u>1,546,273</u>		<u>4,263,679</u>

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Sd/-

Sd/-

(Mehul C. Shah)
Partner
Membership No.49361

(DIPALI SHAH)
Company Secretary)

(MUKESH BABU)
Director

(K. CHANDRASEKHAR)
Director

Place : Mumbai

Place : Mumbai

Date : 27/08/2010

Date : 27/08/2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS
PROFILE INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI
OF THE COMPANIES ACT, 1956.**

I. Registration Details

Registration No.	35504	Status Code	11
------------------	-------	-------------	----

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousand)

Public issue	-	Right Issue	-
--------------	---	-------------	---

Bonus Issue	-	Private Placement	-
-------------	---	-------------------	---

III. Position of Mobilisation and Development of Funds (Amount in Rs. Thousand)

Sources of Funds	Total Liabilities	450,919	Total Assets	450,919
------------------	-------------------	---------	--------------	---------

Paidup Capital	69,672	Reserves and Surplus	203,942
----------------	--------	----------------------	---------

Secured Loans	176,025	Unsecured Loans	-
---------------	---------	-----------------	---

Application of Funds

Net Fixed Assets	10,908	Investment	127,810
------------------	--------	------------	---------

Net Current Assets	312,201	Miscellaneous Expenditure	-
--------------------	---------	---------------------------	---

Accumulated Losses	-
--------------------	---

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	92,903	Total Expenditure	18,915
----------	--------	-------------------	--------

Profit or (Loss) before Tax	73,988	Profit or (Loss) after Tax	52,029
-----------------------------	--------	----------------------------	--------

Earning Per Share in Rs.	7.46	Dividend Rate in (%)	-
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V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No.
(ITC Code)

Service Description

Sd/-

Mukesh Babu
Director

Place : Mumbai.

Date : 27/08/2010

Sd/-

K. Chandrasekhar
Director

Sd/-

Dipali Shah
Company Secretary

MUKESH BABU FINANCIAL SERVICES LIMITED

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies.

NAME OF THE SUBSIDIARY COMPANY	MUKESH BABU SECURITIES LIMITED
1 Financial year of the subsidiary ended on	31st March 2010
2 Shares of the Subsidiary held by the company on the above date	
a) Number and face value	2,580,996 Equity Shares of Rs. 10 each fully paid.
b) Extent of Holding	51%
3 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 2010	Rs. NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2010	Rs. 5,147,392
4 Net aggregate amount of profit/(losses) for previous financial years of the subsidiary, since it became 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 2010	Rs. NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2010	Rs. 91,426,549

FOR AND ON BEHALF OF THE BOARD

Sd/-

Mukesh Babu
Director

Sd/-

K. Chandrasekhar
Director

Sd/-

DIPALI SHAH
Company Secretary

Place : Mumbai.

Date : 27/08/2010

NOTICE

NOTICE is hereby given that the Twentyfifth Annual General Meeting of the Members of the Company will be held on Thursday, 30th September, 2010 at 5 p.m at 12A/4, New Sion C.H.S. Ltd., Sindhi Colony, Sion – West, Mumbai 400 022, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2010, Profit and Loss Account and the Cash Flow Statement for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares.
3. To appoint a director in place of Mr. Vijay Vora, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

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

**Sd/-
Mukesh C Babu
Chairman**

Registered Office:-

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

Dated: 27th August, 2010

Notes:

- (i) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. FOR PROXY TO BE EFFECTIVE, ATTACHED PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME OF HOLDING THE MEETING.**
- (iii) The Register of Members and the Share Transfer Books of the Company, will be closed from Thursday, 23rd September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
- (iii) Change of address, if any, should be notified to the Company, immediately.
- (iv) Members attending the Annual General Meeting are requested to bring their copy of the Annual Report at the meeting.
- (v) Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for ease of identification for recording the attendance at the meeting.
- (vi) The Company's Equity Shares are listed on the Bombay Stock Exchange, Mumbai and The Stock Exchange Ahmedabad. The listing fees in respect of the shares of the Company have been paid to the aforesaid exchanges upto the financial year 2010-11.
- (vii) All members are requested to send their correspondence in respect of their shares to the Registrar and Share Transfer Agents of the company viz. **Link Intime India Pvt. Ltd.**, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup(West), Mumbai 400 078.

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

Place: Mumbai
Date: 27th August, 2010

**Sd/-
Mukesh C Babu
Chairman**

ANNUAL REPORT 2009-10

MUKESH BABU SECURITIES LIMITED

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CONTENTS

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Director's Reports	36
Auditor's Reports	38
Balance Sheet	41
Profit and Loss Account	42
Schedules forming part of Balance Sheet and Profit and Loss Account	43
Notes forming part of Accounts	45
Fund Flow Statement	48
Statement required under Part IV Schedul VI to Companies Act,1956.	49

Board of Directors

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

Company Secretary

Mr. K. Chandrasekhar

Main Bankers

Oriental Bank of Commerce
Bank of India
HDFC Bank
Axis Bank
ICICI Bank

Registered Office

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

Auditors

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2010

Your Directors have pleasure in presenting the Annual Report of the Company and audited statement of accounts for the year ended 31st March 2010

GROSS TOTAL INCOME	23,587,502	16,215,557
	=====	=====
Profit before Interest, Depreciation & Tax	13,381,716	6,456,524
Less: Interest Paid	5,214,444	3,007,950
Gross Profit	8,167,271	3,448,574
Less: Depreciation	223,945	262,755
Profit before Taxation	7,943,326	3,185,819
Less: Provision for Taxation including Deferred Tax	2,743,278	148,507
Net Profit After Taxation	5,200,048	3,037,312
Less: Items relating to Earlier years	52,656	(1,380)
Balance Transferred to/(From) General Reserve	5,147,392	3,038,692

YEAR IN RETROSPECT

During the year, your company earned the total income of Rs. 235.88 lacs as compared to previous year's total income of Rs. 162.16 lacs. The gross profit during the year was Rs. 81.67 lacs as against the gross profit of Rs. 34.49 lacs during the previous year. The net profit for the year was Rs. 52.00 lacs as against the net profit of Rs. 30.37 lacs in the previous year.

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

Directors' Responsibility Statement

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

- (i) that the preparation of the annual accounts for the financial year ended 31st March, 2010, 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, 2010 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 THE BOARD

Sd/-

Place : Mumbai
Date : 16th June 2010

Mukesh Babu
Chairman

AUDITORS' REPORT

To,
The Members,
MUKESH BABU SECURITIES LIMITED
Mumbai

We have audited the attached Balance Sheet of **MUKESH BABU SECURITIES LIMITED** as at 31st March, 2010 and Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

And we report that:

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

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

- (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2010 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon give the information required by the Companies Act, 1956, in the manner so required and in conformity with the accounting principles generally accepted in India and give a true and fair view :

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date and
- (c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For Chaitanya C. Dalal & Co.
Chartered Accountants

Sd/-

Chaitanya C. Dalal
Partner

Membership No. 35809
Firm's Registration No.: 101632W
Place: Mumbai
Date: 16/06/2010

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) The Company has neither taken nor granted any unsecured loans to any party covered in the register maintained under section 301 of the Act. Since unsecured loans neither taken nor granted to any party covered in the register maintained under section 301 of the Act reporting under Clause (b), (c), and (d) are not required.
- (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)
 - a. The Act relating to ESIC, and PF are not applicable to the company and 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 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 2010, 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.
- (ix) According to the records of the company examined by us and information and explanation given to us the dispute between the company and Madhavpura Mercantile Co-operative Bank Ltd has been decided by the Hon'ble High Court of Gujarat in favour of the company and as the arbitration proceedings has been quashed no liability exists on the company.
- (x) The company has no accumulated losses as at 31st March, 2010 and has not incurred cash losses during the period ended on that date or in the immediately preceding financial year.
- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (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) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) The other clauses, namely (viii), (xiii), (xix) and (xx) of paragraph 4 of the Companies (Auditor's Report) Order 2003 are not applicable in the current year. Since in our opinion there is no matter which arises to be reported in the aforesaid order.

For Chaitanya C. Dalal & Co.
Chartered Accountants

Sd/-
Chaitanya C. Dalal
Partner
Membership No. 35809
Firm's Registration No.: 101632W

Place: Mumbai
Date: 16/06/2010

MUKESH BABU SECURITIES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

PARTICULARS	SCHEDULE	CURRENT YEAR		PREVIOUS YEAR	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. SHAREHOLDER'S FUNDS					
a. Share Capital	A	50,000,000		50,000,000	
b. Reserves and Surplus	B	<u>91,426,549</u>	141,426,549	<u>86,279,157</u>	136,279,157
2. LOAN FUNDS					
a. Secured Loans		-		-	
b. Unsecured Loans		-	-	-	-
3. DEFERRED TAX LIABILITIES					
			9,676		
			<u>141,436,225</u>		<u>136,279,157</u>
TOTAL FUNDS EMPLOYED					
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
Gross Block	C	26,748,569		26,583,331	
Less : Depreciation		<u>12,019,565</u>		<u>11,795,620</u>	
Net Block			14,729,004		14,787,711
2. INVESTMENTS					
	D		66,278,154		66,098,154
3. DEFERRED TAX ASSETS					
		-			2,033,602
4. CURRENT ASSETS, LOANS AND ADVANCES:					
	E	367,992,320		312,808,695	
5. LESS : CURRENT LIABILITIES AND PROVISIONS:					
	F	<u>307,563,252</u>		<u>259,449,005</u>	
			60,429,068		53,359,690
NET CURRENT ASSETS					
			-		-
6. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)					
			<u>141,436,225</u>		<u>136,279,157</u>
TOTAL ASSETS					

Refer Schedule "H" for Notes to Accounts
As per our report of even date.

FOR AND ON BEHALF OF THE BOARD

For Chaitanya C. Dalal & Co.
Chartered Accountants

Sd/-

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

Sd/-
(K. Chandrasekhar)
Company Secretary

Sd/-
(Mukesh Babu)
Director

Sd/-
(Meena Mukesh)
Managing Director

Place : Mumbai

Place : Mumbai

Date : 16th June, 2010

Date : 16th June, 2010

MUKESH BABU SECURITIES LIMITED

PROFIT AND LOSS A/C FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
I. INCOME			
Income From Brokerage		-	-
Other Income		23,587,502	16,215,557
Total		<u>23,587,502</u>	<u>16,215,557</u>
II. EXPENSES			
Administrative and General Expenses	G	10,205,787	9,759,033
Depreciation		223,945	262,755
Intrest		5,214,444	3,007,950
Total		<u>15,644,176</u>	<u>13,029,738</u>
PROFIT/(LOSS) BEFORE TAXATION		7,943,326	3,185,819
Less : Current Tax Provision		(700,000)	(75,000)
Less : Provision for F.B. T.			(50,000)
Add/Less : Deferred Tax Assets/(Liabilities)		(2,043,278)	(23,507)
PROFIT/(LOSS) AFTER TAXATION		<u>5,200,048</u>	<u>3,037,312</u>
Add/Less : Taxation relating to earlier years		52,656	(1,380)
		<u>5,147,392</u>	<u>3,038,692</u>
Less : Transferred to/(from) General Reserve		(5,147,392)	(3,038,692)
BALANCE CARRIED TO BALANCE SHEET		<u>-</u>	<u>-</u>
Earning per Share as per AC-20 (Basic & Diluted)		1.04	0.61

Refer Schedule "H" for Notes to Accounts
As per our report of even date.

For Chaitanya C. Dalal & Co.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Sd/-

Sd/-

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

(K. Chandrasekhar)
Company Secretary

(Mukesh Babu)
Director

(Meena Mukesh)
Managing Director

Place : Mumbai

Place : Mumbai

Date : 16th June, 2010

Date : 16th June, 2010

MUKESH BABU SECURITIES LIMITED
SCHEDULE "A" TO "H" FORMING AN INTEGRAL PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2010.

Particulars	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE " A" - SHARE CAPITAL				
Authorised capital :				
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each.		<u>50,000,000</u>		<u>50,000,000</u>
Issued, Subscribed and Paid up Capital :				
5,000,000 (5,000,000) Equity Shares of Rs. 10/- each.		50,000,000		50,000,000
As per Balance Sheet		<u>50,000,000</u>		<u>50,000,000</u>

Note: 2,580,996 (Previous Year 2,580,996) Equity Shares of Rs. 10/- each are held by the Holding Company Mukesh Babu Financial Services Ltd.

SCHEDULE "B" - RESERVES & SURPLUS

General Reserve :

Balance as per last Balance Sheet	86,279,157		83,240,465	
Add/(less):Transfer from/(to) Profit & Loss A/c	<u>5,147,392</u>	91,426,549	<u>3,038,692</u>	86,279,157

As per Balance Sheet		<u>91,426,549</u>		<u>86,279,157</u>
-----------------------------	--	--------------------------	--	--------------------------

SCHEDULE "C" - FIXED ASSETS

Particulars	G R O S S B L O C K			D E P R E C I A T I O N				N E T B L O C K		
	As on 1.4.2009	Add	Less	As On 31.3.2010	Up to 1.4.2009	For the year	Written Back	Up to 31.3.2010	As at 31.3.2010	As at 31.3.2009
Office Premises	11,430,390	-	-	11,430,390	-	-	-	-	11,430,390	11,430,390
Premises	2,227,500	-	-	2,227,500	-	-	-	-	2,227,500	2,227,500
Office Equipments	2,203,277	-	-	2,203,277	1,589,674	85,352	-	1,675,026	528,251	613,603
Vehicles	2,296,735	-	-	2,296,735	2,151,210	37,676	-	2,188,886	107,849	145,525
Computers	6,299,952	106,050	-	6,406,002	6,222,101	45,479	-	6,267,580	138,422	77,851
Furniture & Fittings	1,741,442	-	-	1,741,442	1,501,628	43,406	-	1,545,034	196,408	239,814
Electric Equipment	384,035	59,188	-	443,223	331,007	12,032	-	343,039	100,184	53,028
Total Rs.	26,583,331	165,238	-	26,748,569	11,795,620	223,945	-	12,019,565	14,729,004	14,787,711
Previous Year	26,562,031	21,300	-	26,583,331	11,532,865	262,755	-	11,795,620	14,787,711	15,029,166

SCHEDULE "D" - INVESTMENT (AT COST)

	Current Year		Previous Year	
	No.	Rs.	No.	Rs.
I. QUOTED SHARES				
Investment in Shares of Public Limited Companies	964,431	50,584,316	892,831	50,404,316
		<u>50,584,316</u>		<u>50,404,316</u>
II. UNQUOTED SHARES, UNITS, BONDS				
UTI Index Equity Fund	50,000	500,000	50,000	500,000
SBI Mutual Fund	30,000	300,000	30,000	300,000
Secured Bonds of Dena Bank	10	100,000	10	100,000
Bombay Stock Exchange Ltd	70,694	9,793,838	70,694	9,793,838
Rushil Industries Limited (Share Application Money)	500,000	5,000,000	500,000	5,000,000
		<u>15,693,838</u>		<u>15,693,838</u>
As per Balance Sheet		<u>66,278,154</u>		<u>66,098,154</u>

Note: Aggregate market value of the Quoted Investment as on 31.3.2010 is Rs 303,130,642 (Previous Year 125,459,777)

MUKESH BABU SECURITIES LIMITED

SCHEDULE "A" TO "H" FORMING AN INTEGRAL PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

Particulars	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "E" - CURRENT ASSETS, & LOANS & ADVANCES				
a) Sundry Debtors (Unsecured) (Unsecured considered good)				
Sundry Debtors - More than Six Month	20,864,170		22,287,282	
Sundry Debtors - Less than Six Month	-	20,864,170	-	22,287,282
c) Cash and Bank Balance				
Cash on hand (As certified by Director)	2,985,124		2,431,950	
Balance With Scheduled Banks	4,189,546	7,174,670	5,851,418	8,283,368
d) Other Current Assets				
Advance Tax & TDS	6,857,575		6,649,787	
Deposit - Interest Free	33,301,117		30,801,117	
- Others	113,952,856	154,111,548	115,420,248	152,871,152
e) Loans and Advances (Unsecured Considered Good)				
Loans and advances to staff	551,330		583,330	
Prepaid Expenses	14,139		15,539	
Other Advances	185,276,463	185,841,932	128,768,024	129,366,893
As per Balance Sheet		367,992,320		312,808,695
SCHEDULE "F" - CURRENT LIABILITIES & PROVISIONS				
a. Current Liabilities				
Sundry Creditors	1,003,639		1,003,639	
Deposit from Clients	60,000		60,000	
Margin accounts	150,000,000		150,000,000	
Dues to Holding Company (Mukesh Babu Financial Services Ltd.)	125,389,617		24,064,082	
Other Liabilities	236,154		222,442	
Bank Overdraft	28,548,842	305,238,252	82,413,192	257,763,355
b. provisions				
Provision for Taxation		2,325,000		1,685,650
As per Balance Sheet		307,563,252		259,449,005
SCHEDULE "G" - ADMININSTATIVE AND GENERAL EXPENSES				
Auditors Remuneration for Audit Fees	22,060		22,060	
for Consultancy Fees	22,060	44,120	22,060	44,120
Directors Remuneration		1,200,000		1,200,000
Donation Expenses		1,000,000		-
Electricity expenses		613,773		524,307
Staffwelfare Expenses		449,455		409,977
Conveyance & Travelling		437,373		349,135
Insurance		1,970,932		1,973,028
Membership and Subscription		209,300		334,321
Telephone & Courier Exp		205,906		187,346
Printing and Stationery		88,088		24,431
Professional and Consultancy fees		153,250		104,248
Rent, Rates and Taxes		729,839		1,288,367
Repairs & Maintenance		352,314		245,408
Salary & Wages		1,431,100		1,244,300
Sundry Expenses		317,734		242,963
Trade Execution Charges		648,000		1,293,000
Transaction Charges		354,603		294,082
As per Profit and Loss Account		10,205,787		9,759,033

SCHEDULE – H NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

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, deferred and fringe benefit tax. Current income tax and fringe benefit 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. **Contingent Liability:**
200,000 payable for 20000 Partly paid shares of Wire & Wireless Ltd @ Rs. 10/- each.
9. **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 (Rs. in Lacs)	Previous Year Rs. In Lacs
A. Mukesh Babu Financial Services Ltd. (Holding Company)		
Opening Balance	240.64	110.64
Amount received during the year	2,012.00	655.00
Amount refunded against loans and advances	998.74	525.00
Credit Closing balance Payable at the year end	1253.90	240.64
B. Ms. Meena Mukesh Babu (Managing Director)		
Remuneration paid during the year	12.00	12.00

10. **Deferred Tax Assets**

During the year, on accounting of Deferred Tax in accordance with the Accounting Standard – 22, the Deferred Tax Liabilities of the Company Comes to Rs. 9676/- (Previous Year Rs. 20,33,602/-).

Particulars	Amount of Tax Effect for the Current Year	Amount of Tax Effect for Previous Year.
Brought Forward Losses (05-06)	--	8,97,343
Brought Forward Losses (06-07)	--	5,69,018
Brought Forward Losses (07-08)	--	5,89,921
Liabilities on account of depreciation	(9,676)	(22,680)
Total Deferred Tax Assets	(9,676)	20,33,602

11. **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.

12. **Sundry Debtors and Creditors:**

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

13. 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. and hence the disclosure required under AS-15 are not applicable.
14. The Company has no broking income as it has not re-commenced its business.
15. Bank overdraft balance is subject to reconciliation and confirmation.
16. The maximum amount outstanding during the year to the holding company is Rs. 125,389,616/-. (Previous Year amount being Rs. 25,014,082/-).
17. **Earning Per Share**

PARTICULARS	Current Year	Previous year
Profit/(Loss) After Tax Rs.	5,431,551	3,037,312
Number of Equity Shares Fully Paid Up	5,000,000	5,000,000
Earning Per Share – Basic and Diluted Rs.	1.09	0.61

18. 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.

19. **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	22060	22060
Consultancy Fees	22060	22060
Total	44120	44120

20. **Foreign Currency Transactions :**

There were no foreign exchange transactions during the year.

21. **Prior Period Comparatives:**

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

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

23. **Quantitative Information.**

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

AS PER OUR REPORT ATTACHED

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

FOR AND ON BEHALF OF THE BOARD

Sd/-

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

Place: Mumbai
Date: 16th June 2010

Sd/-

(K. Chandrasekhar)
Company Secretary

Place: Mumbai
Date: 16th June 2010

Sd/-

(Mukesh Babu)
Director

Sd/-

(Meena Mukesh)
Managing Director

MUKESH BABU SECURITIES LIMITED.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010.

	CURRENT YEAR		PREVIOUS YEAR	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary Item		7,943,326		3,185,819
Adjustments for :				
Depreciation & Misc. Exp. Written off	223,945		262,755	
Foreign Exchange	-		-	
Loss/(Profit) on Sale on Investments	-		-	
Profit on Trading	-		-	
Interest/Dividend (Received)	(23,587,502)		(16,215,557)	
Interest paid	5,214,444		3,007,950	
Excess Provision for Taxation	-	(18,149,113)	-	(12,944,852)
Operating Profit Before Working Capital Changes		(10,205,787)		(9,759,033)
Adjustments for:				
Sundry Debtors	1,423,112		946	
Loans and Advances	(56,475,039)		(74,975,101)	
Other Current Assets	(1,240,396)		10,260,483	
Sundry Creditors	101,325,535		13,000,014	
Other Liabilities	13,712	45,046,924	37,386	(51,676,272)
Cash Generated from Operations	101,325,535	34,841,137		(61,435,305)
Interest Paid	102,762,359	(5,214,444)		(3,007,950)
Direct Taxes Paid	(57,715,435)	(60,650)		(65,000)
Cash Flow Before Extraordinary Items	45,046,924	29,566,043		(64,508,255)
Extraordinary Items		(52,656)		1,380
NET CASH FROM OPERATING ACTIVITIES		29,513,387		(64,506,875)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(165,238)		(21,300)	
Sale of Fixed Assets	-		-	
Purchase of Investments	(180,000)		(5,000,000)	
Purchase of Stock -in -Trade	-		-	
Sale of Investments	-		-	
Sale of Stock - in -Trade	-		-	
Profit on Share Trading (Speculation)	-		-	
Interest & Dividend Received	23,587,502	23,242,264	16,215,557	11,194,257
NET CASH USED IN INVESTING ACTIVITIES		23,242,264		11,194,257
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	(53,864,350)		52,916,399	
Repayment of Loan	-		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	-		-	
Increase in Misc. & Public Issue Expenses	-	(53,864,350)	-	52,916,399
NET CASH USED IN FINANCING ACTIVITIES		(53,864,350)		52,916,399
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(1,108,699)		(396,219)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,283,368		8,679,587
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		7,174,670		8,283,368

For Chaitanya C. Dalal & Co.
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Sd/-

Sd/-

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

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

Place : Mumbai.
Date : 16th June, 2010

Place : Mumbai.
Date : 16th June, 2010

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL
BUSINESS PROFILE INFORMATION AS REQUIRED UNDER PART IV
OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

I. Registration Details

Registration No.	<input type="text" value="76455"/>	Status Code	<input type="text" value="11"/>
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Balance Sheet Date	<input type="text" value="31.03.2010"/>
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II. Capital raised during the year (Amount in Rs. Thousand)

Public issue	<input type="text" value="-"/>	Right Issue	<input type="text" value="-"/>
Bonus Issue	<input type="text" value="-"/>	Private Placement	<input type="text" value="-"/>

III. Position of Mobilisation and Development of Funds (Amount in Rs. Thousand)

Sources of Funds	Total Liabilities	<input type="text" value="141,436"/>	Total Assets	<input type="text" value="141,436"/>
	Paidup Capital	<input type="text" value="50,000"/>	Reserves and Surplus	<input type="text" value="91,427"/>
	Secured Loans	<input type="text" value="-"/>	Unsecured Loans	<input type="text" value="-"/>

Application of Funds

Net Fixed Assets	<input type="text" value="14,729"/>	Investment	<input type="text" value="66,278"/>
Net Current Assets	<input type="text" value="60,429"/>	Miscellaneous Expenditure	<input type="text" value="-"/>
Accumulated Losses	<input type="text" value="-"/>		

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	<input type="text" value="23,588"/>	Total Expenditure	<input type="text" value="15,644"/>
Profit or (Loss) before Tax	<input type="text" value="7,943"/>	Profit or (Loss) after Tax	<input type="text" value="5,200"/>
Earning Per Share in Rs.	<input type="text" value="1.04"/>	Dividend Rate in (%)	<input type="text" value="-"/>

V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	<input type="text" value="N.A."/>
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Service Description	<input type="text" value="STOCK BROKING"/>
	<input type="text" value="STOCK TRADING AND DEPOSITORY SERVICES"/>

Sd/-

(K. Chandrasekhar)
Company Secretary

Sd/-

(Mukesh Babu)
Director

Sd/-

(Meena Mukesh)
Managing Director

Place: Mumbai.

Date : 16th June, 2010

ANNUAL REPORT 2009 - 2010

MUKESH BABU FINANCIAL SERVICES LIMITED (CONSOLIDATED ACCOUNTS)

CONTENTS

Auditors' Report	51
Balance Sheet	53
Profit and Loss Account	54
Schedules to Accounts	55
Notes forming part of Accounts	60
Cash Flow Statement	65

Board of Directors

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

Main Bankers

HDFC Bank
ICICI Bank
Bank Of India
Axis Bank
Oriental Bank of Commerce

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.

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

To
The Board of Directors,
Mukesh Babu Financial Services Limited.

1. We have examined the attached consolidated Balance Sheet of Mukesh Babu Financial services Ltd., ("The Company") and its subsidiary Mukesh Babu Securities Limited as at 31st March 2010 and the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year then ended annexed thereto. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary whose financial statements reflects total gross assets of Rs. 4,489.99 lacs as at 31st March, 2010 and total gross revenues of Rs. 235.88 lacs for the year then ended. This financial statement has been audited by other auditor whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statement issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements except herein under written.

5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, and its subsidiary, we are of the opinion that the said consolidated financial statements read with notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India :
- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March, 2010and
 - b. in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year then ended.
 - c. in the case of cash flow statement, of the cash flows for the year ended on that date.

**For Shah Shah & Shah
Chartered Accountants**

Sd/-

**(Mehul C. Shah)
Partner
Membership No. 49361
FRN: 116457W
Mumbai: 27/08/2010**

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31.03.2010

PARTICULARS	SCHEDULE	AS AT 31.03.2010		AS AT 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. SHAREHOLDER'S FUNDS					
a. Share Capital	1	69,672,500		69,672,500	
b. Reserves and Surplus	2	<u>251,136,853</u>	320,809,353	<u>204,471,374</u>	274,143,874
2. LOAN FUNDS					
a. Secured Loans	3	176,024,720		-	
b. Unsecured Loans		<u>-</u>	176,024,720	<u>-</u>	-
3. MINORITY INTEREST			68,422,204		65,931,896
4. DEFERRED TAX LIABILITIES			1,289,024		-
TOTAL FUNDS EMPLOYED			<u>566,545,301</u>		<u>340,075,770</u>
II. APPLICATION OF FUNDS					
1. FIXED ASSETS	4				
Gross Block		51,831,643		51,666,405	
Less : Depreciation		<u>26,194,820</u>		<u>24,688,154</u>	
Net Block			25,636,823		26,978,251
2. INVESTMENTS	5		168,278,154		77,598,154
3. DEFERRED TAX ASSETS			-		3,213,189
4. CURRENT ASSETS, LOANS AND ADVANCES:	6				
a. Inventories		119,670,943		113,068,601	
b. Sundry Debtors		20,864,170		22,287,282	
c. Cash and Bank Balance		8,720,943		12,547,047	
d. Other Current Assets		172,808,406		162,821,930	
e. Loans & Advances		<u>301,417,537</u>		<u>189,908,263</u>	
		<u>623,481,999</u>		<u>500,633,123</u>	
5. LESS : CURRENT LIABILITIES AND PROVISIONS:	7				
a. Current Liabilities		220,805,341		264,987,797	
b. Provisions		<u>30,046,334</u>		<u>3,359,150</u>	
		<u>250,851,675</u>		<u>268,346,947</u>	
NET CURRENT ASSETS			372,630,324		232,286,176
6. MISCELLANEOUS EXPENDITURE			-		-
TOTAL ASSETS			<u>566,545,301</u>		<u>340,075,770</u>

Notes to Accounts 10
As per our report of even date.

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Sd/-

Sd/-

(Mehul C. Shah)
Partner
Membership No. 49361

(DIPALI SHAH)
Company Secretary

(MUKESH BABU)(K. CHANDRASEKHAR)
Managing Director Director

Place : Mumbai

Place : Mumbai

Date : 27/08/2010

Date : 27/08/2010

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED PROFIT AND LOSS A/C FOR THE YEAR ENDED 31.03.2010

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Income from Operations	8	92,875,352		14,541,020	
Other Income		23,615,412	116,490,764	16,481,420	31,022,440
Total			116,490,764		31,022,440
II. EXPENSES					
Administrative and General Expenses	9	25,218,980		15,136,358	
Depreciation		1,506,666		1,129,431	
Interest		7,834,158	34,559,804	3,007,950	19,273,739
Total			34,559,804		19,273,739
PROFIT BEFORE TAXATION			81,930,960		11,748,701
Less : Taxation & Non Tax Bearing Items					
Current Tax		20,200,000		75,000	
Deferred Tax		4,502,213		176,180	
Fringe Benefit Tax		-	24,702,213	120,000	371,180
PROFIT AFTER TAXATION			57,228,747		11,377,521
Balance in Profit & Loss A/c brought forward			45,599,766		34,862,793
Excess/(Short) Tax Provision for Earlier Years			78,374		(17,615)
PROFIT AVAILABLE FOR APPROPRIATION			102,906,887		46,222,699
Less:					
Transfer to Statutory Resreve		10,405,740		1,664,243	
Provision for Dividend		6,967,250		-	
Provision for Tax on Dividend		1,184,084		-	
Transferred from/(to) General Reserve		2,657,084		1,568,573	
Transferred to Minority Interest		2,490,308	23,704,466	1,470,119	4,702,935
BALANCE CARRIED TO BALANCE SHEET			79,202,421		41,519,764
Earning per share (Basic/Diluted)			8.21		1.63

Notes to Accounts 10

As per our report of even date.

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-
(Mehul C. Shah)
Partner
Membership No. 49361

Sd/-
(DIPALI SHAH)
Company Secretary

Sd/-
(MUKESH BABU)
Managing Director

Sd/-
(K. CHANDRASEKHAR)
Director

Place : Mumbai
Date : 27/08/2010

Place : Mumbai
Date : 27/08/2010

MUKESH BABU FINANCIAL SERVICES LIMITED

SCHEDULE "1" TO "10" FORMING AN INTEGRAL PART OF CONSOLIDATED A/C FOR THE YEAR ENDED 31.03.2010

Particulars	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE " 1" - SHARE CAPITAL				
Authorised capital :				
10,000,000 (10,000,000) Equity Shares of Rs. 10/- each.		<u>100,000,000</u>		<u>100,000,000</u>
Issued, Subscribed and Paid up Capital :				
6,970,900(6,970,900) Equity Shares of Rs. 10/- each.	69,709,000		69,709,000	
Less : Unpaid Calls	<u>36,500</u>	69,672,500	<u>36,500</u>	69,672,500
As per Balance Sheet		<u>69,672,500</u>		<u>69,672,500</u>
SCHEDULE "2" - RESERVES & SURPLUS				
Capital Reserve :		7,088,500		7,088,500
Share Premium Account :				
Balance as per last Balance Sheet	73,628,000		73,628,000	
Less: Unpaid Calls	<u>73,000</u>	73,555,000	<u>73,000</u>	73,555,000
General Reserve :				
Balance as per last Balance Sheet	65,620,172		64,051,599	
Add:Transfer from Profit & Loss A/c	<u>2,657,084</u>	68,277,256	<u>1,568,573</u>	65,620,172
Profit & Loss Account credit Balance :				
Balance as per last Balance Sheet	45,599,765		38,942,794	
Add:Transfer from Profit & Loss A/c	<u>33,602,655</u>	79,202,420	<u>6,656,971</u>	45,599,765
Statutory Reserve :				
Balance as per last Balance Sheet	12,607,937		10,943,694	
Add:Transfer from Profit & Loss A/c	<u>10,405,740</u>	23,013,677	<u>1,664,243</u>	12,607,937
As per Balance Sheet		<u>251,136,853</u>		<u>204,471,374</u>
SCHEDULE "3" - SECURED LOANS				
Loan Against Securities (Secured against Shares)		176,024,720		-
As per Balance Sheet		<u>176,024,720</u>		<u>-</u>

SCHEDULE "4" - FIXED ASSETS

SR.	PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N				N E T B L O C K	
		AS ON 1.4.2009	ADD	LESS	AS ON 31.03.2010	UP TO 1.4.2009	FOR THE YEAR	WRITTEN BACK	UP TO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
1	Office Premises	26,313,640	-	-	26,313,640	8,277,448	330,290	-	8,607,738	17,705,902	18,036,192
2	Guest House	2,100,000	-	-	2,100,000	389,536	85,524	-	475,060	1,624,940	1,710,464
3	Furniture & Fixtures	5,259,298	-	-	5,259,298	3,427,203	331,609	-	3,758,812	1,500,486	1,832,095
4	Electrical Fittings	696,811	59,188	-	755,999	426,221	51,411	-	477,632	278,367	270,590
5	Office Equipments	3,680,931	-	-	3,680,931	2,792,054	123,643	-	2,915,697	765,234	888,877
6	Computers	6,668,842	106,050	-	6,774,892	6,322,944	152,698	-	6,475,642	299,250	345,898
7	Premises	2,227,500	-	-	2,227,500	-	-	-	-	2,227,500	2,227,500
8	Vehicles	4,719,383	-	-	4,719,383	3,052,748	431,491	-	3,484,239	1,235,144	1,666,635
	Total Rs.	51,666,405	165,238	-	51,831,643	24,688,154	1,506,666	-	26,194,820	25,636,823	26,978,251
	Previous Year	51,572,858	2,856,750	2,763,203	51,666,405	25,960,167	1,129,431	2,401,444	24,688,154	26,978,251	25,612,691

SCHEDULE "5" - INVESTMENTS (AT COST)

Scrip Name	AS AT 31.03.2010		AS AT 31.03.2009	
	No.	Rs.	No.	Rs.
<u>LONG TERM INVESTMENTS</u>				
<u>SHARES AND DEBENTURES</u>				
A. Shares (Quoted)				
Investment in Shares of Public Limited Listed Companies	974,431	51,034,316	902,831	50,854,316
		51,034,316		50,854,316
B. Shares (Unquoted), Mutual Funds & Units				
Rushil Industries Ltd.	1,000,000	10,000,000	1,000,000	10,000,000
Dynamic Ship Recyclers Pvt.Ltd.	600,000	3,500,000	600,000	3,500,000
Units - UTI - IEF	55,000	550,000	55,000	550,000
SBI Mutual Fund	30,000	300,000	30,000	300,000
Secured Bonds of Dena Bank	10	100,000	10	100,000
Bombay Stock Exchange ltd	70,694	9,793,838	70,694	9,793,838
Platinum Square P. Ltd.	300,000	3,000,000	-	-
Omni Engineering Industries P.Ltd (Share applicaion Money)	-	-	25,000	2,500,000
		27,243,838		26,743,838
D. Debentures (Secured, Optionally Convertible)				
Platinum Square P. Ltd	900	90,000,000	-	-
AS PER BALANCE SHEET (A+B)		168,278,154		77,598,154

Note : Market Value of Quoted Investment as of 31st March,2010 is Rs. 303,760,642 (Previous Year Rs.125,919,777)

Particulars	AS AT 31.03.2010		AS AT 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "6" - CURRENT ASSETS, LOANS & ADVANCES				
a) Closing Stock		119,670,943		113,068,601
b) Sundry Debtors (Unsecured)				
Considered good Over Six months	20,864,170		22,287,282	
Others Considered good		20,864,170		22,287,282
c) Cash and Bank Balance				
Cash on hand	3,244,319		3,229,884	
(As certified by the management)				
In Current A/c with Scheduled Bank	5,476,624	8,720,943	9,317,163	12,547,047
d) Other Current Assets				
Advance Tax & TDS	8,035,835		8,767,552	
Deposits : Interest Free	50,819,715		38,634,130	
Other	113,952,856	172,808,406	115,420,248	162,821,930
e) Loans and Advances				
(Unsecured Considered Good)				
Loans - Inter Corporate :				
Others	76,503,698		26,593,466	
Advances to Staff & Associates	19,507,890		9,789,404	
Company under the same Management	2,505,830		2,810,830	
Advances Recoverable in Cash or Kind	400,000		400,000	
or for Value to be received	202,500,119	301,417,537	150,314,563	189,908,263
As per Balance Sheet		623,481,999		500,633,123
SCHEDULE "7" - CURRENT LIABILITIES & PROVISIONS				
a. Current Liabilities				
Bank Over Draft	52,876,071		106,740,421	
Sundry Creditors	17,310,243		7,808,655	
Deposit from clients	60,000		60,000	
Margin Deposit	150,000,000		150,000,000	
Other Liabilities	559,027	220,805,341	378,721	264,987,797
b. provisions				
Provision for Taxation	23,079,084		3,359,150	
Provision for Dividend	6,967,250	30,046,334	-	3,359,150
As per Balance Sheet		250,851,675		268,346,947

Particulars	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE "8" - INCOME FROM OPERATIONS				
Interest Income		5,915,188		3,151,781
Dividend Income		11,862,349		12,217,957
Income from Commodity trading		15,097		-
Profit on Shares & Securities		75,082,718		(1,816,583)
Bad Debts Recovery		-		987,865
As per Profit & Loss Account		92,875,352		14,541,020
SCHEDULE "9" - ADMINISTRATIVE AND GENERAL EXPENSES				
Auditors' Remuneration				
For Certification & Other work		35,850		34,983
For Statutory Audit		44,120		44,120
Bad Debts		7,372,654		79,103
Computer Expenses		136,923		131,230
Conveyance & Travelling Expenses		1,226,402		896,943
Business Promotion		510,772		229,182
Directors' Remunerations		2,680,000		2,435,000
Demat and Depository Expenses		221,668		26,409
Donations		2,011,000		-
Electricity Expenses		770,397		657,144
Guest House Expenses		36,000		36,000
Insurance Expenses		1,970,932		1,973,028
Professional & Consultancy Fees		1,080,071		1,072,378
Listing Fees		27,575		27,861
Memberships & Subscription		209,300		359,793
Office Expenses		72,201		73,669
Postage and Courier		38,079		32,425
Printing and Stationery Expenses		238,533		151,315
Rent, Rates & Taxes		830,032		1,402,206
Repairs and Maintenance		652,708		434,425
Salary Expenses		2,294,650		2,102,100
Staff welfare Expenses		599,742		477,185
Mess & Refreshment Expenses		182,780		262,164
Trade Execution Expenses		648,000		1,293,000
Telephone Expenses		366,691		264,823
Transaction Charges		354,603		294,082
Sundry Expenses		607,297		258,729
VSAT and Lease Line Expenses				166,164
As per Profit & Loss Account		25,218,980		15,136,358

SCHEDULE “10”

1. SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING CONCEPTS:

The Company follows mercantile system of accounting, and recognizes all income and expenses on accrual basis.

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 as per the rates, and in the manner provided in Schedule XIV to the Companies Act 1956.

INVESTMENTS:

Investments are stated at cost of acquisition. The management does not find it necessary to provide for any diminution in the value of investments as the decline, if any, may be due to short term stock market forces.

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 RECOGNITION:

Sale of shares is recognized on receipt of contract note from the broker and are recorded exclusive of securities transaction tax that is in nature of advance income-tax. Dividends are recorded in the year of declaration and receipt. Interest on loans granted is recognized as income on completion at the time it is not unreasonable to expect ultimate collection. Other revenue items are recognized as income on their accrual basis.

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 differences, 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.

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.

2. The figures of the previous year are regrouped, rearranged and reclassified wherever necessary to correspond with those of the current year.
3. The year end position of Loans and advances in the nature of interest free loans given to the following companies which are under the same management within the meaning of Sub-section (1B) of Section 370 of the Companies Act, 1956.

NAME OF THE COMPANY	Current Year Rs.	Previous Year Rs.
Sagar Systech Limited	400,000	400,000
Istaa Infotech Private Limited	0	6,300,000

Maximum outstanding during the Year

NAME OF THE COMPANY	Current Year Rs.	Previous Year Rs.
Sagar Systech Limited	400,000	1,000,000
Istaa Impex Private Limited	0	1,500,000
Istaa Infotech Private Limited	6,300,000	8,000,000

4. Information pursuant to paragraph 3 of part II of Schedule VI to the companies Act,1956 in respect of opening stock, purchases, sales and closing stock of shares traded in:

	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty. Nos.)	4,156,873	108,411	312314	3,952,970
Value (Amount Rs.)	113,068,601	8,156,094	64,126,906	119,670,943

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

Consolidated transaction value (purchases and sales) on account of cash and derivative transactions amounts to Rs.1,535,394,719/-. In case of derivatives transactions, purchases and sales are accounted after netting off.

5. During the year, the Company has accounted for Deferred Tax in Accordance with the Accounting Standard – 22, which has resulted in a Deferred Tax Liability amounting to Rs. 12,89,024/- as at the year end. The components of Deferred Tax Assets and (liability) are given hereunder.

Particulars	Amount of Tax Effect
Depreciation	(1,289,024)
Net Deferred Tax Assets / (Liabilities)	(1,289,024)

6. The balances of Debtors, Creditors, loans & advances, overdraft from bank are subject to confirmation & reconciliation. The necessary adjustment if any will be made in the accounts on receipt thereof.
7. Earning Per Share

PARTICULARS	Current Year	Previous year
Profit/(Loss) After Tax Rs.	57,228,747	11,377,521
Number of Equity Shares Fully Paid Up	6,960,600	6,960,600
Number of Equity Shares Party Paid Up	10,300	10,300
Weighted Average number of Equity Shares	6,965,750	6,965,750
Earning Per Share – Basic and Diluted Rs.	8.21	1.63
Face Value per Equity Share Rs.	10	10

8. 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.
9. 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.
10. Directors’ remuneration RS. 26,80,000/-(Previous year RS. 24,35,000/-) is within the limits of Schedule XIII to the Companies Act 1956.
11. Related Party Disclosures to comply with Accounting Standard – 18 – Related Party Disclosure by ICAI.

List of the related parties with whom transactions entered:

- (i) Associates: Ista Fashions Pvt. Ltd., Babu & Parekh Securities Private Limited, Ista Infotech Private Limited, Sagar Systech Limited,
- (ii) Key Managerial Personnel: Shri Mukesh Babu, Ms. Meena Mukesh, Shri Vijay Vora, Shri Pankaj Majithia.

Transactions During the year	Relationship	Rupees
		in Lacs
Opening Balances	Associates	222.50
Amounts received back as loans and Advances	Associates	63.00
Remuneration & Sitting Fees	Key Managerial Personnel	26.80
Closing Balances	Associates	159.50

12. 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 view of this, the Management is of Opinion that this Standard is not applicable to the Company.

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

(Rs. in lakhs)

Particulars			
Liabilities side :			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount out-standing	Amount overdue
	(a) Loan Against Securities (Secured against Shares).	1760.25	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	2409.65	
(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>	NIL	
	<u>Long Term investments :</u>		
	1. <u>Quoted :</u>		
	(i) Share : (a) Equity	4.50	
	(b) Preference	NIL	
	(ii) Units of mutual funds	NIL	
	2. <u>Unquoted :</u>		
	(i) Shares : (a) Equity	373.60	
	(b) Preference	NIL	
	(ii) Debentures and Bonds	900.00	
(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):		
	Please see note 3 below		
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties **		
	(a) Subsidiaries	258.10	258.10
	(c) Other related parties	930.00	930.00
	2. Other than related parties	90.00	115.00
	Total	1,278.10	373.10

(8) Other information

Particulars		Amount
(i)	<i>Gross Non-Performing Assets</i>	--
	(a) <i>Related parties</i>	
	(b) <i>Other than related parties</i>	
(ii)	<i>Net Non-Performing Assets</i>	--
	(a) <i>Related parties</i>	
	(b) <i>Other than related parties</i>	
(iii)	Assets acquired in satisfaction of debt	--

14. No interest has been charged on loans and advances given to some associate companies and for projects in view of commercial considerations of the group.
15. Other information pursuant to paragraph 3, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 is not applicable.

Signature to the Schedules “1” to “10”

FOR AND ON BEHALF OF THE BOARD

Sd/-

**(Mukesh Babu)
Managing Director**

Sd/-

**(K. Chandrasekhar)
Director**

Sd/-

**(Dipali Shah)
Company Secretary**

**Place: Mumbai.
Date: 27/08/2010**

MUKESH BABU FINANCIAL SERVICES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31.03.2010

	YEAR ENDED 31.03.2010		YEAR ENDED 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax and Extraordinary Item		81,930,960		11,748,701
Adjustments for :				
Depreciation & Misc. Exp. Written off	1,506,666		1,129,431	
Bad Debts written off	-		-	
Interest / Dividend Received	(23,615,412)		(16,481,420)	
Interest Paid	7,834,158		3,007,950	
Excess Provision for Taxation	-	(14,274,588)		(12,344,039)
Operating Profit Before Working Capital Changes		67,656,372		(595,338)
Changes in Working Capital:				
Inventories	(6,602,342)		19,716,490	
Sundry Debtors	1,423,112		6,699	
Loans and Advances	(111,509,274)		(93,150,673)	
Other Current Assets	(9,986,476)		14,726,722	
Sundry Creditors	9,501,588		(5,011,261)	
Other Liabilities	180,306	(116,993,086)	40,313	(63,671,710)
Cash Generated from Operations	21,285,850	(49,336,714)		(64,267,048)
Interest Paid		(7,834,158)		(3,007,950)
Direct Taxes Paid		(1,664,150)		(890,996)
Cash Flow Before Extraordinary Items		(58,835,022)		(68,165,994)
Extraordinary Items		78,374		1,380
NET CASH FROM OPERATING ACTIVITIES		(58,756,648)		(68,164,614)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(165,238)		(2,856,750)	
Sale of Fixed Assets	-		361,759	
Purchase of Investments	(90,680,000)		(5,000,000)	
Dividend and Interest	23,615,412		16,481,420	
Sale of Investments	-	(67,229,826)	-	8,986,429
NET CASH USED IN INVESTING ACTIVITIES		(67,229,826)		8,986,429
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	(53,864,350)		52,916,400	
Proceeds from Long term Borrowings	176,024,720			
Repayment of Loan	-		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	-		-	
Increase in Misc. & Public Issue Expenses	-	122,160,370	-	52,916,400
NET CASH USED IN FINANCING ACTIVITIES		122,160,370		52,916,400
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(3,826,104)		(6,261,785)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		12,547,047		18,808,832
CASH & CASH EQUIVALENTS AT THE CLOSING OF THE YEAR		8,720,943		12,547,047

FOR SHAH SHAH & SHAH
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Sd/-

Sd/-

(Mehul C. Shah)
Partner
Membership No.49361

(DIPALI SHAH)
Company Secretary

(MUKESH BABU)
Managing Director

(K. CHANDRASEKHAR)
Director

Place : Mumbai

Place : Mumbai

Date : 27/08/2010

Date : 27/08/2010

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 Thursday, 30th September 2010 at 5 p.m. at 12A/4, New Sion C.H.S. Ltd, Sindhi Colony, Sion - West. Mumbai – 400022

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

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

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 _____ as my /our proxy to vote for me/us and on my/our behalf at an Annual General meeting to be held on Thursday 30th September 2010 or at any adjournment thereof.

Signed this _____ day of September 2010

Affix a
Rs. 1/--
Revenue
Stamp

- 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.