

*29TH ANNUAL REPORT*  
*2013 - 2014*



# MUKESH BABU FINANCIAL SERVICES LIMITED

## **Board of Directors**

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

## **Company Secretary**

Ms. Dipali C. Shah

## **Main Bankers**

Axis Bank  
HDFC Bank  
ICICI Bank

## **Registered Office**

111, Maker Chambers III,  
223, Nariman Point,  
Mumbai – 400021.

## **Auditors**

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

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## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

Your Directors have pleasure in presenting the Twenty Ninth Annual Report and the audited statement of accounts for the year ended 31<sup>st</sup> March, 2014.

	31.3.2014 ₹	31.03.2013 ₹
<b>Total Income</b>	<b>81,617,228</b>	<b>78,772,935</b>
<b>Profit before Interest , Depreciation and Tax</b>	<b>76,766,318</b>	<b>73,279,833</b>
Less: Interest	16,052,787	17,860,049
<b>Gross Profit</b>	<b>60,713,531</b>	<b>55,419,784</b>
Less : Depreciation	838,375	927,519
<b>Profit before Taxation</b>	<b>59,875,156</b>	<b>54,492,265</b>
Less : Taxation Provision & Deferred Tax	16,790,370	14,989,309
<b>Profit available after Taxation</b>	<b>43,084,786</b>	<b>39,502,956</b>
Add: Profit & Loss A/c Credit Balance Brought Forward	178,274,771	154,825,822
<b>Profit Available for Appropriation</b>	<b>221,359,557</b>	<b>194,328,778</b>
Less: Transfer to Statutory Reserve	8,616,957	7,900,591
Less: Provision for Dividend	6,970,900	6,970,900
Less: Provision for Dividend Tax	1,184,704	1,184,704
Less: Provision for Standard Assets	138,261	(2,188)
<b>Profit &amp; Loss A/c Credit Balance Carried Forward</b>	<b>204,448,735</b>	<b>178,274,771</b>

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Financial Review

Your Company earned a net profit of ₹ 430.85 Lacs for the financial year ended 31<sup>st</sup> March, 2014 as compared to previous year's net profit of ₹ 395.03 lacs. Depreciation during the year was ₹ 8.83 Lacs as compared to ₹ 9.28 Lacs in the previous year. Provision for taxation during the year is ₹ 167.90 Lacs including Deferred Tax Provision as compared to ₹ 149.89 Lacs in previous year.

#### Opportunities

Though during the Financial Year 2013-14, Indian GDP grew by only 5%. However, with a stable government that the Indian Electorate has given at the Centre, the Stock Market and Foreign Institutional Investors have viewed this development positively. The BSE Sensex touched an all time high level of 25,000 on the proclamation of the election results. The stock market has been responding bullishly to pledges by the new government to grow India's economy by boosting manufacturing and investment, creating new jobs and rolling out much-needed infrastructure, among other promises. With the liquidity that has come into the stock markets equity as a asset class is likely to outperform other asset classes. India still emerges as one of the most sought-after emerging markets for Foreign Institutional Investors. Your company continues to believe in investing in companies, which have good potentials and in specific sectors that will do well in times to come.

## **Challenges**

The Indian Financial Market being closely integrated with the international markets, the challenge is the volatility in the Indian Markets, which is associated with the international events. Earlier this year, investors made a massive exodus from emerging markets on rising geopolitical tensions and worries about the U.S. Federal Reserve raising interest rates. However, with a stable government at the Centre, optimistic view is in sight for the ensuing financial year. Your company is confident of facing all these challenges with its expertise and long-standing experience and is confident of achieving good growth

## **Risk Management**

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

## **Internal Control Systems and their adequacy.**

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

## **Human Resources**

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

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

## **Corporate Governance**

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

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

## **Subsidiary**

During the year the Subsidiary Company, Mukesh Babu Securities Limited, earned a profit before tax of ₹.432.75 Lacs as compared to ₹ 118.71 Lacs during the previous year.

## **Dividend**

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

## **Directors**

Mr. Pankaj Majithia, 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 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014 on a going concern basis.

## **Auditors**

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

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

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

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

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

## **Fixed Deposits**

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

## **Cash Flow Statement:**

As per the Clause 32 of the Listing Agreement entered into with The Stock Exchanges, Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014 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: 30/05/2014**

**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 31<sup>st</sup> 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 24<sup>th</sup> May 2013.

The names and categories of the Directors on the Board, their attendance at Board meetings during the year, as also the number of Directorships and Committee Memberships/Chairmanships held by them in Indian public companies as on 31<sup>st</sup> March, 2014 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 28<sup>th</sup> May 2013, 5<sup>th</sup> August 2013, 15<sup>th</sup> November 2013 and 14<sup>th</sup> February 2014.

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

Name of the Director	Qualification	Board Meetings		Annual General Meeting
		Held	Attended	If Attended
Mr. Mukesh C. Babu	B.Com, A.C.A.	4	4	Yes
Mr. K. Chandrasekhar	B.Com, A.C.A, Grad. I.C.W.A., A.C.S., L.L.B.	4	4	Yes
Mr. Pankaj Majithia.	F.C.A. A.C.S.	4	3	Yes
Mr. Vijay Vora.	B.Com	4	4	No

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

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

### **3. Information on Directors Appointment /Reappointment.**

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

1. Mr. Mukesh C. Babu, aged 59 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 60 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 59 years is a Chartered Accountant. He is having 31 years of experience in the field of finance & investment. He is Director in Mukesh Babu Financial Services Ltd. and Premium Consultancy Pvt. Ltd.

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

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

4. Mr. Vijay L. Vora, aged 59 years is a Commerce Graduate, having 27 years experience in the field of investment. He is a Director in Mukesh Babu Financial Services Limited and Mukesh Babu Securities Limited.

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

### **4. Committees of Directors**

#### **(A) Audit Committee**

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

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



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

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

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

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

**(B)The Shareholders' / Investors' Grievances Committee**

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

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

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

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

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

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

The functions of the Remuneration Committee are as follows:

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

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

**5. Disclosures**

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

Attention of members is drawn to the disclosures of transactions with related parties set out in Item No. 12 of Note No. 22 to the accounts, forming part of the Annual Report.

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

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

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

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

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

The Board of Directors of the Company approved its Code of Conduct and Whistle Blower Policy in the Board Meeting held on 18<sup>th</sup> November, 2005 and the same is posted on the website of the Company, viz. [www.mukeshbabu.com](http://www.mukeshbabu.com).

## 6. General Body Meetings:

Details of last three Annual General Meetings held:

Meeting No.	Date	Time	Venue
Twenty Eighth	30.09.2013	5.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 022.
Twenty Seventh	28.09.2012	5.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 022.
Twenty Sixth	30.09.2011	5.00 p.m.	12-A/4 New Sion Co-op. Hsg. Soc. Ltd; Sion (W), Mumbai-400 022.

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

## 7. Means of Communication

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

Quarterly unaudited financial results of the Company for every quarter are available on the website of the Company, viz. [www.mukeshbabu.com](http://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

29th Annual General Meeting :

Date & time : Tuesday , 30<sup>th</sup> September, 2014 at 5 p.m.

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

Actual / Expected dates of Quarterly Results for F.Y.2014-15

a. 1 <sup>st</sup> Quarterly Unaudited Results	On or before 15.08.2014
b. 2 <sup>nd</sup> Quarterly Unaudited Results	On or before 15.11.2014
c. 3 <sup>rd</sup> Quarterly Unaudited Results	On or before 15.02.2015
d. 4 <sup>th</sup> Quarterly Audited Results	On or before 30.05.2015

Book Closure Period: Tuesday, 23<sup>rd</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014.

## Listing on Stock Exchanges

<b>Bombay Stock Exchange Limited</b> P.J. Towers, Dalal Street, Fort, Mumbai-400 001. Security Code:30341	<b>Ahmedabad Stock Exchange Limited</b> Kamdhenu Complex, Near Panjarpole, Opp. Sahajanand College,Ahmedabad-380 015 Security Code:38196
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Annual Listing fees for the year 2013-2014 (as applicable) have been paid by the Company to Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited.

## 9. Market Price Data

The Company's shares are listed on Bombay Stock Exchange Limited & Ahmedabad Stock Exchange Limited. There was no trading of the Company's Shares in Ahmedabad Stock Exchange Limited during the financial year 2013-2014. The monthly high & low quotation as well as the volume of shares traded during the year 2013-2014 at, Bombay Stock Exchange Limited, is as below:

Month	Year	High ₹	Low ₹	Volume(Shares)
April	2013	35.00	23.95	9112
May	2013	34.50	28.55	3766
June	2013	27.15	17.20	3457
July	2013	17.50	16.50	151
August	2013	19.25	17.45	490
September	2013	22.95	18.10	11644
October	2013	24.00	18.50	2947
November	2013	22.40	17.00	26640
December	2013	24.10	18.20	5678
January	2014	23.00	18.00	11408
February	2014	19.70	16.80	3955
March	2014	24.45	18.60	15488

## 10. The Registrar and Share Transfer Agent of the Company

### Link Intime India Private Limited.

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai-400 078.

Telephone No. 2596 3838

## 11. Share Transfer System

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

## 12. The Share Holding Pattern and Distribution of Shareholding as on 31<sup>st</sup> March, 2014

SHAREHOLDING PATTERN AS ON 31.03.2014			DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014				
Category Shareholding	No. of Shares	%to the total paid up Capital	No. of Shares	Shareholders		Shares	
				Number	%	Amount (₹)	% to Equity
Promoters	4381600	62.86	Up to- 5000	1558	80.3507	3368290	4.8319
Mutual Funds, UTI	197500	02.83	5001-10000	174	8.9737	1425180	2.0445
Financial Institutions & Banks	11700	00.17	10001- 20000	79	4.0743	1178410	1.6905
Bodies Corporate	758112	10.88	20001- 30000	32	1.6503	837650	1.2016
Individuals	1423013	20.41	30001- 40000	25	1.2893	911560	1.3077
Clearing Member	16335	00.23	40001- 50000	20	1.0315	970300	1.3919
Market Maker	1500	00.02	50001- 100000	16	0.8252	1325350	1.9013
NRIs and NRN	122490	01.76	100001- Above	35	1.8051	59692260	85.6306
Overseas Bodies corporate	32900	00.47					
HUF	25750	00.37					
Total	6970900	100.00	Total	1939	100.00	69709000	100.00

### Dematerialization of Equity Shares and Liquidity

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

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

National Securities Depository Ltd. (NSDL) : 152 Equity shares  
Central Depository Services (India) Ltd. (CDSL) : 148 Equity shares

ISIN No. : INE596B01017

## 13. Address for Correspondence for matters related to shares

### Link Intime India Private Limited.

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai-400 078

Telephone No.: 2596 3838 / 25946970

E-mail : [rnt.helpdesk@linkintime.co.in](mailto: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 30<sup>th</sup> May 2014.

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

**Sd/-**

**Mukesh Babu  
Chairman**

**Place : Mumbai  
Date: 30/05/2014**

## **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](http://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, 2014.

**Sd/-**

**Place : Mumbai  
Date : 30/05/2014**

**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 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement of the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

Sd/-

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

**Place : Mumbai  
Date: 30/05/2014**

**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 2013-14 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/-

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**Mukesh Babu**  
**Managing Director**

Place: Mumbai  
Date: 30/05/2014

Sd/-

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**K. Chandrasekhar**  
**Director**



## Independent Auditor's Report

To  
The Members,  
**Mukesh Babu Financial Services Limited**

We have audited the accompanying financial statements of **Mukesh Babu Financial Services Limited** as at **31st March 2014**, which comprise of the Balance Sheet as at **March 31, 2014**, and the Statement of Profit and Loss, and Cash Flow Statement of the Company for the year ended on that date annexed thereto, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

- (i) in case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2014**;
- (ii) in case of Statement of Profit and Loss, of the **profit** of the Company for the year ended on that date.
- (iii) in case of cash flow statement, of cash flow of the Company for the year ended on that date.

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

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

As required by section 227(3) of the Act, we report that:

(a) we have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(c) the Balance Sheet, Statement of Profit and Loss, and Cash flow Statement dealt with by this Report are in agreement with the books of account;

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

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

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

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

Sd/-

**(Mehul Shah)**

**PARTNER**

**Place :Mumbai**

**Date : 30/05/2014**

**M. No. 049361**

**FRN: 116457W**

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

- I
  - a The Company is maintaining proper records showing full particulars of, including quantitative details and situation of fixed assets.
  - b The management at reasonable intervals has verified the fixed assets. We have been informed that, no material discrepancies on such verification have been noticed.
  - c The Company has not disposed substantial portion of its fixed assets during the year; accordingly the going concern status of the Company is not affected.
- II
  - a As per the records maintained, the management has conducted physical verification of inventory at reasonable intervals.
  - b In our view, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c In our view, the Company has maintained proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to the book records
- III
  - a The Company has granted unsecured loan to One Company covered in the register maintained under section 301 of the Act involving ₹ 99,049,430 on a maximum basis and ₹ 87,717,229 on at the year end.
  - b The rate of interest and other terms and conditions of these loans are prima facie not prejudicial interest of the Company.
  - c In respect of the loans given, the parties are repaying the principal amounts and interest as stipulated;
  - d In respect of the aforesaid loans, there is no overdue amount more than Rupees One lac.
  - e The Company has not taken loans from companies covered in the register maintained under Section 301 of the Act. Hence the clause as to repayment of principal and interest is not applicable.
  - f Since no loans are taken from the aforesaid parties, the sub-clause dealing with rate of interest and other terms and conditions of loans given by the Company are not applicable.
  - g Since no loans are taken as aforesaid, the sub-clause dealing with payment of the principal amount and interest on regular basis is not applicable.
- IV
  - In our view, there is an adequate internal control system commensurate with size of the Company and nature of its business, for the purchase of inventory and fixed assets, and for sale of goods and services. In our view, there has been no continuing failure to correct major weaknesses in internal control systems of the Company.
- V
  - a The contracts or arrangements exceeding the value of ₹ 500,000 referred to in Section 301 of the Act to be entered in the register required to be maintained under that Section have been so entered; and
  - b In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI
  - The Company has not accepted any deposits from public within the meaning of the provisions of section 58A and section 58AA or any other provisions of the Companies Act, 1956 and the rules made there under and as mentioned in directives issued by the reserve bank of India. We have been informed by the management that there has been no order passed by the Company law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company with respect to compliance of the provisions of section 58A or 58AA or any other provisions of the Companies Act 1956.
- VII
  - In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- VIII
  - We have been informed by the management that, the Central Government has not prescribed the method of maintenance of cost records u/s. 209 (1) (d) of the Companies Act, 1956 to the industry to which the Company pertains.

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

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

**Sd/-**

**(Mehul Shah)**

**PARTNER**

**Place :Mumbai**

**Date : 30/05/2014**

**M. No. 049361**

**FRN: 116457W**

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	69,675,000		69,675,000	
(b) Reserves and surplus	2	368,723,972		333,933,050	
(c) Money received against share warrants		-	438,398,972		403,608,050
<b>2 Share application money pending allotment</b>					
<b>3 Non-current liabilities</b>					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)	9	1,028,915		1,097,891	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions	3	459,107	1,488,022	320,846	1,418,737
<b>4 Current liabilities</b>					
(a) Short-term borrowings	4	162,880,320		150,196,485	
(b) Trade payables	5	34,184,122		24,447,379	
(c) Other current liabilities		-		-	
(d) Short-term provisions	6	22,006,576	219,071,018	23,555,173	198,199,037
<b>TOTAL</b>			658,958,012		603,225,824
<b>II. ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	7	8,199,844		8,985,031	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	8	329,809,960		282,309,960	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances	10	52,054,400		23,600,000	
(e) Other non-current assets	11	998,127	391,062,331	998,127	315,893,118
<b>2 Current assets</b>					
(a) Current investments		-		-	
(b) Inventories	12	106,581,828		107,292,071	
(c) Trade receivables		-		-	
(d) Cash and Bank Balances	13	1,877,439		10,685,236	
(e) Short-term loans and advances	14	128,978,561		128,347,217	
(f) Other current assets	15	30,457,853	267,895,681	41,008,182	287,332,706
<b>TOTAL</b>			658,958,012		603,225,824

Contingent Liabilities & Commitments --

NOTES ON ACCOUNT 22

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

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

Sd/-

Sd/-

Sd/-

Sd/-

**Mehul Shah**  
Partner  
FRN: 116457W  
M. No.: 049361  
Place : Mumbai  
Date : 30/05/2014

**Mukesh Babu**      **K. Chandrasekhar**      **Dipali Shah**  
**Managing Director**      **Director**      **Company Secretary**

Place : Mumbai  
Date : 30/05/2014

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note No.	March 31, 2014		March 31, 2013	
		₹	₹	₹	₹
I Revenue from operations	16		81,605,682		78,592,022
II Other income	17		11,546		180,913
III <b>Total Revenue (I + II)</b>			81,617,228		78,772,935
IV <b>Expenses:</b>					
Employee benefits expense	19	2,041,920		1,950,760	
Finance costs	20	16,052,787		17,860,049	
Depreciation	7	838,375		927,519	
Other expenses	21	2,808,990		3,542,342	
<b>Total expenses</b>			21,742,072		24,280,670
V <b>Profit before exceptional and extraordinary items and tax (III-IV)</b>			59,875,156		54,492,265
VI <b>Exceptional items</b>			-		-
VII <b>Profit before extraordinary items and tax (V - VI)</b>			59,875,156		54,492,265
VIII <b>Extraordinary Items</b>			-		-
IX <b>Profit before tax (VII- VIII)</b>			59,875,156		54,492,265
X <b>Tax expense:</b>					
(1) Current tax		16,500,000		14,600,000	
(2) Taxation of earlier years		359,346		454,762	
(3) Deferred tax		(68,976)	16,790,370	(65,453)	14,989,309
XI <b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>			43,084,786		39,502,956
XII <b>Profit/(loss) from discontinuing operations</b>			-		-
XIII <b>Tax expense of discontinuing operations</b>			-		-
XIV <b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>			-		-
XV <b>Profit (Loss) for the period (XI + XIV)</b>			43,084,786		39,502,956
XVI <b>Earnings per equity share:</b>					
(1) Basic			6.18		5.67
(2) Diluted			6.18		5.67

**NOTES ON ACCOUNT**

22

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

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

Sd/-

Sd/-

Sd/-

Sd/-

Mehul Shah  
**Partner**

**Mukesh Babu**  
**Managing Director**

**K. Chandrasekhar**  
**Director**

**Dipali Shah**  
**Company Secretary**

FRN: 116457W  
M. No.: 049361  
Place : Mumbai  
Date : 30/05/2014

Place : Mumbai  
Date : 30/05/2014

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 1 SHARE CAPITAL**

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

Share Capital	March 31, 2014		March 31, 2013	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 10 each	10,000,000	100,000,000	10,000,000	100,000,000
<b>Issued</b> Equity Shares of ₹ 10 each	6,970,900	69,709,000	6,970,900	69,709,000
<b>Subscribed and fully Paid up</b> Equity Shares of ₹ 10 each fully paid	6,960,600	69,606,000	6,960,600	69,606,000
<b>Subscribed but not fully Paid up</b> Equity Shares of ₹ 10 each, not fully paid up	10,300	103,000	10,300	103,000
Less: Unpaid Calls		34,000		34,000
<b>Total</b>	<b>6,970,900</b>	<b>69,675,000</b>	<b>6,970,900</b>	<b>69,675,000</b>

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

Particulars - Equity Shares	March 31, 2014		March 31, 2013	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	6,970,900	69,709,000	6,970,900	69,709,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,970,900	69,709,000	6,970,900	69,709,000

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

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MUKESH CHAMPAKLAL BABU	3,431,600	49.23%	3,431,600	49.23%
MEENA MUKESH BABU	950,000	13.63%	950,000	13.63%
SAGAR SYSTECH LIMITED	604,500	8.67%	604,500	8.67%

Disclosure pursuant to Note no. 6 (A) (e, h, j) of Part I of Schedule VI to the Companies Act, 1956  
Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

Particulars	March 31, 2014		March 31, 2013	
	Number	Description	Number	Description
<b>Equity Shares</b>	6,970,900	Pari Pasu	6,970,900	Pari Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

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

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

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 2 RESERVES AND SURPLUS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>a. Capital Reserves</b>		
Opening Balance	7,081,000	7,081,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>7,081,000</b>	<b>7,081,000</b>
<b>b. Securities Premium Account</b>		
Opening Balance	73,628,000	73,628,000
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilised for various reasons	-	-
Less: Unpaid Calls	68,000	68,000
Closing Balance	<b>73,560,000</b>	<b>73,560,000</b>
<b>c. Statutory Reserve</b>		
Opening Balance	53,934,408	46,033,817
(+) Current Year Transfer	8,616,957	7,900,591
	-	-
Closing Balance	<b>62,551,366</b>	<b>53,934,408</b>
<b>d. General Reserve</b>		
Opening Balance	21,082,871	21,082,871
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>21,082,871</b>	<b>21,082,871</b>
<b>e. Surplus Profit and Loss A/c</b>		
Opening balance	178,274,771	154,825,822
(+) Net Profit/(Net Loss) For the current year	43,084,786	39,502,956
(-) Provision for Dividends	6,970,900	6,970,900
(-) Provision for Dividend Tax	1,184,704	1,184,704
(-) Transfer to Statutory Reserves (As per RBI Regulations)	8,616,957	7,900,591
(-) Provision for Standard Assets (As per RBI Regulations)	138,261	-2,188
Closing Balance	<b>204,448,735</b>	<b>178,274,771</b>
<b>Total Reserves &amp; Surplus</b>	<b>368,723,972</b>	<b>333,933,050</b>

**Note 3 LONG TERM PROVISIONS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>(a) Provision for Long Term Liabilities</b>	-	-
<b>Total (a)</b>	-	-
<b>(b) Others</b>	-	-
Contingent Provisions against Standard Assets (As per RBI Regulations)	459,107	320,846
<b>Total (b)</b>	459,107	320,846
<b>Total Long Term Provisions</b>	<b>459,107</b>	<b>320,846</b>



**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 4 SHORT-TERM BORROWINGS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>Secured</b>		
From Banks	-	-
From other parties	141,103,091	128,419,256
(Secured against Stock of Shares)		
Terms of repayment:	Working Capital Loans	
Period of Maturity	Not Applicable	
Number and amount of instalments	Not Applicable	
Applicable rate of interest	14.50%	
Other significant relevant terms	-	
<b>Total Secured Short Term Borrowings</b>	<b>141,103,091</b>	<b>128,419,256</b>
<b>Unsecured</b>		
(a) Loans repayable on demand		
from banks (Refer note no. 3. of Other Notes to Accounts)	21,777,229	21,777,229
<b>Total Unsecured Short Term Borrowings</b>	<b>21,777,229</b>	<b>21,777,229</b>
<b>Total Short Term Borrowings</b>	<b>162,880,320</b>	<b>150,196,485</b>

**Note 5 TRADE PAYABLES**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
(a) Trade Payables	34,184,122	24,447,379
<b>Total Trade Payables</b>	<b>34,184,122</b>	<b>24,447,379</b>

**Note 6 SHORT TERM PROVISIONS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	256,087	239,254
(c) Others (Specify nature)		
Provision for Taxation (Net of Pre-paid Taxes)	13,729,839	12,210,019
Other Provisions	1,049,750	4,135,000
Provision for Dividend	6,970,900	6,970,900
<b>Total Short Term Provisions</b>	<b>22,006,576</b>	<b>23,555,173</b>

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 7 FIXED ASSETS**

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

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	April 1, 2013	Additions/ (Disposals)	March 31, 2014	April 1, 2013	Depreciation for the year	On disposals	March 31, 2014	April 1, 2013	March 31, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>a Tangible Assets</b>									
Office Premises	14,883,250	-	14,883,250	9,502,783	269,023	-	9,771,806	5,380,467	5,111,444
Guest House	2,100,000	-	2,100,000	706,818	69,659	-	776,477	1,393,182	1,323,523
Furniture and Fixtures	3,729,511	-	3,729,511	2,823,805	163,933	-	2,987,738	905,706	741,773
Electrical Fittings	312,776	-	312,776	214,892	17,717	-	232,609	97,884	80,167
Office equipment	1,477,654	-	1,477,654	1,326,446	21,033	-	1,347,479	151,208	130,175
Computers	538,038	53,188	591,226	409,808	56,659	-	466,467	128,230	124,759
Vehicals	3,005,288	-	3,005,288	2,076,934	240,351	-	2,317,285	928,354	688,003
<b>Total (Current Year)</b>	<b>26,046,517</b>	<b>53,188</b>	<b>26,099,705</b>	<b>17,061,486</b>	<b>838,375</b>	<b>-</b>	<b>17,899,861</b>	<b>8,985,031</b>	<b>8,199,844</b>
<b>Total (Previous Year)</b>	<b>25,164,372</b>	<b>882,145</b>	<b>26,046,517</b>	<b>16,133,967</b>	<b>927,519</b>	<b>-</b>	<b>17,061,486</b>	<b>9,030,405</b>	<b>8,985,031</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 8 NON CURRENT INVESTMENTS**

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

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%) (if Known only)		Amount (₹)		Whether stated at Cost?	If Answer to Column (9) is 'No' - Basis of Valuation
			31.3.2014	31.3.2013			31.3.2014	31.3.2013	31.3.2014	31.3.2013		
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>A.</b>	<b>TRADE INVESTMENTS</b>											
<b>B.</b>	<b>OTHER INVESTMENTS</b>											
<b>a.</b>	<b>Investment in Properties</b>											
<b>b.</b>	<b>Investment in Equity Instruments</b>											
	Steelcast Ltd	Others	10,000	10,000	Quoted	Fully Paid	-	-	450,000	450,000	Yes	N.A.
	Rushil Industries Ltd.	Others	50,000	50,000	Unquoted	Fully Paid	-	-	500,000	500,000	Yes	N.A.
	Dynamic Ship Recyclers Pvt.Ltd.	Others	400,000	400,000	Unquoted	Fully Paid	-	-	1,500,000	1,500,000	Yes	N.A.
	Mukesh Babu Securities Ltd	Subsidiary	2,580,996	2,580,996	Unquoted	Fully Paid	51.62	51.62	25,809,960	25,809,960	Yes	N.A.
	The Gaekwar Mills Ltd	Others	75,000	-	Quoted	Fully Paid	-	-	7,500,000	-	Yes	N.A.
									<b>35,759,960</b>	<b>28,259,960</b>		
<b>c.</b>	<b>Investments in Preference Shares</b>											
	Balance Equity Broking (India) P. Ltd	Others	1,500,000	-	Unquoted	Fully Paid	-	-	15,000,000	-	Yes	N.A.
									<b>15,000,000</b>	<b>-</b>		
<b>d.</b>	<b>Investments in Government or Trust securities</b>											
	UTI-IEF units	Others	5,000	5,000	Quoted	Fully Paid	-	-	50,000	50,000	Yes	N.A.
									<b>50,000</b>	<b>50,000</b>		
<b>e.</b>	<b>Investments in Debentures/ Bonds</b>											
	The Gaekwar Mills Ltd (9%)	Others	3,000	3,000	Unquoted	Fully Paid	-	-	229,000,000	229,000,000	Yes	N.A.
	The Gaekwar Mills Ltd (0%)	Others	500	-	Unquoted	Fully Paid	-	-	50,000,000	-	Yes	N.A.
	Lily Realty P. Ltd	Others	-	250	Unquoted	Fully Paid	-	-	-	25,000,000	Yes	N.A.
									<b>279,000,000</b>	<b>254,000,000</b>		
	<b>Total</b>								<b>329,809,960</b>	<b>282,309,960</b>		

Particulars	31.3.2014	31.3.2013
	₹	₹
Aggregate amount of quoted investments (Market Value ₹ 5,523,750/- (Previous Year ₹ 510000/-)	8,000,000	500,000
Aggregate amount of unquoted investments	321,809,960	281,809,960
<b>TOTAL</b>	<b>329,809,960</b>	<b>282,309,960</b>

**MUKESH BABU FINANCIL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 9 DEFERRED TAX ASSET (NET)**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>Deferred tax liability</b>		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	1,028,915	1,097,891
<b>Gross deferred tax liability</b>	1,028,915	1,097,891
<b>Deferred tax asset</b>	-	-
<b>Net deferred tax liability / (asset)</b>	<b>1,028,915</b>	<b>1,097,891</b>

**Note 10 LONG TERM LOANS AND ADVANCES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>a. Loans and advances to related parties</b>	-		-	
<b>Total (a)</b>	-	-	-	-
<b>b. Other loans and advances</b>				
Unsecured, considered good:- Advances Against Projects	52,054,400	52,054,400	23,600,000	23,600,000
<b>Total (b)</b>		52,054,400		23,600,000
<b>Total Long Term Loans and Advances (a)+(b)</b>		52,054,400		23,600,000

**Note 11 OTHER NON CURRENT ASSETS**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>Security Deposits :</b>				
Unsecured, considered good		998,127		998,127
<b>Total Other Non-Current Assets</b>		998,127		998,127

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 12 INVENTORIES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>a. Stock of Shares</b> (Trading Stock of shares Valued at lower of cost or net realisable value)	106,581,828		107,292,071	
		106,581,828		107,292,071
<b>Total Inventories</b>		<b>106,581,828</b>		<b>107,292,071</b>

**Note 13 CASH AND BANK BALANCES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS</b>				
<b>A. Balances with banks*</b>				
In Current Accounts with Scheduled Banks	1,110,334		10,232,589	
		1,110,334		10,232,589
<b>B. Cash on hand*</b>				
Cash and Cash Equivalents		642,105		326,722
		1,752,439		10,559,311
<b>C. Other Bank Balances</b>				
In Fixed Deposits with Scheduled Banks		125,000	125,000	
Interest Accrued not due on Fixed Deposits		-	925	125,925
<b>Total Cash and Bank Balances (A+B+C)</b>		<b>1,877,439</b>		<b>10,685,236</b>

**Note 14 SHORT TERM LOANS AND ADVANCES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>A. Loans and advances to related parties</b>		87,717,229		99,049,430
<b>Sub Total (A)</b>		87,717,229		99,049,430
<b>B. Others</b>				
Unsecured, considered good		38,631,032		26,631,787
Prepaid Expenses		10,300		-
Staff & Associates		2,620,000		2,666,000
<b>Sub Total (B)</b>		41,261,332		29,297,787
<b>Total Short-term loans and advances (A+B)</b>		<b>128,978,561</b>		<b>128,347,217</b>

**Note 15 OTHER CURRENT ASSETS**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>a. Taxation</b>	-	-	-	-
<b>b. Non-Taxation</b>				
Interest Accrued on Debentures	-		11,517,534	
Margin Money with Brokers	30,457,853		29,490,648	
		30,457,853		41,008,182
<b>Total Other Current Assets</b>		<b>30,457,853</b>		<b>41,008,182</b>

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 16 REVENUE FROM OPERATIONS**

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

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Interest Income		40,286,552		28,929,078
Dividend Income		13,185,340		13,666,647
Profit on Shares and Securities		28,133,790		35,996,297
<b>Net Revenue From Operations</b>		<b>81,605,682</b>		<b>78,592,022</b>

**Note 17 OTHER INCOME**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Balance written back		-		180,000
Interest on Term Deposits		11,546		913
<b>Total Other Income</b>		<b>11,546</b>		<b>180,913</b>

**Note 18 (INCREASE) / DECREASE IN INVENTORIES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>Inventories at the end of the year</b>				
Stock of Shares	106,581,828	106,581,828	107,292,071	107,292,071
<b>Inventories at the beginning of the year</b>				
Stock of Shares	107,292,071	107,292,071	100,775,875	100,775,875
<b>Net (Increase) / Decrease in Inventories</b>		<b>710,243</b>		<b>(6,516,196)</b>

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 19 EMPLOYEE BENEFIT EXPENSES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
(a) Salaries and bonus				
Salaries		727,750	661,600	
Directors' Remuneration		1,235,000	1,240,000	
(b) Staff welfare expenses		79,170	49,160	1,950,760
<b>Total Employee Benefit Expenses</b>		<b>2,041,920</b>		<b>1,950,760</b>

**Note 20 FINANCE COST**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<u>Interest expense</u>				
Interest on Loans	16,052,787		17,860,049	
		16,052,787		17,860,049
<b>Total Finance Cost</b>		<b>16,052,787</b>		<b>17,860,049</b>

**Note 21 OTHER EXPENSES**

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Auditors' Remuneration		45,507		39,627
Business Promotion Expenses		561,126		833,524
Conveyance & Travelling Expenses		458,267		382,803
Donation given		175,000		300,000
Electricity Expenses		246,533		226,531
Professional & Consultancy Fees		225,654		176,115
Listing Fees		39,326		39,326
Membership & Subscriptions		54,809		56,642
Motor Car Expenses		176,350		462,225
Office Expenses		97,877		78,485
Postage and Courier Expenses		27,280		44,131
Printing and Stationery Expenses		138,437		146,437
Publishing Expenses		71,192		63,548
Rent, Rates & Taxes		209,479		403,422
Repairs and Maintenance Expenses		105,775		155,982
Telephone Expenses		75,436		54,076
Sundry Expenses		100,942		79,468
<b>Total Other Expenses</b>		<b>2,808,990</b>		<b>3,542,342</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

**NOTE 22. OTHER NOTES - NOTES ON ACCOUNTS**

**1 SIGNIFICANT ACCOUNTING POLICIES:  
ACCOUNTING CONCEPTS**

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

**FIXED ASSETS**

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

**DEPRECIATION**

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

**INVESTMENTS**

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

**INVENTORIES**

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

**REVENUE RECONGNITION:**

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

**EMPLOYEE BENEFITS:**

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

**IMPAIRMENT OF ASSETS**

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

**USE OF ESTIMATES**

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



**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

**EARNINGS PER SHARE**

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

**PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**CASH FLOW STATEMENT**

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

**BORROWING COSTS**

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

**STATUTORY RESERVE**

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

**PRUDENTIAL NORMS**

For the purpose of identifying the assets as non-performing assets in pursuance of non-banking financial companies Prudential Norms (Reserve Bank) Directions, 1998, the Company follows generally accepted accounting principles and industry practices.

**TAXES ON INCOME:**

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

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

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

- 2 The value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. According to the management, provision for all the known liabilities is adequate.
- 3 The Balances of loans and advances, overdraft from bank are subject to confirmation and reconciliation. The necessary adjustment if any will be made in the accounts on receipt thereof.

- 4 Auditors' remuneration in accordance with paragraph 4B of part II of Schedule VI to the Companies Act, 1956 is as under:

Particulars	2013-14	2012-13
As Auditors	33,147	33,504
Other Professional Services	12,360	6,123
	<b>45,507</b>	<b>39,627</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

- 5 Earning per share is calculated as under:

Particulars	2013-14	2012-13
<b>Basic earning per share</b>		
Net profit after Taxation	43,084,786	39,502,956
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Basic earning per share	6.18	5.67
<b>Diluted earning per share</b>		
Net profit after Taxation	43,084,786	39,502,956
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Diluted earning per share	6.18	5.67

Particulars	2013-14	2012-13
6 Directors' Remuneration	1,235,000	1,240,000
Within the limits of Schedule XIII to the Companies Act 1956.		

- 7

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

- 8 Loans and advances given to the employees and associates and for projects do not carry any stipulation as to repayment of principal or payment of interest; and are being repaid periodically. Accordingly, these are considered as good and not considered as part of non-performing assets.
- 9 The management has made full inquiries and is of the view that assets of the Company in form of fixed assets and Inventories are good in nature, and are stated at appropriate value of the respective assets; and there is no necessity as to impairment / write down provision in the accounts.

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

Particulars	Opening Balance	Additional provisions during the year	Amount Used & Unused amount reversed during the year	Closing Balance
	₹	₹	₹	₹
Income-tax	12,210,019	17,615,728	16,095,908	13,729,839

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

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

NAME OF THE COMPANY	2013-14	2012-13
Mukesh Babu Securities Limited (Subsidiary)	87,717,229	99,049,430

**Maximum outstanding during the Year**

NAME OF THE COMPANY	2013-14	2012-13
Mukesh Babu Securities Limited (Subsidiary)	99,049,430	144,442,472

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

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

A. Relationships:

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

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

Category III: Others Associates -- Sagar Systech Ltd.

B. Transactions with related Parties:

TRANSACTIONS DURING THE YEAR	Relationship	2013-14	2012-13
Opening Balances	Subsidiary Company	99,049,430	96,034,101
	Associates	-	-
Loans & Advances given during the year	Subsidiary Company	131,927,567	96,020,980
	Associates	-	-
Amounts received back during the year	Subsidiary Company	143,259,768	93,005,651
	Associates	-	-
Remuneration & Sitting Fees	Key Managerial Persons	1,235,000	1,240,000
Closing Balances	Subsidiary Company	87,717,229	99,049,430
	Associates	-	-

13 Income and Expenses in Foreign Currency:

2013-14	2012-13
NIL	NIL

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

Particulars	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty in Nos.)	4538408	1822756	290000	6071164
Value (in ₹)	107,292,071	69,280,137	94,659,784	106,581,828

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

Consolidated transaction value (purchases and sales) on account of cash and derivative transactions amounts to ₹ 4,872,414,907/- (Previous year ₹ 3,602,707,435/-). In case of derivatives transactions, purchases and sales are accounted after netting off.

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

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

Particulars		(₹ in lakhs)	
<b>LIABILITIES SIDE:</b>			
1	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	Amount Outstanding	Amount Overdue
	a. Loan Against Securities (Secured Against shares )	141,103,091	NIL
	b. Loans from Banks (Unsecured)	21,777,229	
2	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>	NIL	NIL
<b>ASSETS SIDE:</b>			
		Amount Outstanding	
3	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
	a. Secured	NIL	
	b. Unsecured	181,032,961	
4	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>	NIL	
5	<b>Break-up of Investments :</b>		
	<u>Current Investments :</u>		
	<u>Long Term Investments :</u>		
	1 Quoted :		
	(i) Shares : (a) Equity	7,950,000	
	(b) Preference		
	(ii) Units of Mutual Funds	50,000	
	2 Unquoted :		
	(i) Shares : (a) Equity	27,809,960	
	(b) Preference	15,000,000	
	(ii) Debtntures and Bonds	279,000,000	
6	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b>	NIL	
7	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>		
	Category	Market Value / Break up or fair Value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a. Subsidiaries	25,809,960	25,809,960
	b. Other Related Parties	-	-
	2. Other than Related Parties	303,550,000	304,000,000
	<b>Total</b>	<b>329,359,960</b>	<b>329,809,960</b>
8	<b>OTHER INFORMATION</b>		
	<b>Particulars</b>	<b>Amount</b>	
	(i) Gross Non-Performing Assets		
	(a) Related Parties	NIL	
	(b) Other than related parties	NIL	
	(ii) Net Non-Performing Assets		
	(a) Related Parties	NIL	
	(b) Other than related parties	NIL	
	(iii) Assets acquired in satisfaction of Debt	NIL	

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014**

**17 SPECIFIC DISCLOSURES**

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

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

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

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

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

If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion, shall be stated.			
Name of Assets	Realisable Value	Value in Balance Sheet	Opinion of Board
		None	

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

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

Sd/-	Sd/-	Sd/-
(Mukesh Babu) <b>Managing Director</b>	(K. Chandrasekhar) <b>Director</b>	(Dipali Shah) <b>Company Secretary</b>

Place : Mumbai  
Date : 30/05/2014

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**

	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>A. Cash flow from Operating Activities :</b>				
Net Profit Before Tax and Extraordinary Item		59,875,156		54,492,265
Adjustments for :				
Depreciation & Misc. Exp. Written off	838,375		927,519	
Bad Debts written off			-	
Excess Provision for Taxation		838,375	-	927,519
<b>Operating Profit Before Working Capital Changes</b>		<b>60,713,531</b>		<b>55,419,784</b>
<b>Changes in Working Capital:</b>				
Inventories	710,243		(6,516,196)	
Sundry Debtors	-		-	
Loans and Advances	(29,084,820)		1,891,910	
Other Current Assets	10,550,329		(28,451,764)	
Sundry Creditors	9,736,743		16,580,994	
Other Liabilities	(1,479,312)	(9,566,816)	(23,497,521)	(39,992,577)
<b>Cash Generated from Operations</b>		<b>51,146,715</b>		<b>15,427,207</b>
Direct Taxes Paid		(18,113,335)		(16,171,825)
Cash Flow Before Extraordinary Items		<b>33,033,379</b>		<b>(744,618)</b>
<b>Extraordinary Items</b>		<b>-</b>		<b>-</b>
<b>Net Cash From Operating Activities</b>		<b>33,033,379</b>		<b>(744,618)</b>
<b>B. Cash Flow from Investing Activities :</b>				
Purchase of Fixed Assets	(53,188)		(882,145)	
Sale of Fixed Assets	-		-	
Purchase of Investments	(72,500,000)		(89,009,117)	
Sale of Investments	25,000,000	(47,553,188)	90,000,000	108,738
<b>Net cash used in Investing Activities</b>		<b>(47,553,188)</b>		<b>108,738</b>
<b>C. Cash Flow from Financing Activities :</b>				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	12,683,835		16,175,449	
Repayment of Loan Short Term Borrowings	-		-	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	(6,970,900)		(6,970,900)	
Increase in Misc. & Public Issue Expenses	-	5,712,935	-	9,204,549
<b>Net cash used in Financing Activities</b>		<b>5,712,935</b>		<b>9,204,549</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>		<b>(8,806,874)</b>		<b>8,568,669</b>
Cash & Cash Equivalents at the Beginning of the Year		10,559,311		1,990,643
<b>Cash &amp; Cash Equivalents at th Closing of the Year</b>		<b>1,752,439</b>		<b>10,559,311</b>

**FOR SHAH SHAH & SHAH**  
Chartered Accountants

Sd/-

**(MEHUL C. SHAH)**  
Partner  
Membership No.49361  
FRN: 116457W  
Place : Mumbai  
Date : 30/05/2014

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

Sd/-

Sd/-

Sd/-

**Mukesh Babu**                      **K. Chandrasekhar**                      **Dipali Shah**  
**Managing Director**                      **Director**                      **Company Secretary**

Place : Mumbai  
Date : 30/05/2014

# MUKESH BABU FINANCIAL SERVICES LIMITED

<b>Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies.</b>	
1 NAME OF THE SUBSIDIARY COMPANY	MUKESH BABU SECURITIES LIMITED
2 Financial year of the subsidiary ended on	31st March 2014
3 Shares of the Subsidiary held by the company on the above date	
a) Number of Shares	2,580,996 Equity Shares
b) Face Value of Shares	₹10 each fully paid
c) Extent of Holding	51.62%
4 Net aggregate amount of profit/(losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the company.:	
a) Dealt with in the accounts of the company for the year ended 31st March 2014	₹ NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2014	₹ 33,750,940
5 Net aggregate amount of profit/(losses) for previous financial years of the subsidiary, since it become a subsidiary so far as they concern members of the company:	
a) Dealt with in the accounts of the company for the year ended 31st March 2014	₹ NIL
b) Not dealt with in the accounts of the company for year ended 31st March 2014	₹ 144,112,635

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

Sd/-

**Mukesh Babu  
Managing Director**

Sd/-

**K. Chandrasekhar  
Director**

Sd/-

**Dipali Shah  
Company Secretary**

**Place : Mumbai.  
Date : 30/05/2014**

21th

# ANNUAL REPORT 2013-2014

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## MUKESH BABU SECURITIES LIMITED

### Board of Directors

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

### Company Secretary

Shri K. Chandrasekhar

### Main Bankers

Axis Bank  
Bank of India  
HDFC Bank  
ICICI Bank

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Statement of Profit and Loss	9
Notes to Accounts	10
Cash Flow Statement	21

### Registered Office

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

### Auditors

#### Chaitanya C. Dalal & Co.

Chartered Accountants  
104, Bombay Samachar Marg, Fort,  
Bharat House,3rd Floor, Mumbai - 400001.



## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report of the Company and audited statement of accounts for the year ended 31<sup>st</sup> March 2014

<b>GROSS TOTAL INCOME</b>	<b>65,195,492</b>	<b>37,592,579</b>
	=====	=====
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>54,098,509</b>	<b>28,356,900</b>
Less: Interest Paid	10,698,930	16,328,174
<b>Gross Profit</b>	<b>43,399,579</b>	<b>12,028,726</b>
Less: Depreciation	124,919	158,002
<b>Profit before Taxation</b>	<b>43,274,660</b>	<b>11,870,724</b>
Less: Provision for Current Tax	8,600,000	1,750,000
Less: Taxation for Earliore years	929,721	2,538,724
Less: Deferred Tax Provision	(6,001)	(8,784)
<b>Net Profit After Taxation</b>	<b>33,750,940</b>	<b>7,590,784</b>

### YEAR IN RETROSPECT

During the year, your company earned the total income of `651.95 lacs as compared to previous year's total income of `375.93 lacs. The gross profit during the year was `434.00 lacs as against the gross profit of `120.28 lacs during the previous year. The net profit for the year was `337.51 lacs as against the net profit of `75.91 lacs in the previous year.

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

### Directors' Responsibility Statement

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

- (i) that the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March, 2014 on a going concern basis.

## AUDIT COMMITTEE

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

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

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

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

## FIXED DEPOSITS

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

## AUDITORS

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

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

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

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

## PARTICULARS OF EMPLOYEES

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

## ACKNOWLEDGEMENTS

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

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

**For And on Behalf of Board of  
Mukesh Babu Securities Limited  
Sd/-**

**Place : Mumbai  
Date : 29<sup>th</sup> May 2014**

**Mukesh Babu  
Chairman**

## Independent Auditor's Report

To,  
The Members,  
**MUKESH BABU SECURITIES LIMITED**  
Mumbai

We have audited the accompanying financial statements of **Mukesh Babu Securities Limited**, which comprise of the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-

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

**Place: Mumbai  
Date: 29<sup>th</sup> May 2014**

## **Annexure to the Auditors' Report**

### **Re: Mukesh Babu Securities Limited**

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

- (i)
  - a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. These fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification.
  - c. As per the information and explanations given to us, during the year, the Company has not disposed off any substantial part of fixed assets that would affect the going concern.
- (ii) The Company did not carry any inventory during the year. Accordingly, the clauses as to physical verification of inventory at reasonable intervals, the procedures of physical verification of inventory followed by the management, and maintenance of proper records of inventory are not applicable.
- (iii)
  - (a) The Company has granted unsecured loans to parties covered in the register maintained under section 301 of the Act.
  - (b) The Company has taken unsecured loan from a party covered in the register maintained under section 301 of the Act.
  - (c) The rate of interest and other terms and conditions of loans taken & granted by the company are not prima facie prejudicial to the interest of the company
  - (d) The company is repaying the principal amounts as stipulated and is also regular in payment of interest, wherever applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and revenue recognition. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal procedures.

- (v)
  - a. In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of Act have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance of Sections 301 of the Act and exceeding the value of Rupees Five Lakh in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from public; hence question of complying with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records for the company under section 209 (1) (d) of companies act, 1956
- (ix)
  - a. According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including investor education and protection fund, income tax, sales-tax, wealth tax, customs duty, excise duty, Cess, ESIC and PF and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues were outstanding as at 31<sup>st</sup> March 2014, for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us there is no disputed dues of sales tax/income tax/custom tax/wealth tax/excise duty/Cess have been deposited on account of any dispute.
- (x) The company has no accumulated losses as at 31<sup>st</sup> March, 2014 and has not incurred cash losses during the period ended on that date or in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
- (xii) Company has not granted loans against pledge of shares, debentures and other securities; hence question of Maintenance of adequate documents and records of pledge of shares, debentures and other securities, does not arise.

- (xiii) The company is not a chit fund or a Nidhi mutual benefit fund/ society therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xiv) The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures, and other securities and timely entries have been made therein. The investments are held by the company in its own names except those allowable under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed any term loans facility during the year, hence, question of using of it for the purposes for which they were obtained does not arise.
- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised as working capital loans (short term loans) that have been used for long-term investment and vice versa.
- (xviii) The Company has not made any preferential allotments of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year
- (xix) The company has not issued any debentures; paragraph 4(xix) of the order is not applicable
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

**Sd/-**

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

**Place: Mumbai**  
**Date: 29<sup>th</sup> May 2014**





**MUKESH BABU SECURITIES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note No.	March 31,2014		March 31,2013	
		₹	₹	₹	₹
I Brokerage Income			-		-
II Other income	15		65,195,492		37,592,579
III Total Revenue (I + II)			65,195,492		37,592,579
IV Expenses:					
Employee benefits expense	16	3,940,266		3,449,770	
Finance costs	17	10,698,930		16,328,174	
Depreciation and amortization expense	7	124,919		158,002	
Other expenses	18	7,156,717		5,785,909	
Total expenses			21,920,832		25,721,855
V Profit before exceptional and extraordinary items and tax (III-IV)			43,274,660		11,870,724
VI Exceptional items		-			-
VII Profit before extraordinary items and tax (V - VI)			43,274,660		11,870,724
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			43,274,660		11,870,724
X Tax expense:					
(1) Current tax		8,600,000		1,750,000	
(2) Taxation of earlier years		929,721		2,538,724	
(3) Deferred tax		(6,001)	9,523,720	(8,784)	4,279,940
XI Profit (Loss) for the period from continuing operations (VII-VIII)			33,750,940		7,590,784
XV Profit (Loss) for the period (XI + XIV)			33,750,940		7,590,784
XVI Earnings per equity share:					
(1) Basic			6.75		1.52
(2) Diluted			6.75		1.52

**NOTES ON ACCOUNT**

19

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

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

Sd/-

Sd/-

Sd/-

Sd/-

**Chaitanya C. Dalal**  
**Partner**  
**FRN: 101632W**  
**M. No.: 35809**  
**Place : Mumbai**  
**Date : 29th May 2014**

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

**Place : Mumbai**  
**Date : 29th May 2014**

**MUKESH BABU SECURITIES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 1 SHARE CAPITAL**

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

Share Capital	March 31,2014		March 31,2013	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of ₹ 10 each	5,000,000	50,000,000	5,000,000	50,000,000
<b>Issued</b> Equity Shares of ₹ 10 each	5,000,000	50,000,000	5,000,000	50,000,000
<b>Subscribed &amp; Paid up</b> Equity Shares of ₹ 10 each fully paid	5,000,000	50,000,000	5,000,000	50,000,000
<b>Subscribed but not fully Paid up</b> Equity Shares of ₹ 10 each, not fully paid up	-	-	-	-
<b>Total</b>	5,000,000	50,000,000	5,000,000	50,000,000

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

Particulars - Equity Shares	March 31,2014		March 31,2013	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

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

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

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

Name of Shareholder	March 31,2014		March 31,2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mukesh Babu Financial Services Limited	2,580,996	52%	2,580,996	52%
Mukesh Babu	2,218,990	44%	2,218,990	44%

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

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

Particulars	March 31,2014		March 31,2013	
	Number	Description	Number	Description
<b>Equity Shares</b>	5,000,000	Pari Pasu	5,000,000	Pari Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

**Note 2 RESERVES AND SURPLUS**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
<b>A. Surplus</b>		
Opening balance	110,361,696	102,770,912
(+) Net Profit/(Net Loss) For the current year	33,750,940	7,590,784
Closing Balance	<b>144,112,636</b>	<b>110,361,696</b>
<b>Total Reserves &amp; Surplus</b>	<b>144,112,636</b>	<b>110,361,696</b>

**MUKESH BABU SECURITIES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 3 SHORT-TERM BORROWINGS**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
<b>Secured</b>		
From Banks		
Cash Credit from Banks (Secured against Fixed Deposit Receipts of the Company)	30,882,869	34,151,695
Period of maturity	-	-
Number and amount of installments due	CC A/c. Between 1 to 3 years	
Applicable rate of interest	10.50%	
<b>Total Secured Short Term Borrowings</b>	<b>30,882,869</b>	<b>34,151,695</b>
<b>Unsecured</b>		
(a) Loans repayable on demand from banks	28,196,990	28,196,990
(b) Loans and advances from related parties Holding Company Mukesh Babu Financial Services Ltd	87,717,229	99,049,430
<b>Total Unsecured Short Term Borrowings</b>	<b>115,914,219</b>	<b>127,246,420</b>
<b>Total Short Term Borrowings</b>	<b>146,797,088</b>	<b>161,398,115</b>

**Note 4 TRADE PAYABLES**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
(a) Trade Payables	313,260	313,260
(b) Others	-	-
<b>Total Trade Payables</b>	<b>313,260</b>	<b>313,260</b>

**Note 5 OTHER CURRENT LIABILITIES**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
(a) Deposits Margin Accounts	150,000,000	150,000,000
(b) Other payables	-	-
<b>Total Current Liabilities</b>	<b>150,000,000</b>	<b>150,000,000</b>

**Note 6 SHORT TERM PROVISIONS**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
(a) Provision for Short Term Liabilities	-	-
(b) Provision for Expenses	188,377	451,333
(c) Others (Please specify)		
TDS payable	726,293	1,255,146
Provision for Taxation (Net of TDS and Advance Tax if any)	5,261,817	-
<b>Total Short Term Provisions</b>	<b>6,176,487</b>	<b>1,706,479</b>

MUKESH BABU SECURITIES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 7 FIXED ASSETS**  
Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part of Schedule VI to the Companies Act, 1956

Particulars	Gross Block		Accumulated Depreciation				Net Block	
	April 1, 2013 ₹	March 31, 2014 ₹	April 1, 2013 ₹	Depreciation for the year ₹	On disposals ₹	March 31, 2014 ₹	April 1, 2013 ₹	March 31, 2014 ₹
<b>a Tangible Assets</b>								
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 equipment	2,203,277	2,203,277	1,866,224	46,884	-	1,913,108	337,053	290,169
Vehicles	2,296,735	2,296,735	2,252,837	11,365	-	2,264,202	43,898	32,533
Computers	6,449,079	6,449,079	6,401,540	19,016	-	6,420,556	47,539	28,523
Furniture & Fixtures	1,741,442	1,741,442	1,633,544	19,530	-	1,653,074	107,898	88,368
Electric Equipments	637,723	637,723	435,534	28,124	-	463,658	202,189	174,065
<b>Total (Current Year)</b>	26,986,146	26,986,146	12,589,679	124,919	-	12,714,598	14,396,467	14,271,548
<b>Total (Previous Year)</b>	26,986,146	26,986,146	12,431,677	158,002	-	12,589,679	14,554,469	14,396,467

**MUKESH BABU SECURITIES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 8 NON CURRENT INVESTMENTS**

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

Particulars		March 31,2014	March 31,2013
		₹	₹
<b>A</b>	<b>Other Investments (Refer B below)</b>		
	(a) Investment in Equity instruments	56,384,907	58,266,511
	(b) Investments in Mutual Funds & Bonds	800,000	800,000
	<b>Total Other Investments (B)</b>	<b>57,184,907</b>	<b>59,066,511</b>

Particulars	March 31,2014	March 31,2013
	₹	₹
Aggregate amount of quoted investments (Market value of ₹ /- 34,82,39,626/- (Previous Year ₹ 28,12,85,003/-)	47,391,069	49,272,673
Aggregate amount of unquoted investments	9,793,838	9,793,838
	<b>57,184,907</b>	<b>59,066,511</b>

<b>A. Details of Other Investments</b>						
Sr. No.	Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Amount (₹)	
		March 31,2014	March 31,2013		March 31,2014	March 31,2013
<b>a</b>	<b>Investment in Equity Instruments</b>					
	ABB LTD.	500	500	Quoted	120,000	120,000
	ACC LTD.	500	500	Quoted	183,500	183,500
	Afteck Ltd.	1,162	1,162	Quoted	62,000	62,000
	Ambalal Sarabhai Enterprises Ltd	100	100	Quoted	940	940
	Ambuja Cements Ltd.	30,000	30,000	Quoted	246,904	246,904
	Bajaj Auto Ltd.	6,000	6,000	Quoted	1,652,000	1,652,000
	Bombay Stock Exchange Ltd	70,694	70,694	Unquoted	9,793,838	9,793,838
	Bajaj Financial Services Ltd.	3,300	3,300	Quoted	195,000	195,000
	Bajaj Holdings & Investment Ltd.	3,000	3,000	Quoted	-	-
	Ballarpur Industries Ltd.	300	300	Quoted	85,775	85,775
	BF Investment Ltd.	50,000	50,000	Quoted	-	-
	BF Utilities Ltd.	50,000	50,000	Quoted	-	-
	Bharat Forge Ltd.	250,000	250,000	Quoted	7,144,419	7,144,419
	Bharat Heavy Electricals Ltd.	2,000	2,000	Quoted	175,000	175,000
	Biopac India Corporation Ltd.	1,000	1,000	Quoted	14,000	14,000
	Cadbury India Ltd	50	50	Quoted	15,533	15,533
	Dish TV India Ltd.	15,000	15,000	Quoted	-	-
	DSQ Software	5,200	5,200	Quoted	62,400	62,400
	Garware Polyester & Plastics Ltd.	1,400	1,400	Quoted	194,853	194,853
	Global Trust Bank Ltd	5,000	5,000	Quoted	5,850	5,850
	Grasim Ltd	1,000	1,000	Quoted	455,000	455,000
	HDFC Bank Ltd.	100,000	150,000	Quoted	1,473,463	2,210,195

**MUKESH BABU SECURITIES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

Sr. No.	Name of the Body Corporate	No. of Shares / Units		Quoted / Unquoted	Amount (₹)	
		March 31,2014	March 31,2013		March 31,2014	March 31,2013
	Hindalco Industries Ltd.	2,500	2,500	Quoted	328,305	328,305
	Hindustan Oil Exploration Ltd.	125,000	125,000	Quoted	7,031,250	7,031,250
	Indian Telephone Industries Ltd.	10,000	10,000	Quoted	1,650,000	1,650,000
	Indogulf Industries Ltd.	520	520	Quoted	72,800	72,800
	ITC Ltd.	3,000	3,000	Quoted	137,000	137,000
	Kesoram Industries Ltd.	40	40	Quoted	5,400	5,400
	Kirlosker Pneumatics Co. Ltd.	100,000	100,000	Quoted	4,521,000	4,521,000
	Larsen & Toubro Ltd.	2,500	2,500	Quoted	687,500	687,500
	LML Ltd.	19,550	19,550	Quoted	713,575	713,575
	Milton Plastics Ltd.	85,000	85,000	Quoted	6,695,000	6,695,000
	Nexus Software Ltd.	44	44	Quoted	220	220
	Numero Uno Projects Ltd.	2,030	2,030	Quoted	5,278	5,278
	P.M. Telelinks Ltd.	100	100	Quoted	400	400
	Pooja Intertainment & Films Ltd.	500	500	Quoted	2,890	2,890
	Ranbaxy Laboratories Ltd.	450	450	Quoted	294,975	294,975
	Reliance Communications Ltd.	1,500	1,500	Quoted	-	-
	Reliance Industries Ltd.	3,000	3,000	Quoted	1,776,658	1,776,658
	Sesa Goa Ltd.	20,000	20,000	Quoted	1,522,000	1,522,000
	Sun Infoways Ltd.	400	400	Quoted	2,800	2,800
	Tata Consultancy Services Ltd.	200	200	Quoted	192,000	192,000
	Tata Motors Ltd.	50,000	69,010	Quoted	3,011,238	4,156,110
	Ultratech Cement Ltd	1,000	1,000	Quoted	186,630	186,630
	Siti Cable Network Ltd	35,181	35,181	Quoted	380,000	380,000
	Zee Entertainment Enterprises Ltd	66,504	66,504	Quoted	5,287,514	5,287,514
	Zee Learn Ltd	8,313	8,313	Quoted	-	-
	Zee News Ltd	13,727	13,727	Quoted	-	-
		<u>1,147,265</u>	<u>1,216,275</u>		<u>56,384,907</u>	<u>58,266,511</u>
<b>b</b>	<b>Investments in Mutual Funds / Bonds</b>					
	UTI Index Equity Fund	50,000	50,000	Quoted	500,000	500,000
	SBI Mutual Fund	30,000	30,000	Quoted	300,000	300,000
		<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
		<u>80,000</u>	<u>80,000</u>		<u>800,000</u>	<u>800,000</u>
	<b>Total</b>	<b>1,227,265</b>	<b>1,296,275</b>		<b>57,184,907</b>	<b>59,066,511</b>

Note:-

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

**MUKESH BABU SECURITIES LIMITED**  
**NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 9 DEFERRED TAX ASSET (NET)**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
<b>Deferred tax liability</b>		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	0	0
Others	-	-
Gross deferred tax liability	0	0
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	-
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	19,562	13,561
Others	-	-
Gross deferred tax asset	19,562	13,561
<b>Net deferred tax liability / (asset)</b>	<b>19,562</b>	<b>13,561</b>

**Note 10 OTHER NON CURRENT ASSETS**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
<b>Security Deposits</b>				
Interest Free Deposits	23,340,217	23,340,217	23,340,217	23,340,217
<b>Total Other Non-Current Assets</b>		<b>23,340,217</b>		<b>23,340,217</b>

MUKESH BABU SECURITIES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 11 TRADE RECEIVABLES**

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

Particulars	March 31,2014	March 31,2013
	₹	₹
a. Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	10,375,743	11,554,567
<b>Total Trade Receivables (A+B)</b>	<b>10,375,743</b>	<b>11,554,567</b>

**Note 12 CASH AND BANK BALANCES**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS</b>				
A. Balances with Scheduled banks (In Current Accounts with Scheduled Banks)		2,460,117		2,448,837
B. Cash on Hand		81,319		1,456,281
Cash and Cash Equivalents		2,541,436		3,905,118
C. Bank deposits with more than 12 months maturity		95,396,403		95,330,726
Accrued Interest on Bank Term Deposits		2,370,831		1,412,291
<b>Total Cash and Bank Balance (A+B+C+)</b>		<b>100,308,670</b>		<b>100,648,135</b>

**Note 13 SHORT TERM LOANS AND ADVANCES**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
<b>A. Loans and advances to related parties</b>		-		-
<b>B. Others</b>				
Unsecured, considered good	291,617,745		262,456,498	
Loans To Staff	281,080		252,080	
Prepaid Expenses	-	291,898,825	9,825	262,718,403
<b>Total Short-term loans and advances (A+B)</b>		291,898,825		262,718,403

**Note 14 OTHER CURRENT ASSETS**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
<b>Taxation</b>				
Advance tax (Net of the Provisions)	-	-	2,041,689	2,041,689
<b>Non-Taxation</b>				
		-		-
<b>Total Other Current Assets</b>		-		2,041,689



MUKESH BABU SECURITIES LIMITED  
NOTES TO ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 15 OTHER INCOME**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
Interest on Term Deposits		8,694,644		8,411,234
Interest Income-Other		12,624,324		15,649,187
Dividend Income		3,692,764		3,088,878
Profit on sale of Investment		38,911,713		9,543,281
Rent Income		900,000		900,000
Expenses written back		369,234		
Miscellaneous Income		2,813		
<b>Total Other Income</b>		<b>65,195,492</b>		<b>37,592,579</b>

**Note 16 EMPLOYEE BENEFIT EXPENSES**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
(a) Salaries, Wages and bonus				
Salaries & Stipend		1,633,000		1,255,850
Directors' Remuneration		1,200,000		1,200,000
(b) Contributions to - Provident Fund		210,521		199,084
(c) Staff welfare expenses		896,745		794,836
<b>Total Employee Benefit Expenses</b>		<b>3,940,266</b>		<b>3,449,770</b>

**Note 17 FINANCE COST**

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

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
Interest expense				
Interest on bank limits		3,480,950	3,821,664	
Interest on other Loans		7,217,980	12,506,510	16,328,174
<b>Total Finance Cost</b>		<b>10,698,930</b>		<b>16,328,174</b>

**Note 18 OTHER EXPENSES**

Particulars	March 31,2014		March 31,2013	
	₹	₹	₹	₹
Auditors Remuneration		44,944		44,944
Donations		1,380,000		651,000
Electricity Expenses		426,822		313,541
Conveyance Expenses		416,246		264,675
Insurance Expenses		427,522		829,119
Motor Car Expenses		477,412		308,871
Office Expenses		230,747		146,154
Printing & Stationery Expenses		99,540		44,767
Professional & Consultancy Fees		522,250		632,700
Rent, Rates & Taxes		382,909		555,478
Repairs & Maintenance Expenses		623,065		435,105
Sundry Expenses		599,345		195,545
Stock Exchange Expenses		282,543		588,255
Telephone & Courier Expenses		525,610		384,245
Travelling Expenses		717,762		391,510
<b>Total Other Expenses</b>		<b>7,156,717</b>		<b>5,785,909</b>

**NOTE - 19 : OTHER NOTES TO ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

**A. SIGNIFICANT ACCOUNTING POLICIES.**

**1. Basis of Preparation of Financial Statements:**

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

**2. Revenue Recognition:**

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

**3. Fixed Assets and Depreciation**

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

**4. Investments**

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

**5. Provision for Taxation**

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

**6. Deferred Tax Assets**

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

**7. Cash and Cash Equivalent:**

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

**B. NOTES TO THE ACCOUNTS:**

**8. Related Party Disclosure:**

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

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

<b>Particulars</b>	<b>Current Year ₹. in Lacs</b>	<b>Previous Year ₹. In Lacs</b>
<b>A. Holding Company</b>		
Opening Balance	990.49	960.34
Amount received during the year	1319.28	960.21
Amount refunded during the year	1432.60	930.06
Credit Closing balance Payable at the year end	<b>877.17</b>	<b>990.49</b>
<b>B. Ms. Meena Mukesh Babu (Managing Director)</b>		
Remuneration paid during the year	12.00	12.00

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

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

**10. Sundry Debtors and Creditors:**

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

11. No provision for gratuity and leave encashment to the employee has been made in the accounts. Gratuity payable will be accounted as and when payments are made and as such the liability for the year has not been ascertained, hence the disclosure required under AS-15 are not applicable.

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

13. Bank overdraft balance is subject to reconciliation and confirmation.

14. The maximum amount outstanding during the year to the holding company is ` 99,049,430/- (Previous Year ` 144,442,472/-).

**15. Earning Per Share**

<b>PARTICULARS</b>	<b>Current Year</b>	<b>Previous year</b>
Profit/(Loss) After Tax Rs.	33,750,940	7,590,784
Number of Equity Shares Fully Paid Up	5,000,000	5,000,000
Earning Per Share – Basic and Diluted Rs.	6.75	1.52
Face Value per Equity Share Rs.	10	10

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

**17. Auditor’s Remuneration**

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

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

**18. Foreign Currency Transactions :**

There were no foreign exchange transactions during the year.

**19. Prior Period Comparatives:**

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

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

**21. Quantitative Information.**

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

**AS PER OUR REPORT ATTACHED**

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

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

Sd/-

Sd/-

Sd/-

Sd/-

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

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

**Place: Mumbai**  
**Date: 29<sup>th</sup> May 2014**

**Place: Mumbai**  
**Date: 29<sup>th</sup> May 2014**

**MUKESH BABU SECURITIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	CURRENT YEAR		PREVIOUS YEAR	
	₹	₹	₹	₹
<b>A. Cash Flow From Operating Activities :</b>				
Net Profit Before Tax and Extraordinary Item		43,274,660		11,870,724
Adjustments for :				
Depreciation & Misc. Exp. Written off	124,919		158,002	
Foreign Exchange	-		-	
Loss/(Profit) on Sale on Investments	-		-	
Profit on Trading	-		-	
Interest/Dividend (Received)	(12,387,408)		(11,500,112)	
Interest paid	10,698,930		16,328,174	
Excess Provision for Taxation		(1,563,559)		4,986,064
<b>Operating Profit Before Working Capital Changes</b>		41,711,101		16,856,788
Adjustments for:				
Sundry Debtors	1,178,824		8,357,491	
Loans and Advances	(29,180,423)		(22,860,194)	
Other Current Assets	(1,976,012)		6,487,485	
Sundry Creditors	-		-	
Other Liabilities	(791,809)	(30,769,420)	1,561,079	(6,454,139)
<b>Cash Generated from Operations</b>		10,941,681		10,402,649
Interest Paid		(10,698,930)		(16,328,174)
Direct Taxes Paid		(2,232,958)		(2,788,724)
Cash Flow Before Extraordinary Items		(1,990,208)		(8,714,249)
Extraordinary Items		-		-
<b>Net Cash from Operating Activities</b>		(1,990,208)		(8,714,249)
<b>B. Cash flow from Investing Activities :</b>				
Purchase of Fixed Assets	-		-	
Sale of Fixed Assets	-		-	
Purchase of Investments	-		-	
Purchase of Stock -in -Trade	-		-	
Sale of Investments	1,881,604		2,411,643	
Sale of Stock - in -Trade	-		-	
Profit on Share Trading (Speculation)	-		-	
Interest & Dividend Received	12,387,408	14,269,012	11,500,112	13,911,755
<b>Net Cash Used in Investing Activities</b>		14,269,012		13,911,755
<b>C. Cash from from Financing Activities :</b>				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	-		-	
Repayment of Short Term Borrowings	(14,601,027)		(5,049,089)	
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	-		-	
Increase in Misc. & Public Issue Expenses	-	(14,601,027)	-	(5,049,089)
<b>Net Cash used in Financing Activities</b>		(14,601,027)		(5,049,089)
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>		(2,322,222)		148,417
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>		3,905,118		3,756,701
<b>Cash &amp; Cash Equivalents at the Closing of the year</b>		1,582,896		3,905,118
<b>For Chaitanya C. Dalal &amp; Co.</b>	<b>FOR AND ON BEHALF OF THE BOARD OF</b>			
<b>Chartered Accountants</b>	<b>MUKESH BABU SECURITIES LIMITED</b>			
<b>Sd/-</b>	Sd/-	Sd/-	Sd/-	
(Chaitany C. Dalal) Partner Membership No. 35809 FRN No.: 101632W	Mukesh Babu Director	Meena Mukesh Managing Director	K. Chandrasekhar Company Secretary	
Place : Mumbai Date : 29th May 2014	Place : Mumbai Date : 29th May 2014			

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**[CONSOLIDATED ACCOUNTS]**

**Board of Directors**

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

**Company Secretary**

Ms. Dipali C. Shah

**Main Bankers**

Axis Bank  
Bank of India  
HDFC Bank  
ICICI Bank

**Registered Office**

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

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

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

1

We have audited the accompanying consolidated financial statements of **Mukesh Babu Financial Services Limited** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at **March 31, 2014**, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, and to the best of our information, and according to the explanations given to us, and based on consideration of the reports of the other Auditors on the financial statements / consolidated financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March, 2014; and
- (ii) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date
- (iii) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

**Other Matters**

We did not audit the financial statements of the subsidiary whose financial statements reflect total gross assets of ₹ 4973.99 Lac as at 31st March, 2014 and total gross revenues of ₹ 651.95 Lac for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

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

**(Mehul Shah)  
M. No. 049361  
FRN: 116457W  
Place : Mumbai  
Date : 30/05/2014**



**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note No.	March 31, 2014		March 31, 2013	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
(a) Share capital	1	69,675,000		69,675,000	
(b) Reserves and surplus	2	443,114,916		390,901,757	
(c) Money received against share warrants			512,789,916		460,576,757
<b>2 Mionority Interest</b>			93,911,733		77,583,029
<b>3 Non-current liabilities</b>					
(a) Long-term borrowings		-		-	
(b) Deferred tax liabilities (Net)	10	1,009,353		1,084,330	
(c) Other Long term liabilities		-		-	
(d) Long-term provisions	3	459,107	1,468,460	320,846	1,405,176
<b>4 Current liabilities</b>					
(a) Short-term borrowings	4	221,960,179		212,545,170	
(b) Trade payables	5	34,497,382		24,760,639	
(c) Other Current Liabilities	6	150,000,000		150,000,000	
(d) Short-term provisions	7	28,183,063	434,640,624	23,219,963	410,525,772
<b>TOTAL</b>			<b>1,042,810,733</b>		<b>950,090,734</b>
<b>II. ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Fixed assets	8	22,471,392		23,381,498	
(i) Tangible assets		-		-	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	9	361,184,908		315,566,512	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances	11	52,054,400		23,600,000	
(e) Other non-current assets	12	24,338,344	460,049,044	24,338,344	386,886,354
<b>2 Current assets</b>					
(a) Current investments		-		-	
(b) Inventories	13	106,581,828		107,292,071	
(c) Trade receivables	14	10,375,743		11,554,567	
(d) Cash and Bank Balances	15	102,186,109		111,333,370	
(e) Short-term loans and advances	16	333,160,157		292,016,190	
(f) Other current assets	17	30,457,852	582,761,689	41,008,182	563,204,380
<b>TOTAL</b>			<b>1,042,810,733</b>		<b>950,090,734</b>

Contingent Liabilities & Commitments --

NOTES ON ACCOUNT 23

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

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

**Mehul Shah**  
Partner  
FRN: 116457W  
M. No.: 049361  
Place : Mumbai  
Date : 30/05/2014

**Mukesh Babu**      **K. Chandrasekhar**      **Dipali Shah**  
Managing Director      Director      Company Secretary

Place : Mumbai  
Date : 30/05/2014

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note No.	March 31, 2014		March 31, 2013	
		₹	₹	₹	₹
I Revenue from operations	18		74,387,702		66,085,512
II Other income	19		65,207,038		37,773,493
III Total Revenue (I + II)			139,594,740		103,859,005
IV Expenses:					
Employee benefits expense	20	5,982,186		5,400,530	
Finance costs	21	19,533,737		21,681,713	
Depreciation	8	963,294		1,085,521	
Other expenses	22	9,965,704		9,328,251	
Total expenses			36,444,921		37,496,015
V Profit before exceptional and extraordinary items and tax (III-IV)			103,149,819		66,362,990
VI Exceptional items			-		-
VII Profit before extraordinary items and tax (V - VI)			103,149,819		66,362,990
VIII Extraordinary Items			-		-
IX Profit before tax (VII- VIII)			103,149,819		66,362,990
X Tax expense:					
(1) Current tax		25,100,000		16,350,000	
(2) Taxation for Earlier Years		1,289,067		2,993,486	
(2) Deferred tax		(74,977)	26,314,090	(74,237)	19,269,249
XI Profit (Loss) for the period from continuing operations (VII-VIII)			76,835,729		47,093,741
XII Profit/(loss) from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit (Loss) for the period (XI + XIV)			76,835,729		47,093,741
XVI Earnings per equity share:					
(1) Basic			11.02		6.76
(2) Diluted			11.02		6.76

**NOTES ON ACCOUNT**

23

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

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

Mehul Shah  
**Partner**

**Mukesh Babu**  
**Managing Director**

**K. Chandrasekhar**  
**Director**

**Dipali Shah**  
**Company Secretary**

FRN: 116457W  
M. No.: 049361  
Place : Mumbai  
Date : 30/05/2014

Place : Mumbai  
Date : 30/05/2014

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 1 SHARE CAPITAL**

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

Share Capital	March 31, 2014		March 31, 2013	
	Number	₹	Number	₹
<b>Authorized</b> Equity Shares of ₹ 10 each	10,000,000	100,000,000	10,000,000	100,000,000
<b>Issued</b> Equity Shares of ₹ 10 each	6,970,900	69,709,000	6,970,900	69,709,000
<b>Subscribed and fully Paid up</b> Equity Shares of ₹ 10 each fully paid	6,960,600	69,606,000	6,960,600	69,606,000
<b>Subscribed but not fully Paid up</b> Equity Shares of ₹ 10 each, not fully paid up	10,300	103,000	10,300	103,000
Less: Unpaid Calls	-	34,000	-	34,000
<b>Total</b>	6,970,900	69,675,000	6,970,900	69,675,000

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

Particulars - Equity Shares	March 31, 2014		March 31, 2013	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	6,970,900	69,709,000	6,970,900	69,709,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	6,970,900	69,709,000	6,970,900	69,709,000

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

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MUKESH CHAMPAKLAL BABU	3,431,600	49.23%	3,431,600	0
MEENA MUKESH BABU	950,000	13.63%	950,000	0
SAGAR SYSTECH LIMITED	604,500	8.67%	604,500	0

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

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

Particulars	March 31, 2014		March 31, 2013	
	Number	Description	Number	Description
<b>Equity Shares</b>	Number	Pari Pasu	Number	Pari Pasu
Restrictions on the distribution of dividends		None		None
voting rights or with differential voting rights as to dividend		All shares have equal Voting Rights		All shares have equal Voting Rights

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

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

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 2 RESERVES AND SURPLUS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>a. Capital Reserves</b>		
Opening Balance	7,081,000	7,081,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>7,081,000</b>	<b>7,081,000</b>
<b>b. Securities Premium Account</b>		
Opening Balance	73,628,000	73,628,000
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilized for various reasons	-	-
Less: Unpaid Calls	68,000	68,000
Closing Balance	<b>73,560,000</b>	<b>73,560,000</b>
<b>c. Statutory Reserve</b>		
Opening Balance	53,934,409	46,033,818
(+) Current Year Transfer	8,616,957	7,900,591
	-	-
Closing Balance	<b>62,551,366</b>	<b>53,934,409</b>
<b>d. General Reserve</b>		
Opening Balance	21,082,871	21,082,871
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>21,082,871</b>	<b>21,082,871</b>
<b>e. Surplus Profit and Loss A/c</b>		
Opening balance	235,243,477	207,876,165
(+) Net Profit/(Net Loss) For the current year	76,835,729	47,093,741
(-) Transferred to Minority Interest	16,328,705	3,672,422
(-) Provision for Dividends	6,970,900	6,970,900
(-) Provision for Dividend Tax	1,184,704	1,184,704
(-) Transfer to Statutory Reserves (As per RBI Regulations)	8,616,957	7,900,591
(-) Provision for Standard Assets (As per RBI Regulations)	138,261	-2,188
Closing Balance	<b>278,839,679</b>	<b>235,243,477</b>
<b>Total Reserves &amp; Surplus</b>	<b>443,114,916</b>	<b>390,901,757</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 3 LONG TERM PROVISIONS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
(a) Provision for Long Term Liabilities	-	-
<b>Total (a)</b>	-	-
(b) Others	-	-
Contingent Provisions against Standard Assets (As per RBI Regulations)	459,107	320,846
	459,107	320,846
<b>Total Long Term Provisions (a+b)</b>	<b>459,107</b>	<b>320,846</b>

**Note 4 SHORT-TERM BORROWINGS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>Secured</b>		
<u>From Banks (Cash Credit Facility)</u>	30,882,869	34,151,695
(Secured against Fixed Deposit Receipts of the Company)		
Period of Maturity	C.C. A/c	
Number & Amount of Installments of due.	Between 1 to 3 years	
Applicable rate of Interest	10.50%	
<u>From other parties</u>	141,103,091	128,419,256
(Secured against Shares)		
Terms of repayment:	Working Capital Loans	
Period of Maturity	Not Applicable	
Number and amount of installments	Not Applicable	
Applicable rate of interest	14.50%	
Other significant relevant terms	-	
<b>Total Secured Short Term Borrowings</b>	<b>171,985,960</b>	<b>162,570,951</b>
<b>Unsecured</b>		
(a) Loans repayable on demand		
from banks (Refer note no. 3. of	49,974,219	49,974,219
Other Notes to Accounts)		
<b>Total Unsecured Short Term Borrowings</b>	<b>49,974,219</b>	<b>49,974,219</b>
<b>Total Short Term Borrowings</b>	<b>221,960,179</b>	<b>212,545,170</b>

**Note 5 TRADE PAYABLES**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
(a) Trade Payables	34,497,382	24,760,639
<b>Total Trade Payables</b>	<b>34,497,382</b>	<b>24,760,639</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 6 OTHER CURRENT LIABILITIES**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>(a) Deposits</b>		
Margin Accounts	150,000,000	150,000,000
<b>(b) Other payables</b>	-	-
<b>Total Current Liabilities</b>	<b>150,000,000</b>	<b>150,000,000</b>

**Note 7 SHORT TERM PROVISIONS**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>(a) Provision for Short Term Liabilities</b>	-	-
<b>(b) Provision for Expenses</b>	444,464	690,587
<b>(c) Others (Specify nature)</b>		
Provision for Taxation (Net of Pre-paid Taxes)	18,991,656	10,168,330
Other Provisions	1,776,043	5,390,146
Provision for Dividend	6,970,900	6,970,900
<b>Total Short Term Provisions</b>	<b>28,183,063</b>	<b>23,219,963</b>

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 8 FIXED ASSETS**

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

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	April 1, 2013 ₹	March 31, 2014 ₹	April 1, 2013 ₹	Depreciation for the year ₹	On disposals ₹	March 31, 2014 ₹	April 1, 2013 ₹	March 31, 2014 ₹
<b>a. Tangible Assets</b>								
Office Premises	26,313,640	26,313,640	9,502,783	269,023	-	9,771,806	16,810,857	16,541,834
Premises	2,227,500	2,227,500	-	-	-	-	2,227,500	2,227,500
Guest House	2,100,000	2,100,000	706,818	69,659	-	776,477	1,393,182	1,323,523
Furniture and Fixtures	5,470,953	5,470,953	4,457,349	183,463	-	4,640,812	1,013,604	830,141
Electrical Fittings	890,499	890,499	650,426	45,841	-	696,267	240,073	194,232
Office equipment	3,680,931	3,680,931	3,192,670	67,917	-	3,260,587	488,261	420,344
Computers	7,047,117	7,100,305	6,811,348	75,675	-	6,887,023	235,769	213,282
Vehicals	5,302,023	5,302,023	4,329,771	251,716	-	4,581,487	972,252	720,536
<b>Total (Current Year)</b>	<b>53,032,663</b>	<b>53,085,851</b>	<b>29,651,165</b>	<b>963,294</b>	<b>-</b>	<b>30,614,459</b>	<b>23,381,498</b>	<b>22,471,392</b>
<b>Total (Previous Year)</b>	<b>52,150,518</b>	<b>53,032,663</b>	<b>28,565,644</b>	<b>1,085,521</b>	<b>-</b>	<b>29,651,165</b>	<b>23,584,874</b>	<b>23,381,498</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 9 NON CURRENT INVESTMENTS**

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

A.	Details of Other Investments										If Answer to Column (9) is 'No' - Basis of Valuation	
	Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost?
1	2	3	4	5	6	7	8	9	10	11	12	13
a.	<b>Investment in Properties</b>	-	-	-	-	-	-	-	-	-	-	-
b.	<b>Investment in Equity Instruments</b>											
	Steelcast Ltd	Others	10,000	10,000	Quoted	Fully Paid	Not known	Not known	450,000	450,000	Yes	N.A.
	Rushil Industries Ltd.	Others	50,000	50,000	Unquoted	Fully Paid	Not known	Not known	500,000	500,000	Yes	N.A.
	Dynamic Ship Recyclers Pvt.Ltd.	Others	400,000	400,000	Unquoted	Fully Paid	Not known	Not known	1,500,000	1,500,000	Yes	N.A.
	The Gaekwar Mills Ltd	Others	75,000	-	Quoted	Fully Paid	Not known	Not known	7,500,000	-	Yes	N.A.
	ABB LTD.	Others	500	500	Quoted	Fully Paid	Not known	Not known	120,000	120,000	Yes	N.A.
	ACC LTD.	Others	500	500	Quoted	Fully Paid	Not known	Not known	183,500	183,500	Yes	N.A.
	Afteck Ltd.	Others	1,162	1,162	Quoted	Fully Paid	Not known	Not known	62,000	62,000	Yes	N.A.
	Ambalal Sarabhai Enterprises Ltd	Others	100	100	Quoted	Fully Paid	Not known	Not known	940	940	Yes	N.A.
	Ambuja Cements Ltd.	Others	30,000	30,000	Quoted	Fully Paid	Not known	Not known	246,904	246,904	Yes	N.A.
	Bajaj Auto Ltd.	Others	6,000	6,000	Quoted	Fully Paid	Not known	Not known	1,652,000	1,652,000	Yes	N.A.
	Bombay Stock Exchange Ltd	Others	70,694	70,694	Unquoted	Fully Paid	Not known	Not known	9,793,838	9,793,838	Yes	N.A.
	Bajaj Financial Services Ltd.	Others	3,300	3,300	Quoted	Fully Paid	Not known	Not known	195,000	195,000	Yes	N.A.
	Bajaj Holdings & Investment Ltd.	Others	3,000	3,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Ballarpur Industries Ltd.	Others	300	300	Quoted	Fully Paid	Not known	Not known	85,775	85,775	Yes	N.A.
	BF Investment Ltd.	Others	50,000	50,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	BF Utilities Ltd.	Others	50,000	50,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	Bharat Forge Ltd.	Others	250,000	250,000	Quoted	Fully Paid	Not known	Not known	7,144,419	7,144,419	Yes	N.A.
	Bharat Heavy Electricals Ltd.	Others	2,000	2,000	Quoted	Fully Paid	Not known	Not known	175,000	175,000	Yes	N.A.
	Biopac India Corporation Ltd.	Others	1,000	1,000	Quoted	Fully Paid	Not known	Not known	14,000	14,000	Yes	N.A.
	Cadbury India Ltd	Others	50	50	Quoted	Fully Paid	Not known	Not known	15,533	15,533	Yes	N.A.
	Dish TV India Ltd.	Others	15,000	15,000	Quoted	Fully Paid	Not known	Not known	-	-	Yes	N.A.
	DSQ Software	Others	5,200	5,200	Quoted	Fully Paid	Not known	Not known	62,400	62,400	Yes	N.A.





**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)		Whether stated at Cost?	If Answer to Column (9) is 'No' - Basis of Valuation
			44	44			44	44	44	44		
1	2	3	4	5	6	7	8	9	10	11	12	13
c.	<b>Investment in Preference Shares</b> Balance Equity Broking (I)P.Ltd	Others	1,500,000	-	Unquoted	Fully Paid	Not known	Not known	15,000,000	-	Yes	N.A.
d.	<b>Investments in Government or Trust securities, Mutual Fund</b> UTI-IEF units UTI Index Equity Fund SBI Mutual Fund	Others Others Others	5,000 50,000 30,000	5,000 50,000 30,000	Quoted Quoted Quoted	Fully Paid Fully Paid Fully Paid	Not known Not known Not known	Not known Not known Not known	50,000 500,000 300,000	50,000 500,000 300,000	Yes	N.A.
e.	<b>Investments in Debentures or Bonds</b> The Gaekwar Mills Limited (9%) The Gaekwar Mills Limited (0%) Lily Realty Private Limited	Others Others Others	3,000 500 -	3,000 - 250	Unquoted Unquoted Unquoted	Fully Paid Fully Paid Fully Paid	Not known Not known Not known	Not known Not known Not known	229,000,000 50,000,000 -	229,000,000 50,000,000 25,000,000	Yes	N.A.
<b>Total</b>									<b>361,184,908</b>	<b>315,566,512</b>		

Note: Market Value of Quoted Investment as of 31st March, 2014 is ₹ 353,763,376/ (Previous Year ₹ 281,795,003/-)

**MUKESH BABU FINANCIL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 10 DEFERRED TAX LIABILITIES (NET)**

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

Particulars	March 31, 2014	March 31, 2013
	₹	₹
<b>Deferred tax liability</b>		
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	1,028,915	1,097,891
Gross deferred tax liability	1,028,915	1,097,891
Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting	19,562	13,561
<b>Deferred tax asset</b>	19,562	13,561
<b>Net deferred tax liability / (asset)</b>	<b>1,009,353</b>	<b>1,084,330</b>

**Note 11 LONG TERM LOANS AND ADVANCES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>a. Loans and advances to related parties</b>	-		-	
<b>Total (a)</b>		-		-
<b>b. Other loans and advances</b>				
Unsecured, considered good:- Advances Against Projects	52,054,400	52,054,400	23,600,000	23,600,000
<b>Total (b)</b>		52,054,400		23,600,000
<b>Total Long Term Loans and Advances</b>		52,054,400		23,600,000

**Note 12 OTHER NON CURRENT ASSETS**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>Security Deposits :</b>				
Unsecured, considered good Interest Free Deposits		24,338,344		24,338,344
<b>Total Other Non-Current Assets</b>		24,338,344		24,338,344

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

**Note 13 INVENTORIES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
a. Stock of Shares <i>(Trading Stock Valued at lower of cost or net realisable value)</i>		106,581,828		107,292,071
<b>Total Inventories</b>		<b>106,581,828</b>		<b>107,292,071</b>

**Note 14 TRADE RECEIVABLES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
a. Trade receivables outstanding for a period exceeding six months from the date they are due. Unsecured, considered good	10,375,743	10,375,743	11,554,567	11,554,567
<b>Total Trade Receivables (A+B)</b>	<b>10,375,743</b>	<b>10,375,743</b>	<b>11,554,567</b>	<b>11,554,567</b>

**Note 15 CASH AND BANK BALANCES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS</b>				
A. Balances with banks In Current Accounts with Scheduled Banks	3,570,451	3,570,451	12,681,425	12,681,425
B. Cash on hand Cash and Cash Equivalents		723,424 4,293,875		1,783,003 14,464,428
C. Other Bank Balances In Fixed Deposits with Scheduled Banks Interest Accrued not due on Fixed Deposits	95,521,403 2,370,831	97,892,234	95,455,726 1,413,216	96,868,942
<b>Total Cash and Bank Balances (A+B+C+D)</b>		<b>102,186,109</b>		<b>111,333,370</b>

**Note 16 SHORT TERM LOANS AND ADVANCES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>A. Loans and advances to related parties</b>		-		-
<b>B. Others</b>				
Unsecured, considered good	330,248,777		289,088,285	
Prepaid Expenses	10,300		9,825	
Staff & Associates	2,901,080	333,160,157	2,918,080	292,016,190
<b>Total Short-term loans and advances</b>		<b>333,160,157</b>		<b>292,016,190</b>

**Note 17 OTHER CURRENT ASSETS**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>A. Taxation</b>		-		-
<b>B. Non-Taxation</b>				
Interest accrued on Debentures	-		11,517,534	
Margin Money with Brokers	30,457,852	30,457,852	29,490,648	41,008,182
<b>Total Other Current Assets</b>		<b>30,457,852</b>		<b>41,008,182</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**Note 18 REVENUE FROM OPERATIONS**

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

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Interest Income	33,068,572		16,422,568	
Dividend Income - Holding Company	13,185,340		13,666,647	
Profit on Shares and Securities	28,133,790		35,996,297	
		74,387,702		66,085,512
<b>Net Revenue From Operations</b>		<b>74,387,702</b>		<b>66,085,512</b>

**Note 19 OTHER INCOME**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Expenses written Back	369,234		180,000	
Dividend Income-Subsidiary Company	3,692,764		3,088,878	
Rent Income	900,000		900,000	
Profit on Sale of Investment	38,911,713		9,543,281	
Interest Income - Others	12,624,324		15,649,187	
Interest on Term Deposits	8,706,190		8,412,147	
Miscellaneous Income	2,813	65,207,038	-	37,773,493
<b>Total Other Income</b>		<b>65,207,038</b>		<b>37,773,493</b>

MUKESH BABU FINANCIAL SERVICES LIMITED  
NOTES TO CONSOLIDATED ANNUAL ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH 2014

**Note 20 EMPLOYEE BENEFIT EXPENSES**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
(a) Salaries and bonus				
Salaries & Stipend	2,360,750		1,917,450	
Directors' Remuneration	2,435,000	4,795,750	2,440,000	4,357,450
(b) Contribution to Provident Fund	210,521		199,084	
(b) Staff welfare expenses	975,915	1,186,436	843,996	1,043,080
<b>Total Employee Benefit Expenses</b>		<b>5,982,186</b>		<b>5,400,530</b>

**Note 21 FINANCE COST**

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

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Interest expense				
Interest on Loans other than bank	16,052,787		17,860,049	
Interest on Bank Limits	3,480,950	19,533,737	3,821,664	21,681,713
<b>Total Finance Cost</b>		<b>19,533,737</b>		<b>21,681,713</b>

**Note 22 OTHER EXPENSES**

Particulars	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
Auditors' Remuneration		90,451		84,571
Business Promotion Expenses		561,126		833,524
Conveyance		555,398		425,140
Donation given		1,555,000		951,000
Electricity Expenses		673,355		540,072
Insurance Expenses		427,522		829,119
Professional & Consultancy Fees		747,904		808,815
Listing Fees		39,326		39,326
Membership & Subscription		54,809		56,642
Motor Car Expenses		653,762		771,096
Office Expenses		328,624		224,639
Printing and Stationery Expenses		237,977		191,204
Publishing Expenses		71,192		63,548
Rent, Rates & Taxes		592,388		958,900
Repairs and Maintenance Expenses		728,840		591,087
Telephone & Courier Expenses		628,326		482,452
Sundry Expenses		700,284		275,013
Stock Exchange Expenses		282,543		588,255
Travelling Expenses		1,036,877		613,848
<b>Total Other Expenses</b>		<b>9,965,704</b>		<b>9,328,251</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**NOTE 23 OTHER NOTES - NOTES ON ACCOUNTS**

**1 SIGNIFICANT ACCOUNTING POLICIES:**

**ACCOUNTING CONCEPTS**

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

**FIXED ASSETS**

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

**DEPRECIATION**

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

**INVESTMENTS**

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

**INVENTORIES**

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

**REVENUE RECONGNITION:**

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

**EMPLOYEE .BENEFITS:**

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

**IMPAIRMENT OF ASSETS**

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

**USE OF ESTIMATES**

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

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

**EARNINGS PER SHARE**

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

**PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

**CASH FLOW STATEMENT**

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

**BORROWING COSTS**

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

**STATUTORY RESERVE**

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

**PRUDENTIAL NORMS**

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

**TAXES ON INCOME:**

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

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

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

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

Particulars	2013-14	2012-13
As Auditors	55,619	55,976
Other Professional Services	34,832	28,595
	<b>90,451</b>	<b>84,571</b>



**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

5 Earning per share is calculated as under:

Particulars	2013-14	2012-13
<b>Basic earning per share</b>		
Net profit after Taxation	76,835,729	47,093,741
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Basic earning per share	11.02	6.76
<b>Diluted earning per share</b>		
Net profit after Taxation	76,835,729	47,093,741
Number of shares issued (Nominal Value RS.10)	6,970,900	6,970,900
Diluted earning per share	11.02	6.76

Directors' Remuneration	2013-14	2012-13
	2,435,000	2,440,000
Within the limits of Schedule XIII to the Companies Act 1956.		

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

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

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

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

Particulars	Opening Balance	Additional provisions during the year	Amount Used & Unused amount reversed during the year	Closing Balance
	₹	₹	₹	₹
Income-tax	10,168,330	26,389,067	17,565,741	18,991,656

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

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

A. Relationships:

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

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

Category III: Others Associates -- Sagar Systech Ltd,

B. Transactions with related Parties:

TRANSACTIONS DURING THE YEAR	Relationship	2013-14	2012-13
Opening Balances	Associates	-	-
Loans & Advances given during the year	Associates	-	-
Amounts received back during the year	Associates	-	-
Remuneration & Sitting Fees	Key Managerial Persons	2,435,000	2,440,000
Closing Balances	Associates	-	-

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

13 Income and Expenses in Foreign Currency:

2013-14	2012-13
NIL	NIL

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

Particulars	Opening Stock	Purchases	Sales	Closing Stock
Shares (Qty in Nos.)	4538408	1822756	290000	6071164
Value (in ₹)	107,292,071	69,280,137	94,659,784	106,581,828

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

Consolidated transaction value (purchases and sales) on account of cash and derivative transactions amounts to ₹ 4,872,414,907/- (Previous year ₹ 3,602,707,435/-). In case of derivatives transactions, purchases and sales are accounted after netting off.

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

(₹ in lakhs)

Particulars			
<b>LIABILITIES SIDE:</b>			
1	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	Amount Outstanding	Amount Overdue
	a. Loan Against Securities (Secured Against shares )	141,103,091	NIL
	b. Loans from Banks (Unsecured)	21,777,229	
2	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>	NIL	NIL
<b>ASSETS SIDE:</b>			
		Amount Outstanding	
3	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
	a. Secured	NIL	
	b. Unsecured	181,032,961	
4	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>	NIL	
5	<b>Break-up of Investments :</b>		
	<u>Current Investments :</u>		
	<u>Long Term Investments :</u>		
	1 Quoted :		
	(i) Shares : (a) Equity	7,950,000	
	(b) Preference		
	(ii) Units of Mutual Funds	50,000	
	2 Unquoted :		
	(i) Shares : (a) Equity	27,809,960	
	(b) Preference	15,000,000	
	(ii) Debtntures and Bonds	279,000,000	
6	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b>	NIL	
7	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>		
	Category	Market Value / Break up or fair Value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a. Subsidiaries	25,809,960	25,809,960
	b. Other Related Parties	-	-
	2. Other than Related Parties	303,550,000	256,500,000
	<b>Total</b>	<b>329,359,960</b>	<b>282,309,960</b>

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**NOTES TO CONSOLIDATED ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED MARCH 31, 2014**

8	OTHER INFORMATION	
	Particulars	Amount
	(i) Gross Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	(ii) Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	NIL
	(iii) Assets acquired in satisfaction of Debt	NIL

**17 SPECIFIC DISCLOSURES**

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

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

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

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

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

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

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

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

FOR AND ON BEHALF OF THE BOARD OF

**MUKESH BABU FINANCIAL SERVICES LIMITED**

Mukesh Babu	K. Chandrasekhar	Dipali Shah
<b>Managing Director</b>	<b>Director</b>	<b>Company Secretary</b>

Place : Mumbai  
Date : 30/05/2014

**MUKESH BABU FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014.**

	March 31, 2014		March 31, 2013	
	₹	₹	₹	₹
<b>A. Cash flow from Operating Activities :</b>				
Net Profit Before Tax and Extraordinary Item		103,149,819		66,362,990
Adjustments for :				
Depreciation & Misc. Exp. Written off	963,294		1,085,521	
Non Operating Interest / Dividend Received	(3,695,577)		(3,088,878)	
Interest Paid	19,533,737		21,681,713	
Excess Provision for Taxation	-	16,801,454	-	19,678,356
<b>Operating Profit Before Working Capital Changes</b>		<b>119,951,273</b>		<b>86,041,346</b>
<b>Changes in Working Capital:</b>				
Inventories	710,243		(6,516,196)	
Sundry Debtors	1,178,824		8,357,491	
Loans and Advances	(69,598,367)		(17,952,955)	
Other Current Assets	10,550,330		(28,474,766)	
Sundry Creditors	9,736,743		16,580,995	
Other Liabilities	5,026,384	(42,395,843)	(18,141,636)	(46,147,067)
<b>Cash Generated from Operations</b>		<b>77,555,430</b>		<b>39,894,279</b>
Interest Paid		(19,533,737)		(21,681,713)
Direct Taxes Paid		(28,660,348)		(20,451,765)
Cash Flow Before Extraordinary Items		<b>29,361,345</b>		<b>(2,239,199)</b>
<b>Extraordinary Items</b>		<b>-</b>		<b>-</b>
<b>Net Cash From Operating Activities</b>		<b>29,361,345</b>		<b>(2,239,199)</b>
<b>B. Cash Flow from Investing Activities :</b>				
Purchase of Fixed Assets	(53,188)		(882,145)	
Sale of Fixed Assets			-	
Purchase of Investments	(72,500,000)		(89,000,000)	
Dividend and Interest	3,695,577		3,088,878	
Sale of Investments	26,881,604	(41,976,007)	96,609,420	9,816,153
<b>Net cash used in Investing Activities</b>		<b>(41,976,007)</b>		<b>9,816,153</b>
<b>C. Cash Flow from Financing Activities :</b>				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Short Term Borrowings	9,415,009		8,111,031	
Proceeds from Long term Borrowings				
Repayment of Loan Short Term Borrowings				
Repayment of Finance Lease Liabilities	-		-	
Dividends Paid	(6,970,900)		(6,970,900)	
Increase in Misc. & Public Issue Expenses	-	2,444,109	-	1,140,131
<b>Net cash used in Financing Activities</b>		<b>2,444,109</b>		<b>1,140,131</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENT</b>		<b>(10,170,553)</b>		<b>8,717,085</b>
Cash & Cash Equivalents at the Beginning of the Year		14,464,428		5,747,343
<b>Cash &amp; Cash Equivalents at th Closing of the Year</b>		<b>4,293,875</b>		<b>14,464,428</b>

**FOR SHAH SHAH & SHAH**  
Chartered Accountants

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

**(MEHUL C. SHAH)**  
Partner  
Membership No.49361  
FRN: 116457W  
Place : Mumbai  
Date : 30/05/2014

<b>Mukesh Babu</b> Managing Director	<b>K. Chandrasekhar</b> Director	<b>Dipali Shah</b> Company Secretary
Place : Mumbai Date : 30/05/2014		

: NOTICE :

**NOTICE IS HEREBY GIVEN THAT THE 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF MUKESH BABU FINANCIAL SERVICES LIMITED WILL BE HELD ON TUESDAY, 30TH SEPTEMBER, 2014 AT 5.00 P.M. AT 12A/4, NEW SION CO-OP. HSG. SOC. LTD., SION – WEST, MUMBAI – 400022 TO TRANSACT THE FOLLOWING BUSINESS.**

**ORDINARY BUSINESS**

**1. ADOPTION OF DIRECTORS' REPORT AND ANNUAL ACCOUNTS.**

To consider and adopt the Balance Sheet as at 31st March, 2014 and statement of the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

**2. TO DECLARE DIVIDEND**

To declare dividend on Equity Shares.

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

To appoint a director in place of Mr. K. Chandrasekhar (DIN : 00138951) who retires by rotation and being eligible offers himself for re- appointment as a Director of the Company.

**4. APPOINTMENT OF AUDITORS OF THE COMPANY**

To appoint Shah, Shah & Shah, Chartered Accountants, Mumbai, for the Financial Year 2014-2015 who shall hold office from the conclusion of the Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration Shah, Shah & Shah, Chartered Accountants, Mumbai, the retiring Auditors of the Company are eligible for appointment

**SPECIAL BUSINESS:**

5. To appoint Shri Pankaj Majithia (DIN: 00224833) as an Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013(‘the Act’) and the rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Shri Pankaj Majithia (DIN: 00224833), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 34<sup>th</sup> Annual General Meeting of the Company in calendar year 2019.”

6. To appoint Shri Vijay Vora (DIN: 00224394) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013(‘the Act’) and the rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Vijay Vora (DIN: 00224394), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of 34<sup>th</sup> Annual General Meeting of the Company in calendar year 2019.”

**By Order of the Board**  
**For Mukesh Babu Financial Services Limited**  
**Mukesh C. Babu**  
**Chairman & Managing Director**

Place: Mumbai  
Date : 05/09/2014

**NOTES:**

1. 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 OF THE COMPANY. The Proxy, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting.  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.  
Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.  
In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
2. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report
4. Members/Proxies should bring attendance slips sent herewith duly filled in, for attending the Meeting.
5. Relevant documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and other holidays between 2.00 P.M. to 4.00 P.M. up to the date of the Annual General Meeting.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September 2014 to 30<sup>th</sup> September 2014 (both days inclusive).
- 7.

8. Members are requested to :
- (i) Expeditiously intimate change of address, if any, to the Company/Registrar and Share Transfer Agents quoting reference to their Registered Folio Number.
  - (ii) Write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting.
8. The Members are requested to dematerialize their shareholdings with their Depository Participants as the Company's Shares are traded compulsorily under demat mode in the Stock Exchanges.
9. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the Company/Share Transfer Agents along with the relevant Share Certificates for consolidation of such Folios in one Folio.
10. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies of Annual Report to the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company.
12. Proxy Form is annexed. Members are requested to affix their signature at the space provided and hand over the same at the entrance to the place of meeting.
13. **Members who have not registered their email address so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.**
14. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed there under and the revised Clause 35B of the Listing Agreement, Company is pleased to provide e-voting facility to all its members to enable them to cast their vote at the Annual General Meeting by electronically means.
15. A member may exercise his vote electronically through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

**Instructions for Members for voting electronically are as under:-**

- a) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) b) Click on "Shareholders" tab to cast your vote(s)
- c) Select the Electronic Voting Sequence Number (EVSN) i.e. "140904010" along with the Company name "MUKESH BABU FINANCIAL SERVICES LIMITED" from the drop down menu and click on "SUBMIT."
- d) Now enter your User ID as follows:
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - Members holding shares in physical form should enter Folio Number registered with the Company
- e) Enter the Image Verification as displayed and Click on Login.
- f) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- g) For Shareholders holding shares in physical form and first time users holding shares in electronic form, the steps given below are to be followed:

	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company /DP are requested to use the first two letters of their name in CAPITAL followed by the last 8 digits of their PAN demat account number/Folio No., as the case may be, in the PAN field.</li> <li>• In case the Folio No. is less than 8 digits enter the applicable number of 0s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar and Folio No. is 1 then enter RA00000001 in the PAN field.</li> </ul>
<p><b>Date of Birth or Date of Incorporation or Bank Account</b></p>	<p>Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account in DD/MM/YYYY format or enter Folio No.</p> <p style="text-align: center;">OR</p> <p>Enter the Bank Account Number as recorded in your demat account or in the Company's records for the said demat account or Folio No.</p> <p>Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or the Company, please enter the number of shares held in the Bank Account Number field.</p>

- h) After entering these details appropriately, click on “SUBMIT” tab.
- i) For Members holding shares in physical form, the login details can be used only for e-voting on the resolutions contained in this Notice. On logging in, Members holding shares in physical form will be directed to the Company selection screen.
- j) Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the electronic holders for voting on resolutions of other companies, as well, on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- k) Click on the EVSN of the Company i.e. “140904010”
- l) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO, as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m) Click on the “Resolutions File” Link if you wish to view the entire Notice.
- n) After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- o) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote. You can also take a print of the voting done by you.
- p) If an electronic account holder has forgotten the set password, then he has a ‘Forgot password’ option to reset the password.
- q) Note for Institutional Shareholders:
- Institutional shareholders (i.e. other than Individuals, HUFs, NRIs etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- r) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- I. The e-voting period commences on Wednesday, 24<sup>th</sup> September 2014 (10.00 a.m. IST) and ends on Friday, 26<sup>th</sup> September 2014 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in electronic form, as on 29<sup>th</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed by the Member, he shall not be allowed to change it subsequently.
- II. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 8<sup>th</sup> August, 2014.
- III. Mr. V. V. Chakradeo, Practicing Company Secretary (Membership No. COP 1705), has been appointed as the Scrutinizer to conduct the e-voting process.
- IV. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and submit a Scrutinizer’s Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- V. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.mukeshbabu.com](http://www.mukeshbabu.com) and on the website of CDSL within two days of the passing of the resolutions at the Twenty Ninth AGM of the Company on 30<sup>th</sup> September, 2014 and communicated to BSE Limited where the shares of the Company are listed.
- VI. The resolutions shall be deemed to be passed on the date of Annual General Meeting of the Company, subject to receipt of sufficient votes.
- VII. You can also update your mobile number and Email Id in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting in future. The same may be used in case the Member forgets the password and the same need to be reset.

**Contact Details:**

Company	<b>M/s Mukesh Babu Financial Services Limited</b> <b>Reg. Office: 111, maker Chambers III, nariman point,</b> <b>Mumbai - 400021</b>  <b>Tel No: 022-22040533, Fax: 022-24082687</b> <b>Email id: <a href="mailto:info@mukeshbabu.com">info@mukeshbabu.com</a></b> <b>CIN: L65920MH1985PLC035504</b>
Registrar and Share Transfer Agent	<b>M/s Link Intime India P. Ltd.</b> <b>C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup</b> <b>(West), Mumbai - 400078</b>  <b>Tel: 022-25963838, Fax: 022-25946969</b> <b>Email Id: <a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a></b>
E-voting Agency	<b>Central Depository Services (India) Ltd</b>  <b>Email id: <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a></b>
Scrutinizer	<b>CS V.V. Chakradeo</b> <b>Practising Company Secretary</b> <b>Email id: <a href="mailto:vychakra@gmail.com">vychakra@gmail.com</a></b>

**Item no: 5 and 6****Appointment of Independent Directors**

Section 149 of the Companies Act 2013 ('the Act') requires all listed public companies to have at least one-third of the total number of directors as Independent Directors. Your Company complies with this requirement.

Sub-section (10) of section 149 of the Act further provides that Independent Directors are required to hold office for a term up to five consecutive years on the Board of a company and can be re-appointed thereafter subject to the limit under sub-section (11) of section 149 of the Act which provides that they shall not hold office for more than two consecutive terms.

The revised clause 49 of the Listing Agreement which will be coming into effect from 1<sup>st</sup> October, 2014 also stipulates similar conditions with regard to initial tenure for appointment of Independent Directors for a term up to five consecutive years.

Further, in terms of sub-section (13) of section 149 read with Explanation to sub-section (6) of section 152 of the Act, Independent Directors are not liable to retire by rotation.

The following Directors on the Board of your Company qualify as Independent Directors under section 149 of the Act and clause 49 of the Listing Agreement:

1. Shri Pankaj Majithia
2. Shri Vijay Vora

These Directors were duly appointed under the Companies Act 1956 as Directors liable to retire by rotation.

In order to give effect to the requirements under the Act and revised clause 49 of the Listing Agreement, it is proposed that these Directors be appointed as Independent Directors under section 149 of the Act read with the revised clause 49 of the Listing Agreement, to hold office for five consecutive years, for a term up to 29<sup>th</sup> September, 2019. The matter regarding appointment of aforesaid directors as Independent Director was placed before the Nominations & Remuneration Committee, which has recommended the same.

None of the aforesaid named Directors are disqualified from being appointed as a Director in terms of section 164 of the Act and have given their consent to act as a Director.

The Company has received notices in writing from members, along with the deposit of requisite amount under section 160 of the Act, proposing the candidature of each of the aforesaid named Directors for the office of Directors of the Company.

The Company has received declarations from all the above Directors that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, they fulfill the conditions for their appointment as Independent Directors as specified in the Act and the Listing Agreement. They are independent of the management.

Brief resumes of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view their expertise and knowledge, it will be in the interest of the Company that these Directors are appointed as Independent Directors.

Copy of the draft letter for appointment of these Directors as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.



Except for the respective Directors / their relatives who may be deemed to be interested in the respective resolutions at item nos. 5 and 6 of the Notice as it concerns their appointment as Independent Directors, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the respective resolutions set out at Item Nos. 5 and 6 of the Notice.

The Board recommends the Ordinary Resolutions set out at Item Nos. 5 and 6 of the Notice for approval by the shareholders.

**INFORMATION AS REQUIRED BY CLAUSE 49(VIA) OF THE LISTING AGREEMENT:**

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

Mr. K. Chandrasekhar, aged 60 years, is a A.C.A., Grad..C.W.A., A.C.S., L.L.B.. He is having varied experience 32 years of experience in the field of finance and investment. He is a Director Mukesh Babu Financial Services Limited, Mukesh Stock Broking Private Limited, Mukesh Babu Management Consultants Private Limited and Sagar Systech Limited.

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

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

**Mukesh C. Babu  
Chairman & Managing Director**

**Place: Mumbai  
Date : 5/09/2014**

**MUKESH BABU FINANCIAL SERVICES LIMITED**

**CIN: L65920MH1985PLC35504**

**Regd. Office:** 111, Maker Chambers III, 223, Nariman Point, Mumbai- 400021, India.

**Phone:** 022-22834462/22844015 **Fax:** 022-24082687 **Website:**

[www.mukeshbabu.com](http://www.mukeshbabu.com) | **E-mail:** [info@mukeshbabu.com](mailto:info@mukeshbabu.com)

**Share Transfer Agent:** Link Intime India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400078

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the 29<sup>th</sup> Annual General Meeting of the Company held at 12A/4, New Sion C.H.S. Ltd., Sion – West, Mumbai 400022. at 05.00 p.m. on Tuesday, the 30<sup>th</sup> day of September, 2014.

Name and Address of the Shareholder(s):		
If shareholder(s), please sign here	If proxy, please mention name and sign here	
	Name of Proxy	Signature

**Notes:**

- (1) Shareholder / Proxy holder, as the case may be, is requested to produce the attendance slip duly signed at the entrance of the Meeting venue.
- (2) Members are requested to advise the change of their address, if any, to Link Intime India Pvt. Ltd., at the above address.

**MUKESH BABU FINANCIAL SERVICES LIMITED**

CIN: L65920MH1985PLC35504

Regd. Office: 111, Maker Chambers III, 223, Nariman Point, Mumbai- 400021, India.

Phone: 022-22834462/22844015 Fax: 022-24082687

Website: [www.mukeshbabu.com](http://www.mukeshbabu.com) | E-mail: [info@mukeshbabu.com](mailto:info@mukeshbabu.com)

Share Transfer Agent: Link Intime India Pvt. Ltd.,

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400078

**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s): Registered address: E-mail Id: Folio No/ Client Id:
--

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

2. Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

3. Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the company, to be held on the 30<sup>th</sup> day of September, 2014 at 05.00 p.m. at 12A/4, New Sion C.H.S.Ltd., Sion - West, Mumbai - 400022 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	For	Against
<i>Ordinary Business:</i>		
1		
Adoption of the Audited Balance Sheet as at and Profit and Loss for the financial year ended on March 31, 2014 and the Reports of the Directors and Auditors thereon.		
2		
Declare Dividend		
3		
Reappointment of Shri K. Chandrasekhar who retires by rotation		
4		
Appointment of Auditors and fixing their remuneration		
<i>Special Business:</i>		
5		
Appointment of Shri Pankaj Majithia Independent Director		
6		
Appointment of Shri Vijay Vora Independent Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A proxy need not be a member of the Company.
3. In case the appointer is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorized by it and an authenticated copy of such authorization should be attached to the proxy form.
4. A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

# BOOK POST

**If undelivered please return to**  
**Mukesh Babu Financial Services Limited**  
111, Maker Chambers III,  
223, Nariman Point  
Mumbai - 400021