

**V. B. DESAI
FINANCIAL SERVICES LIMITED**

**TWENTY EIGHTH
ANNUAL REPORT
2013-14**

V. B. DESAI FINANCIAL SERVICES LIMITED

CIN L74120MH1985PLC037218

BOARD OF DIRECTORS

Mr. Samir R. Dedhia- Chairman (w.e.f. 30/05/2014)

Mr. Pradip R. Shroff - Managing Director

Mr. Manoj T. Shroff

Mr. Ashok Kumar Singh

Mr. Khurshid Shaikh

Mr. Hemendra J. Shroff (w.e.f. 07/05/2014)

Mrs. Rachana S. Vijayakar (w.e.f. 30/05/2014)

REGISTERED OFFICE

Cama Building, 1st Floor,
24/26, Dalal Street, Fort,
Mumbai – 400 001

AUDITORS

M/s. A.N. DAMANIA & CO.
Chartered Accountants, Mumbai

BANKERS

HDFC Bank Ltd.
Corporation Bank

REGISTRAR & SHARE TRANSFER AGENT

Purva Shareregistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate
J.R.Boricha Marg, Lower Parel (East),
Mumbai – 400 011.

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IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken the "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / document including annual report can be sent by e-mail to its members. To support this green initiative of the Government in full measures, members who have so far not registered their e-mail addresses are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send the e-mail address to the Registrar & Transfer Agents quoting their folio number.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Eighth Annual General Meeting of the Members of V. B Desai Financial Services Limited will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001 on Friday, the 12th September, 2014 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the year ended on 31st March, 2014 and the Balance Sheet as on that date and the reports of Auditors and Directors thereof.
2. To appoint a Director in place of Mr. Manoj T. Shroff (DIN 00330560), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To appoint M/s. A.N. Damania & Co., Chartered Accountants as statutory auditors of the Company and fix their remuneration

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Ashok Kumar Singh, Director liable to retire by rotation, who does not offer himself for re-appointment be not re-appointed as a Director of the Company and the vacancy so caused on the Board of the Company be not filled-up”.

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Hemendra J. Shroff (DIN 00286509), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mrs. Rachana S. Vijayakar (DIN 03317373), in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. 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 to the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Samir R. Dedhia (DIN 06864567), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director cum Chairman of the Board of Directors of the Company, to hold office for Five consecutive years for a term upto the conclusion of Annual General Meeting of the Company in the calendar year 2019.”

8. 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 to the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Khurshid A. Shaikh (DIN 01450745), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received notice in writing under Section 160 of the Companies Act, 2013 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 Five consecutive years for a term up to the conclusion of Annual General Meeting of the Company in the calendar year 2019.”

IMPORTANT NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of Proxy should be deposited at the registered office of the Company not less than 48 hours before commencement of meeting.

V. B. Desai Financial Services Limited

3. 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 the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar and Transfer Agents of the Company.
4. Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice and given in Annexure "A" to this notice.
5. Electronic copy of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website [www.vbdesai.com](http://vbdesai.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: info@vbdesai.com
7. **Voting through electronic means**
 1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for members for voting electronically are as under:-
 - i. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - ii. Log on to the e-voting website www.evotingindia.com.
 - iii. Click on "Shareholders" tab to cast your votes.
 - iv. Select the Electronic Voting Sequence Number ("EVSN") 140728019 along with "V.B.Desai Financial Services Limited" from the drop down menu and click on Submit.
 - v. Now, fill up the following details in the appropriate boxes:

	For members holding shares in demat form	For members holding shares in physical form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demataccount or in the company records for the said demat account or folio.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. # Any one	
 - vii. After entering these details appropriately, click on "SUBMIT" tab
 - viii. Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company 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. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

- ix. You can also update your mobile number and e-mail ID in your demat account, which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the member forgets the password and the same needs to be reset.
 - x. For members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in the Notice of AGM.
 - xi. 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.
 - xii. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - xiii. 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.
 - xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- II. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to [https:// www . evotingindia.co.in](https://www.evotingindia.co.in) and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
 - III. The voting period begins on 4th September 2014 (9:00 am) and ends on 5th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 12th 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 by the shareholder, the shareholder shall not be allowed to change it subsequently.
- IV. 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 under help section or write an email to helpdesk.evoting@cdslindia.com
 - V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 12th August, 2014.
 - VI. Mr. P. V. Ramaswamy, Practicing Company Secretaries (Membership No. FCS 1708, CP No. 2087) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner
 - VII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - VIII. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.vbdesai.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited
8. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company
 9. The Register of members and Share Transfer Books of the Company will be closed from 8th September 2014 to 12th September 2014 (both days inclusive)
 10. Members are requested to please bring their copies of the Annual Report to the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013

ITEM NO. 4

In accordance with the Articles of Association of the Company, Mr. Ashok Kumar Singh, Director retires by rotation at the ensuing Annual General Meeting. Mr. Ashok Kumar Singh, has indicated to the Company that he is not seeking reappointment due to his professional engagements.

None of the Directors other than Mr. Ashok Kumar Singh is concerned or interested in the resolution.

The Board of Directors recommends the resolution for approval of the members.

Item No. 5

Mr. Hemendra J. Shroff, was appointed as an additional Director by the Board of Directors at their meeting held on 7th May, 2014, who hold the office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Hemendra J. Shroff for the office of Director of the Company.

Mr. Hemendra J. Shroff is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

None of the Directors other than Mr. Hemendra J. Shroff and Mr. Pradip R. Shroff is concerned or interested in the resolution. The Board of Directors recommends the resolution for approval of the members.

Item No. 6

Mrs. Rachana S. Vijayakar, was appointed as an additional Director by the Board of Directors at their meeting held on 30th May, 2014, who hold the office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mrs. Rachana S. Vijayakar for the office of Director of the Company.

Mrs. Rachana S. Vijayakar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director.

None of the Directors except Mrs. Rachana S. Vijayakar is concerned or interested in the resolution. The Board of Directors recommends the resolution for approval of the members.

Item No. 7

Mr. Samir R. Dedhia, was appointed as an Independent Director by the Board of Directors at their meeting held on 30th May, 2014, who hold the office upto the date of the ensuing Annual General Meeting. Further, at the meeting held on 28th July 2014 he was appointed as Chairman of the Board of Directors of the Company.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Samir R. Dedhia for the office of Director of the Company.

Mr. Samir R. Dedhia is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

None of the Directors except Mr. Samir R. Dedhia is concerned or interested in the resolution. The Board of Directors recommends the resolution for approval of the members.

Item No. 8

Mr. Khurshid A. Shaikh is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 26/12/2005. Mr. Khurshid Shaikh is the Member of Audit Committee and Nomination and Remuneration Committee of the Company.

Mr. Khurshid Shaikh is a Director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Khurshid A. Shaikh being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of Annual General Meeting of the Company in the calendar year 2019.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Khurshid A. Shaikh for the office of Director of the Company.

None of the Directors except Mr. Khurshid Shaikh is concerned or interested in the resolution. The Board of Directors recommends the resolution for approval of the members.

ANNEXURE –A

Details of directors seeking re-appointment at the forthcoming Annual General Meeting as required under clause 49 of the listing agreement with the stock exchanges are given below:

1) Mr. Manoj T. Shroff

DIN & Date of Birth	00330560 - 10/10/1966	
Qualification	B.Com	
Experience in specific area	Has more than 24 years' experience in Financial consultancy, Investment Banking, and other related business	
Directorship in other Companies	<ul style="list-style-type: none"> - Deep Industrial Finance Ltd. - Pearl Housing Finance (I) Ltd. - Shriyam Auto-Fin Ltd. - Traitrya Construction Finance Ltd, - Valuecorp Securities & Finance Ltd, 	<ul style="list-style-type: none"> - Vishvakarma Equipment Finance Ltd., - Mahimna Mercantile Credits Ltd - Merican Funds Limited - Guru Holding Private Limited
Committee positions held in other Companies	Nil	
No. of shares held in the Company	800	

2) Mr. Hemendra J. Shroff

DIN & Date of Birth	00286509 - 07/11/1974	
Qualification	B.Com	
Experience in specific area	Mr. Hemendra Shroff has 17 years' experience in Investment Banking and other related business	
Directorship in other Companies	<ul style="list-style-type: none"> - Arodyne Chemicals Limited - Bluechip Leasing and Finance Ltd. - AarayaaFinstock Pvt. Ltd. - Budh Holding & Trading Co. Pvt. Ltd. 	<ul style="list-style-type: none"> - Bahl & Co. Pvt. Ltd. - Citi Securities & Financial Services Pvt, Ltd. - Desai Investments Pvt. Ltd. - VBD Capital Advisors Pvt. Ltd.
Committee positions held in other Companies	Nil	
No. of shares held in the Company	14,300	

3) Mr. Samir R. Dedhia

DIN & Date of Birth	06864567 - 21/06/1965
Qualification	B.Com, FCA

Experience in specific area	Mr. Samir Dedhia is a Practicing Chartered Accountant and specialized in the field of Audit, Taxation and Service Tax since 2011. Prior to that he was in employment in various capacities from 1993.
Directorship in other Companies	Nil
Committee positions held in other Companies	Nil
No. of shares held in the Company	Nil

4) Mrs. Rachana S. Vijayakar

DIN & Date of Birth	03317373 - 02/11/1969
Qualification	B.A
Experience in specific area	Mrs. Rachana Vijayakar is a Accounting profession having knowledge in finance sector.
Directorship in other Companies	First Native Consultants Pvt, Ltd.,
Committee positions held in other Companies	Nil
No. of shares held in the Company	Nil

5) Mr. Khurshid A. Shaikh

DIN & Date of Birth	01450745 - 10/06/1962
Qualification	B.Com.
Experience in specific area	Mr. Khurshid Shaik has more than 25 years experience in Investment Banking and Broking related business activities.
Directorship in other Companies	Indranil Securities Pvt, Ltd.,
Committee positions held in other Companies	Nil
No. of shares held in the Company	Nil

For and on behalf of the Board of Directors

Pradip R. Shroff
Managing Director

REGISTERED OFFICE

Cama Building, 1st Floor,
24/26, Dalal Street, Fort,
Mumbai – 400 001

DATED: 28th July 2014

DIRECTORS' REPORT

The Directors present their 28th Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31st March, 2014.

FINANCIAL RESULTS

(Rs. In lac)

Particulars	For the year ended on 31/03/2014	For the previous year ended on 31/03/2013
Gross Income	105.68	150.62
Profit (before interest, depreciation & taxation)	3.17	80.81
Financial charges	0.01	0.64
Depreciation	2.31	2.22
Net profit	0.85	77.95
Provision for taxation	6.50	25.20
Deferred Tax	(0.28)	(0.76)
Income Tax of earlier years/ MAT credit entitlement	(11.74)	(81.72)
Profit after adjustments	6.38	135.23
Profit/(Loss) carried to Balance Sheet	6.38	135.23
APPROPRIATIONS / TRANSFERS		
Profit/(loss) carried to Balance Sheet	6.38	135.23

DIVIDEND

Your Directors do not recommend any dividend on equity shares due to inadequate of profit during the year.

PERFORMANCE REVIEW

During the year under review, income from operations was Rs. 104.56 lac compared to Rs. 66.62 lac in the previous year. Even though the income from operation was increased, there was a decrease in other income, also expenditure increased from Rs. 72.59 lac to 104.83 lac during the year. Therefore profit after tax and adjustments, the income decreased from Rs. 135.23 lac to Rs. 6.38 lac during the year.

The Company is mainly engaged in Merchant Banking activities viz. ESOP valuation, Company valuation, Advisory services and capital raising activities.

DIRECTORATE :

Mr. Manoj T. Shroff, a Director of the Company shall retire by rotation at the forthcoming Annual General Meeting and offer himself for re-appointment.

Mr. Hemendra J. Shroff was appointed as an additional Director on 7th May 2014. Mrs. Rachana S. Vijayakar and Mr. Samir R. Dedhia have been appointed as additional Directors on 30th May 2014. Mr. Samir R. Dedhia was appointed as Chairman of the Board on 28th July 2014.

As per the notification of section 149 and other applicable provisions of the Companies Act, 2013, Mr. Khurshid Shaikh is seeking appointment as Independent Director for five consecutive years for a term upto conclusion of Annual General Meeting of the Company in the calendar year 2019.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of your Company confirms that:

- in the preparation of the annual accounts, applicable Accounting Standards have been followed ;
- the Accounting Policies are consistently applied and reasonable, prudent judgment and estimates are made 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 of the Company for that period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.

The particulars of conservation of Energy, Technology, Absorption, foreign Exchange Earnings and outgo as required under Section 217 (i)(e) of the Companies Act, 1956 have not been given since the same are not applicable to the Company.

PARTICULARS OF EMPLOYEES

The Company did not have any employee falling within the purview of Section 217(2A) of the Companies Act, 1956.

PUBLIC DEPOSIT

The Company has not accepted deposits from Public and there were no outstanding deposits payable by the Company.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Auditor's Statement of its compliance is given in a separate annexure.

AUDITORS & AUDITOR'S REPORT

The Company's Auditors M/s. A.N. Damania & Co., Chartered Accountants will retire at the forthcoming annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the provision prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the continued co-operation by the Investors, Clients and last but not the least the Shareholders of the Company.

On behalf of the Board of Directors

PLACE: MUMBAI
DATE :28th July 2014

Pradip R. Shroff
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Management discussion and analysis of financial condition and results of operations include forward looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the management has considered future risks as part of the discussions, future uncertainties are not limited to the management perceptions.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. The Management of the Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. The following discussion may include forward looking statements, which may involve risks and uncertainties, including but not limited to the risks inherent to Company's growth strategy, dependency on certain clients, dependency on availability of qualified technical personnel and other factors discussed in this report.

Industry structure and developments

The main activities of the Company are Merchant Banking and related activities. With strengthening of the economic environment, the Indian capital market is expected to perform well. The improved performance of the industrial and service sector and strong capital inflows witnessed robust growth in primary and secondary capital market and is expected to hold in the coming years. The Company will continue to capitalize on Merchant Banking, Advisory Services and fund raising opportunities by the growing economic needs of the industries.

Opportunities and Threats

Your Company being a Financial Services Company (Merchant Banking and related activities), the Company seeks opportunities in the capital market. The likely increase in capital mobilization from the primary market and phenomenal growth in secondary market volumes provides significant business opportunities for the Company.

Segment wise performance

The Company has one segment i.e Merchant Banking and related services; therefore segment wise reporting has not given as per the Accounting Standard 17.

Outlook

The financial services sector has shown rapid growth with an improvement in the economic environment. Company will continue to capitalize the growing economic opportunities and looks forward in view of the reposed confidence of Investors in the capital market. With strengthening of the economy and stable economic environment, the Indian capital market is expected to perform well. The management will continue to focus on Merchant Banking activities and Advisory Services and endeavor to deliver best solutions to the clients to their satisfaction.

Risks and Concerns

The timely and effective risk management is of prime importance our Company. The Company is potentially exposed to increasing competition in capital market, newer and more complex products and transactions and stringent regulatory framework. With its past long experience in financial service industry, dedicated and trained professionals the Company counter the threats to the best possible extent in its business operation.

Internal control system

The Company has a sound and adequate system of internal controls to monitor and control all the activities. The Company complies with all internal control policies and procedures as also other regulatory requirements.

On behalf of the Board of Directors

Pradip R. Shroff Manoj T. Shroff
Managing Director Director

PLACE: MUMBAI
DATE :28th July 2014

REPORT ON CORPORATE GOVERNANCE

Interms of clause 49 of the listing agreement with the Stock Exchanges, a report on Corporate Governance is given below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has adopted good corporate governance practices and ensures compliance with all relevant laws and regulations. It has lead to the satisfaction and transparency to the shareholders. Company's philosophy is concerned with ethics, values, morals and social responsibility of the Company. The Company remains accountable to shareholders and other beneficiaries for their actions. The Company conducts its activities in a manner that is fair and transparent and perceived to be such by others. The Board of Directors of the Company has adopted the Code of Conduct for its members and senior management executives.

2. BOARD OF DIRECTORS

a) Composition

Name	Category	Designation
Mr. Pradip R. Shroff	Executive-Non Independent	Managing Director
Mr. Manoj T. Shroff	Non-Independent	Director
Mr. Ashok Kumar Singh	Independent	Director
Mr. Khurshid Shaikh	Independent	Director
Mr. Hemendra J. Shroff	Non-Independent	Director
Mr. Samir R. Dedhia	Independent	Director
Mrs. Rachana S. Vijayakar	Non-Independent	Director

- b) During the financial year ended on 31.3.2014, 5 board meetings were held on 30.04.2013, 30.05.2013, 25.07.2013, 29.10.2013 and 29.01.2014. The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and number of other Directorship and Membership/Chairmanship of Committee are as follows:

Name of the Director	Attendance Particulars		No. of directorship/and Committee Membership / Chairmanship in other Companies			
	Board Meetings	Last AGM	Directorship in private Companies	Directorship in public Companies	Committee Memberships	Committee Chairmanships
Mr. Pradip Shroff	5	Yes	6	9	Nil	Nil
Mr. Manoj Shroff	5	Yes	1	8	Nil	Nil
Mr. Ashok Kumar Singh	0	Nil	Nil	Nil	Nil	Nil
Mr. Khurshid Shaikh	5	Yes	1	Nil	Nil	Nil

c) Brief Note on the Directors seeking appointment/ re-appointment at the 28th Annual General Meeting:

In Compliance with Clause 49 IV (G) of Listing Agreement, brief resume, expertise and details of other directorship, membership in committees of Directors of other companies and shareholding in the Company of the Directors proposed to be re-appointed are given in the Annexure A of forming part of Notice.

3. AUDIT COMMITTEE

The scope of activities and powers of Audit Committee includes the areas prescribed under the clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. The Board has set up Audit Committee having Three Directors viz. Mr. Manoj T. Shroff & Mr. Khurshid Shaikh and 1 Executive Director, Mr. Pradip R. Shroff. During the financial year under review, 4 meetings were held on 30.05.2013, 25.07.2013, 29.10.2013, & 29.01.2014.

The Audit Committee have reconstituted on 30th May 2014 with the appointment of Mr. Samir R. Dedhia as Chairman and Mr. Khurshid Shaikh and Mr. Pradip R. Shroff, members of the Committee.

4. NOMINATION AND REMUNERATION COMMITTEE

The Board has set up Nomination and Remuneration Committee on 30th May, 2014. There was no Remuneration Committee till 30th May 2014. Mr. Samir R. Dedhia is the Chairman of the Committee and Mr. Khurshid Shaikh and Mrs. Rachana S. Vijayakar are the other members of the Committee. At present, Independent Directors are not paid any remuneration.

Sitting fees paid to Directors for attending Board and Committee meetings:

1. Mr. Manoj T. Shroff – Rs. 16,000/-
2. Mr. Khurshid A. Shaikh- Rs. 10,000/-
3. Mr. Ashok Kumar Singh - Nil

During the year ended on 31st March, 2014 remuneration of Rs. 4,517/- paid to Mr. Pradip R. Shroff, the Managing Director of the Company.

5. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

The Share Transfer and Investors' Grievance Committee comprises of 2 Directors viz. Mr. Pradip R. Shroff, MD and Mr. Manoj T. Shroff. The Committee meets for approval of transfers, transmissions, issue of duplicate share certificates and consolidation of shares etc. as and when such requests are received. The Committee also reviews the status of Investor Grievances and recommends measure to improve in solving Investor Services.

The Share Transfer and Investors Grievance Committee have reconstituted as Stakeholders' Grievance Committee by the Board at their meeting held on 30th May 2014. Mr. Manoj T. Shroff, the non-executive Director is the Chairman and Mr. Pradip R. Shroff and Mrs. Rachana S. Vijayakar are the members of the Committee. Mr. Pradip R. Shroff is the Compliance Officer of the Committee. During the year there were no complaints received from shareholders and there is no complaint which has remained un-addressed.

6. GENERAL BODY MEETINGS

Date	AGM/ EGM	Venue	Time	No. of Special Resolution
11.09.2013	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 nd Flr 18/20, K.DubashMarg, Mumbai – 400 001	11.00 a.m	3
22.09.2012	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 nd Flr 18/20, K.DubashMarg, Mumbai – 400 001	10.30 a.m	Nil
28.09.2011	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 nd Flr 18/20, K.DubashMarg, Mumbai – 400 001	10.30 a.m	Nil

During the last year no business had been conducted through postal ballot.

7. DISCLOSURES:

- a) There was no transaction of material nature with the Promoters, Directors, Management or their relatives during the financial Year of the Company, which could have potential conflict with the interests of the Company at large. However, the transactions detailed in Note no. 25 annexed to the Accounts may be considered as related party transactions.
- b) During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchange or any regulatory authority for non-compliance of any matter related to the capital market.
- c) No personnel have been denied access to the Chairman or members of the Audit Committee. The Board has adopted Whistle Blower Policy mechanism on 30th May, 2014.
- d) The Company is in Compliance with the mandatory Provisions of Clause 49 of the Listing Agreement.
- e) **Code of Business Conduct and Ethics for Board of Directors and Senior Management:** The Company has in place the Code of Business Conduct and Ethics for Board of Directors and Senior Management (the Code) approved by the Board of Directors. The Code has been communicated to Directors and the members of the senior management.

V. B. Desai Financial Services Limited

8. MEANS OF COMMUNICATION

- The financial results of all four quarters were published in The Free Press Journal and Navshakti dailies. These were not sent individually to the shareholders.
- The financial results or official news are displayed on the Company's website www.vbdesai.com
- There were no presentations made to the institutional investors or to the analysts
- The Management Discussion and Analysis Report forms a part of this Annual Report

9. GENERAL INFORMATION FOR SHAREHOLDERS

i	AGM: Date, Time & Venue	12th September, 2014 at 11.00 a. m M.C.Ghia Hall, Bhogilal Hargovindas Bldg.2 nd Flr, 18/20, K. Dubash Marg, Mumbai – 400 001
ii	Financial Year	1 st April 2013 - 31 st March, 2014
iii	Date of Book closure	08.09.2014 to 12.09.2014
iv	Dividend payment date	No dividend recommended.
v	Listing on Stock Exchange	BSE Limited (BSE) The Delhi Stock Exchange Ltd.(DSE) Annual Listing fees have been paid to both the Stock Exchanges for the year 2014-15.
vi	Stock Code	BSE Limited - 511110
vii	ISIN of the Company for dematerialisation	INE848D01018

Market price date and performance in comparison to BSE Sensex during each month in 2013 -2014 on BSE Limited

Month	High – Rs.	Low – Rs.	BSE Sensex
April 2013	8.64	6.36	19504.18
May 2013	8.01	6.55	19760.30
June 2013	7.52	5.11	19395.81
July 2013	9.47	6.57	19345.70
August 2013	8.30	6.55	18619.72
September 2013	8.49	7.14	19379.77
October 2013	10.48	8.07	21164.52
November 2013	12.39	9.51	20791.93
December 2013	11.40	11.40	21170.68
January 2014	10.98	9.46	20513.85
February 2014	10.89	8.14	21120.12
March 2014	9.21	7.85	22386.27

Registrars & Transfer Agents

Purva Sharegistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate,
J.R.BorichaMarg,
Lower Parel (East), Mumbai – 400 011.
Tel: 022-23016761/ 23018261;
Email: purvashr@mtnl.net.in;
website: www.purvashare.com

Share Transfer System

All requests received for transfer of shares in physical form are processed by the Registrar and Transfer Agents and are approved by Stakeholders' Grievance Committee (earlier Share Transfer Committee). The share transfers are registered and returned within 15 days from the date of receipt, subject to documents being valid and complete in all respects.

Distribution of shareholding as on 31st March 2014

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,375	6,79,097	15.00
501 - 1000	312	2,45,769	5.43
1001 - 2000	150	2,23,760	4.94
2001 - 3000	39	97,064	2.14
3001 - 4000	36	1,26,201	2.79
4001 - 5000	23	1,07,268	2.37
5001 - 10000	44	3,03,817	6.71
10001 and above	42	27,44,914	60.62
TOTAL	5,021	45,27,890	100.00

Shareholding pattern as on 31st March 2014

Sr. No.	Category	No. of Shares Held	% of Share-Holding
1.	Promoters Holding - Indian Promoters and Persons Acting in concert	18,84,692	41.62
2.	Mutual Funds & UTI	--	--
3.	Banks & Financial Institutions	200	0.00
4.	Private Corporate Bodies	2,33,272	5.15
5.	NRIs/OCBs	7,930	0.18
6.	Hindu Undivided Family	41,196	0.91
7.	Clearing members	27	0.00
8.	Indian Public	23,60,573	52.14
	TOTAL	45,27,890	100.00

Dematerialization of shares

As on 31st March 2014, 87.18% of the Company's total shares represented by 39,47,330 shares were held in dematerialized form.

Outstanding GDR/Warrants/ Convertible Instruments

The Company has no outstanding GDR/ Warrants/ Convertible Instruments.

Address for correspondence

V.B. Desai Financial Services Limited
Cama Building, 1st Floor
24/26, Dalal Street, Fort
Mumbai – 400 001.
Tel: 022-40770777; email: investor@vbdesai.com

On behalf of the Board of Directors

Pradip R. Shroff
Managing Director

MUMBAI

DATED :28th July 2014

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2014.

Mumbai

Dated: 28th July 2014

Pradip R. Shroff
Managing Director

Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To the members of V.B. Desai Financial Services Ltd.

We have examined the compliance of the conditions of Corporate Governance by V.B. Desai Financial Services Ltd. (the Company) during the period from 1st April, 2013 to 31st March, 2014, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchange have been completed with in all material respects by the Company.

For A.N. DAMANIA & CO.
Chartered Accountants
Firm Reg. No: 102077W

Ashvin Damania
Membership No. 040166
Proprietor

MUMBAI

Date: 28th July 2014

Independent Auditor's Report

To the Members of
V. B. DESAI FINANCIAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **V. B. Desai Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at **31st March, 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's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) 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, the 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, the Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e) On the basis of written representations received from the directors, as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For A. N. Damania & Co.
Chartered Accountants
Firm Reg. No.102077W

Ashvin Damania
Proprietor
M. No. 040166

Date: 30th May, 2014
Place: Mumbai

Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.
- (c) The Company has not disposed of any fixed assets and hence this clause of paragraph 4 of the Order is not applicable.
- (ii) (a) The inventories of shares/stock lying in demat/physical forms have been verified by the management. In our opinion, the frequency of verification is reasonable;
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business;
- (c) The Company is maintaining proper records of inventories. No material discrepancy was noticed between physical verification of stocks and book records.
- (iii) (a) During the year, the Company has not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 and hence clauses (iii.a) to (iii.d) of paragraph 4 of the Order are not applicable.
- (b) During the year, the Company has not taken any loans, secured or unsecured, from the companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 and hence clauses (iii.e) to (iii.g) of paragraph 4 of the Order are not 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 inventory (securities), fixed assets and sale of inventory (securities) & services. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
- (v) According to the information and explanations given to us, there are no contracts that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 and hence clause (v) of paragraph 4 of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public during the year and hence Clause (vi) of paragraph 4 of the Order is not applicable.
- (vii) The Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records u/s.209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
- (a) According to the information and explanations given to us and the records of the Company examined by us the Company has generally been regular in depositing with the appropriate authorities undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it.
- (b) According to the information and explanations given to us by the management and the records of the Company examined by us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amounts in respect of the aforesaid dues which have not been deposited as at 31st March 2014.
- (ix) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) The Company has not availed of any loans either from bank or financial institutions nor did the Company have any debenture holders.
- (xi) As per the books and records of the Company examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Hence, clause (xiii) of paragraph 4 of the Order is not applicable.

- (xiii) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the Company in its own name.
- (xiv) As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xv) On the basis of our review and related information and explanation as made available to us the Company has not taken any term loans during the year.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xvii) The Company has not made any preferential allotment of shares during the year and hence, clause (xviii) of paragraph 4 of the Order is not applicable.
- (xviii) The Company has not issued any debentures during the year and hence, clause (xix) of paragraph 4 of the Order is not applicable.
- (xix) The Company has not raised any money by way of public issue during the year and hence, clause (xx) of paragraph 4 of the Order is not applicable.
- (xx) According to the information to and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of the audit.

**For A. N. Damania & Co.
Chartered Accountants
Firm Reg. No.102077W**

**Ashvin Damania
Proprietor
M. No. 040166**

Date: 30th May, 2014
Place: Mumbai

Compliance Certificate

The Members

V.B.Desai Financial Services Limited

Cama Building, 1st Floor

24/26, Dalal Street, Fort

Mumbai – 400 001

I have examined the registers, records, books and papers of M/s. V.B. Desai Financial Services Limited, as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2014.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies within the time prescribed under the Act and rules made there under
3. The Company, being a public limited company, comments as per Sec. 3 (1) (iii) of the Act are not required.
4. The Board of Directors duly met 5 (Five) times on 30.04.2013, 30.05.2013, 25.07.2013, 29.10.2013 & 29.01.2014 in respect of which meetings proper notices were given and the resolutions passed were recorded in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 6th September 2013 to 11th September 2013 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2013 was held on 11th September 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. It was informed that the Company has not advanced loans to company referred in the Section 295 of the Act during the financial year.
9. It was informed that the Company has not entered into any fresh contracts during the financial year falling within the provisions of Section 297 of the Act.
10. It was informed that necessary entries have made wherever applicable in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. That
 - i) the Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
 - ii) The Company was not required to post any warrants to the members as no dividend was declared during the financial year.
 - iii) There are no amount lying in unpaid dividend account, application money due for refund, matured deposits and debentures and the interest accrued thereon and no amount has remained unclaimed or unpaid for a period of seven years for the requirement to transfer to Invest Education and Protection Fund.
 - iv) The requirement of Section 217 of the Act has been duly complied with.
13. The Board of Directors of the Company is duly constituted and the appointment of directors has been duly made. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year.
14. The Company has not appointed any sole selling agents during the financial year.
15. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
16. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

17. The Company has not issued any shares, debentures or other securities during the financial year.
18. The Company has not bought back any shares during the financial year.
19. There was no redemption of preference shares / debentures during the financial year.
20. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
21. The Company has not invited / accepted any deposits including any unsecured loan falling within the purview of Section 58A of the Act during the financial year.
22. The Company has not altered the provisions of the memorandum with respect to the name, share capital, situation of the registered office from one state to another during the year under scrutiny.
23. The Company has not altered its Articles of Association during the financial year.
24. It was informed that there were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishments was imposed on the company during the financial year for offences under the Act.
25. The Company has not received any amount as security from its employees during the financial year.
26. The Company has not created any trust as defined in Section 418 of the Act, hence the said section is not applicable.

P.V. Ramaswamy
Company Secretary
Membership No. 1708 C.P. No. 2087

Place: Mumbai

Dated: 14th July, 2014

Annexure 'A'

Registers as kept by the Company

Statutory Registers:

1. Register of members u/s. 150
2. Register of share transfer u/s. 108
3. Register of Directors, Managing Director, Secretary u/s. 303
4. Register of Directors shareholding u/s. 307
5. Minutes Books of General Meetings and Board Meetings u/s. 193
6. Register of Charges u/s. 143
7. Books of Account u/s. 209
8. Registers and Returns u/s. 163
9. Register of Disclosure of Interest of Directors.

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, or other authorities, during the financial year ending on 31st March, 2014.

S.No.	Form/Return No.	U/S Sec.	For	Date of filing	Filed in time Yes/No	Delay if any
1	Form 66	383A	Compliance certificate	26.09.2013	Yes	N.A
2	Form 20-B	159	Annual Return AGM held on 18.09.2012	14.10.2013	Yes	N.A
3	Form 23 AC XBRL& 23 ACAXBRL	220	Balance Sheet and Profit & Loss Account for the year ended 31.3.2013 AGM date 11.9.2013	04.10.2013	Yes	N.A
4	Form 23	192	Filing of Special Resolution	08.10.2013	Yes	N.A
5	Form 25C	269(2)	Appointment of Managing Director	08.10.2013	Yes	N.A

Balance Sheet as at 31st March, 2014

	Note No.	As at 31st March, 2014		As at 31st March, 2013	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	1	45,381,316		45,381,316	
(b) Reserves and Surplus	2	<u>38,505,821</u>		<u>37,868,193</u>	
			83,887,137		83,249,509
Non-Current Liabilities					
(a) Other Long-Term Liabilities	3	-		3,200,000	
(b) Long-Term Provisions	4	<u>1,455,435</u>		<u>1,479,953</u>	
			1,455,435		4,679,953
Current Liabilities					
(a) Trade Payables	5	368,906		427,738	
(b) Other Current Liabilities	6	3,257,792		3,464,810	
(c) Short -Term Provisions	7	<u>308,123</u>		<u>732,644</u>	
			3,934,821		4,625,193
Total			<u>89,277,393</u>		<u>92,554,655</u>
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
Tangible Assets	8	2,015,452		2,009,712	
(b) Non-Current Investments	9	23,468,871		47,747,014	
(c) Deferred Tax Assets (Net)	10	363,251		334,884	
(d) Long-Term Loans and Advances	11	121,222		1,064,322	
(e) Other Non-Current Assets	12	-		<u>2,140,757</u>	
			25,968,796		53,296,689
Current Assets					
(a) Inventories (Securities)	13	367,768		404,337	
(b) Trade Receivables	14	40,546,617		547,904	
(c) Cash and Cash Equivalents	15	4,890,254		4,173,851	
(d) Short-Term Loans and Advances	16	17,465,899		34,051,490	
(e) Other Current Assets	17	<u>38,059</u>		<u>80,385</u>	
			63,308,597		39,257,966
Total			<u>89,277,393</u>		<u>92,554,655</u>
Significant Accounting Policies					
Notes on Financial Statements					
	24 to 35				

As per our attached report of even date

For A. N. Damania & Co.

Chartered Accountants
Firm Regn. No. 102077W

Ashvin Damania

Proprietor
Membership No. 040166

Place : Mumbai

Date : 30th May 2014

For and on behalf of the Board of Directors

Pradip R. Shroff - Managing Director

Manoj T. Shroff - Director

Khurshid Shaikh - Director

Hemendra J. Shroff - Director

Place : Mumbai

Date : 30th May 2014

Statement of Profit and Loss for the year ended 31st March, 2014

	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
		₹	₹
INCOME			
Revenue From Operations	18	10,456,282	6,662,351
Other Income	19	111,497	8,391,429
Total Revenue		10,567,779	15,053,781
EXPENDITURE			
Employee Benefits Expense	20	1,459,882	1,736,056
Finance Costs	21	620	64,032
Depreciation	22	231,298	221,587
Other Expenses	23	8,790,740	5,236,948
Total Expenses		10,482,540	7,258,623
Profit/(Loss) Before Tax		85,239	7,795,158
Tax Expenses			
Current Tax		650,000	2,520,000
Current Tax & MAT Credit Entitlement relating to Previous Years		(1,174,022)	(8,171,582)
Deferred Tax		(28,367)	(76,729)
Profit/(Loss) for the year		637,628	13,523,468
Earnings per share of ₹10/- each:			
Basic		0.14	2.99

Significant Accounting Policies**Notes on Financial Statements**

24 to 35

As per our attached report of even date

For A. N. Damania & Co.Chartered Accountants
Firm Regn. No. 102077W**Ashvin Damania**Proprietor
Membership No. 040166

Place : Mumbai

Date : 30th May 2014**For and on behalf of the Board of Directors****Pradip R. Shroff** - Managing Director**Manoj T. Shroff** - Director**Khurshid Shaikh** - Director**Hemendra J. Shroff** - Director

Place : Mumbai

Date : 30th May 2014

Cash Flow Statement for the year ended 31st March, 2014

	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	₹	₹	₹	₹
A Cash Flow from Operating Activities				
Net Profit before Tax		85,239		7,795,158
Adjustments for :				
Depreciation	231,298		221,587	
Reduction in value of Investments	36,570		73,236	
Provision for Gratuity	118,525		252,808	
Provision for Doubtful Trade Receivables	1,750,593		-	
Interest on Income Tax Refund	(74,897)		(8,189,117)	
Dividend Income	(16,600)		(21,387)	
Profit on Sale of Investments	(1,750,000)		-	
		<u>295,489</u>		<u>(7,662,873)</u>
Operating Profit before Working Capital Changes		<u>380,728</u>		<u>132,285</u>
Adjustments for :				
(Increase)/Decrease in Trade Receivables	(39,998,713)		4,478,419	
(Increase)/Decrease in Loans and Advances & Other Current and Non-Current Assets	8,257,133		(11,656,525)	
Increase/(Decrease) in Liabilities & Provisions	(3,490,368)		<u>6,553,968</u>	
		<u>(35,231,948)</u>		(624,138)
		<u>(34,851,220)</u>		(491,853)
Income Tax Refund		8,418,563		326,975
Interest on Income Tax Refund		3,578,750		4,685,264
Income Tax Paid		(487,395)		(1,873,361)
Dividend Income		16,600		<u>21,387</u>
Net Cash flow from Operating Activities (A)		<u>(23,324,702)</u>		<u>2,668,412</u>
B Cash Flow from Investing Activities				
Purchase of Fixed Assets		(237,038)		(19,688)
Purchase of Investments/Stock in trade		(14,070,800)		(500,000)
Sale of Investments		38,348,943		<u>318,100</u>
Net Cash flow from Investing Activities (B)		<u>24,041,105</u>		<u>(201,588)</u>
Net Increase in Cash & Cash Equivalents (A+B)		<u>716,403</u>		<u>2,466,824</u>
Cash & Cash Equivalents at the beginning of the year		4,173,851		1,707,027
Cash & Cash Equivalents at the end of the year		4,890,254		4,173,851

As per our attached report of even date

For A. N. Damania & Co.Chartered Accountants
Firm Regn. No. 102077W**Ashvin Damania**Proprietor
Membership No. 040166

Place : Mumbai

Date : 30th May 2014**For and on behalf of the Board of Directors****Pradip R. Shroff** - Managing Director**Manoj T. Shroff** - Director**Khurshid Shaikh** - Director**Hemendra J. Shroff** - Director

Place : Mumbai

Date : 30th May 2014

CORPORATE INFORMATION

The Company is registered with Securities and Exchange Board of India as Category - I Merchant Banker to carry out merchant banking and related activities.

SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation of Financial Statements

The accounts have been prepared on the accrual basis of accounting, under historical cost convention and in accordance with the generally accepted accounting principles, Companies Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and the provisions of Companies Act, 1956, except where otherwise stated. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C Fixed Assets and Depreciation

Fixed Assets are carried on at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost comprise purchase price, all direct expenses relating to the acquisition and installation and any attributable cost of bringing the asset to its working condition for the intended use. Depreciation has been provided on straight line method of depreciation at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets costing less than ₹ 5,000/- each are fully depreciated in the year of capitalisation.

D Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

E Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction. Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

F Investments

Non-Current Investments (unquoted), are carried individually at cost. Non-Current Investments (quoted), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.

G Inventories (Securities)

Quoted securities are valued at lower of the cost or last available market price. However, in case of securities where Market Price is not available through out the year, the same are valued at the rate at which they were valued in the previous year. Unquoted securities are valued at cost. Units of Mutual Funds are valued at cost or market value whichever is lower. Net asset value of units declared by mutual funds is considered as market value for non-exchange traded Mutual Funds.

H Revenue Recognition

Revenue from sale of services are recognised when services are rendered and related costs are incurred. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

I Employee Benefits

The Company's contribution to Provident fund is charged to the Statement of Profit and Loss. The Gratuity liability, which is a defined benefit plan, is provided on the basis of actuarial valuation as on balance sheet date and same is unfunded. Employees are entitled to avail leave instead of leave encashment.

J Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

K Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

L Provision for Taxation

Provision for taxation is made for the income tax liability as per the provisions of the Income Tax Act, 1961. Deferred Tax is recognized on timing differences being the differences between the taxable incomes and accounting incomes that originate in one period and are capable of reversal in one or more subsequent period, at the current rate of tax.

M Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes forming part of the financial statements for the year ended 31st March, 2014

1. SHARE CAPITAL

Particulars	As at	
	31st March, 2014	31st March, 2013
	₹	₹
Authorised		
50,00,000 (50,00,000) Equity Shares of Rs. 10/- each with voting rights	50,000,000	50,000,000
Total	50,000,000	50,000,000
Issued		
45,46,200 (45,46,200) Equity Shares of Rs. 10/- each fully paid up with voting rights	45,462,000	45,462,000
	45,462,000	45,462,000
Subscribed & Paid up		
45,27,890 (45,27,890) Equity Shares of Rs. 10/- each fully paid up with voting rights	45,278,900	45,278,900
Add: 18,310 (18,310) Forfeited Equity Shares	102,416	102,416
	45,381,316	45,381,316
Details of Forfeited Shares :		
Amount originally paid up	₹	₹
Class of Shares		
18,310 (18,310) Equity Shares	102,416	102,416
	102,416	102,416

The reconciliation of the number of shares outstanding is set out below :

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year with voting rights	4,527,890	4,527,890
Add : Shares issued	-	-
Less : Shares cancelled	-	-
Equity Shares at the end of the year with voting rights	4,527,890	4,527,890

The details of Shareholders holding more than 5% shares with voting rights:

Name of the Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	% held	No. of Shares	% held
Desai Investments Pvt. Ltd.	771,607	17.04	771,607	17.04
Mrs. Dharati J. Shroff	249,931	5.52	249,931	5.52
Som Holding & Trading Co. Pvt. Ltd.	372,138	8.22	-	-

Notes forming part of the financial statements for the year ended 31st March, 2014

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2. Reserves and Surplus		
Share Premium		
Balance as per last Balance Sheet	<u>21,290,975</u>	21,290,975
	<u>21,290,975</u>	<u>21,290,975</u>
Profit and Loss Account		
Balance as per last Balance Sheet	16,577,218	3,053,750
Add: Profit/(Loss) for the year	<u>637,628</u>	<u>13,523,468</u>
	<u>17,214,846</u>	<u>16,577,218</u>
Total	<u><u>38,505,821</u></u>	<u><u>37,868,193</u></u>
3. Other Long-Term Liabilities		
Others		
Income Received in Advance	-	3,200,000
Total	<u><u>-</u></u>	<u><u>3,200,000</u></u>
4. Long-Term Provisions		
Provision for employee benefits		
Provision for Gratuity	1,455,435	1,479,953
Total	<u><u>1,455,435</u></u>	<u><u>1,479,953</u></u>
5. Trade Payables		
Others (Other than S.S.I.) (Refer Note below)	368,906	427,738
Total	<u><u>368,906</u></u>	<u><u>427,738</u></u>
<p>The company does not possess information about the micro, small and medium enterprises, as defined in the Micro, Small and Medium Enterprises Act, 2006 to whom the company owes and accordingly no additional disclosures have been made.</p>		
6. Other Current Liabilities		
Income Received in Advance	3,200,000	3,400,000
Other Payables (Statutory Dues)	57,792	64,810
Total	<u><u>3,257,792</u></u>	<u><u>3,464,810</u></u>
7. Short - Term Provisions		
Provision for Tax {Net of Advance Tax Rs. 34,61,411/- (P.Y. Rs. 31,97,356/-) & MAT Credit Entitlement Rs.3,25,315/- (P.Y.Nil)}	183,274	732,644
Provision for employee benefits		
Provision for Gratuity	124,849	-
Total	<u><u>308,123</u></u>	<u><u>732,644</u></u>

Notes forming part of the financial statements for the year ended 31st March, 2014

8. Fixed Assets

All amounts in ₹

ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As on 01.04.2013	Additions during the year	Deletion during the year	As on 31.03.2014	As on 01.04.2013	For the year	As on 31.03.2014	As on 31.03.2014	As on 31.03.13
TANGIBLE ASSETS									
Furniture & Fixtures	2,242,433	-	-	2,242,433	501,067	141,946	643,013	1,599,420	1,741,366
Office Equipments	1,421,772	237,038	-	1,658,810	1,153,426	89,352	1,242,778	416,032	268,346
Motor Vehicle	281,063	-	-	281,063	281,063	-	281,063	-	-
TOTAL	3,945,268	237,038	-	4,182,306	1,935,556	231,298	2,166,854	2,015,452	2,009,712
Previous Year	3,925,580	19,688	-	3,945,268	1,713,969	221,587	1,935,556	2,009,712	-

9. NON-CURRENT INVESTMENTS

Name of the Scrip	Face Value	No. of Shares	Rupees	No. of Shares	Rupees
		As at 31st March 2014		As at 31st March 2013	
Un-Quoted					
Equity Shares					
Arodyne Chemicals Ltd	10	1,250	1,750,000	1,250	1,750,000
Bluechip Leasing & Finance Ltd	10	50,000	500,000	50,000	500,000
Bodh Gaya Ceramics	10	500	1	500	1
Essar Steel Ltd. (Pref.)	10	172	258	172	258
Etiam Emedia	10	3,200	400,000	3,200	400,000
Fairgrowth Financial Services Ltd.	10	80,000	1	80,000	1
Fairgrowth Home Finance Ltd.	10	20,000	1	20,000	1
Imperial Spirits Ltd.	10	54,800	13,700,000	-	-
Indag Products Ltd.	10	9,500	1	9,500	1
Mahimna Mercantile Credits Ltd.	10	-	-	500,000	5,478,419
Matunga Inv. & Trad. Co.Pvt.Ltd.	100	438	72,270	438	72,270
Merican Funds Ltd	10	6,535	261,400	6,535	261,400
Mindtree Indl.Fin.Ltd.	10	-	-	500,000	5,478,419
Motorol (I) Ltd.	10	688	1	688	1
Neptune Steel Strips Ltd.	10	256,000	6,400,000	256,000	6,400,000
Panchmahal Cement Co. Ltd.	10	800	1	800	1
Pearl Housing Finan. Ltd.	10	-	-	500,000	5,478,419
Pennar Steel Ltd.	10	-	-	-	-
Rajinder Steel Ltd.	10	640	1	640	1
Rinki Hydro Carbons Ltd.	10	2,000	1	2,000	1
Serentronics Ltd.	10	200	1	200	1
Shriyam Auto Fin. Ltd.	10	-	-	500,000	5,478,419
Suchitra Tubes Ltd.	10	31,880	1	31,880	1
Traitrya Construction Fin.Ltd.	10	-	-	500,000	5,478,419
Valuecorp Securities & Fin.Ltd.	10	-	-	500,000	5,478,419
Vishvakarma Equipment Fin.Ltd.	10	-	-	500,000	5,478,429
Solix Technologies Ltd.	10	37,080	370,800	-	-
			23,454,738		47,732,881
Mutual Funds					
UTI Master Share	10	566	14,133	566	14,133
Total of Unquoted Securities			23,468,871		47,747,014

Notes forming part of the financial statements for the year ended 31st March, 2014

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
10. Deferred Tax Assets (Net)		
Deferred Tax Assets		
Provision for Gratuity	488,307	457,305
Deferred Tax Liability		
Related to Fixed Assets	125,056	122,422
Total	<u><u>363,251</u></u>	<u><u>334,884</u></u>
11. Long-Term Loans And Advances (Unsecured, Considered Good)		
Security Deposits	55,000	120,000
Loans and Advances to Employees	20,000	20,000
Other Loans and Advances	46,222	924,322
Total	<u><u>121,222</u></u>	<u><u>1,064,322</u></u>
12. Other Non-Current Assets		
Long-Term Trade Receivables*		
Unsecured		
Considered Good	-	390,164
Considered Doubtful	1,750,593	1,750,593
Less: Provision for Doubtful Trade Receivables	(1,750,593)	-
Total	<u><u>-</u></u>	<u><u>2,140,757</u></u>
*Trade Receivables are subject to confirmation.		
13. Inventories (Securities)		
Quoted		
Equity Shares	350,743	387,312
Mutual Funds	17,025	17,025
Total	<u><u>367,768</u></u>	<u><u>404,337</u></u>
Aggregate Market Value		
Equity Shares	521,246	577,567
Mutual Funds	29,071	30,368
14. Trade Receivables*		
(Unsecured, Considered Good)		
Over Six Months	-	11,092
Others	40,546,617	536,812
Total	<u><u>40,546,617</u></u>	<u><u>547,904</u></u>
*Trade Receivables are subject to confirmation.		

Notes forming part of the financial statements for the year ended 31st March, 2014

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
15. Cash And Cash Equivalents		
Cash on Hand	2,294,346	1,593,853
Balances with Banks in Current Accounts in Deposit Accounts	595,908	379,998
	2,000,000	2,200,000
Total	4,890,254	4,173,851
16. Short-Term Loans And Advances (Unsecured, Considered Good)		
Loans and Advances to Related Parties (Refer Note No. 25)	-	6,992,039
Prepaid Expenses	462,259	126,513
Balances with Govt. Authorities	-	11,466,949
Inter-Corporate Deposits	2,000,000	14,263,489
Others	15,003,640	1,202,500
Total	17,465,899	34,051,490
17. Other Current Assets (Unsecured, Considered Good)		
Interest Accrued on Deposits	38,059	80,385
Total	38,059	80,385
Particulars	For the Year Ended 31st March, 2014 ₹	For the Year Ended 31st March, 2013 ₹
18. Revenue from Operations		
(a) Interest	1,021,282	952,951
(b) Other Financial Services	7,685,000	5,675,000
(c) Other Operating Revenues	1,750,000	34,400
Total	10,456,282	6,662,351
19. Other Income		
(a) Interest on Income Tax Refund	74,897	8,189,117
(b) Dividend	16,600	21,387
(c) Net Gain on Foreign Currency Transactions	-	2,591
(d) Prior Period Income (Net)	-	178,334
(d) Miscellaneous Income	20,000	-
Total	111,497	8,391,429

Notes forming part of the financial statements for the year ended 31st March, 2014

Particulars	For the Year Ended 31st March, 2014 ₹	For the Year Ended 31st March, 2013 ₹
20. Employee Benefits Expense		
Salaries	1,077,300	1,216,000
Contribution to Provident & Other Funds	119,556	137,844
Gratuity	118,525	252,808
Staff Welfare Expenses	144,501	129,404
Total	<u><u>1,459,882</u></u>	<u><u>1,736,056</u></u>
21. Finance Costs		
Interest	620	64,032
Total	<u><u>620</u></u>	<u><u>64,032</u></u>
22. Depreciation and Amortisation Expenses		
Depreciation	231,298	221,587
Total	<u><u>231,298</u></u>	<u><u>221,587</u></u>
23. Other Expenses		
Power & Fuel	282,716	344,720
Rent	26,010	59,929
Repairs and maintenance - Others	145,166	98,042
Communication	182,602	172,489
Travelling and Conveyance	8,121	7,521
Printing and Stationery	181,443	130,868
Advertisement Expenses	82,558	102,087
Donations	247,702	162,000
Legal and Professional Fees	5,241,916	2,829,380
Payments to Auditors (Refer Note below)	60,000	30,000
Bad Trade and Other Receivables Written Off	32,770	750,083
Adjustment in Carrying Amount of inventories/Investments	36,570	73,236
Provision for Doubtful Trade Receivables	1,750,593	-
Registration Fees	166,572	166,422
Miscellaneous Expenses	346,001	310,172
Total	<u><u>8,790,740</u></u>	<u><u>5,236,948</u></u>
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	60,000	30,000
Total	<u><u>60,000</u></u>	<u><u>30,000</u></u>

Notes forming part of the financial statements for the year ended 31st March, 2014

24. Contingent Liabilities

There are no contingent liabilities.

25. Related Party Disclosures

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

Details of related parties:

Description of relationship

Enterprise in which KMP/ Relatives of KMP can exercise significant influence

Names of related parties

Arodyne Chemicals Ltd.
Aum Financial Consultants
Avdhoot Finance & Investment Pvt. Ltd.
Avdhoot Housing Finance Co. Pvt. Ltd.
Bahl & Co. Pvt. Ltd.
Desai Industrial Finance Pvt. Ltd.
J R Shroff HUF
Som Holding & Trading Co. Pvt. Ltd.

Key Management Personnel (KMP)

Mr. Pradip R. Shroff
Mr. Manoj T. Shroff

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:

	Enterprise in which KMP/ Relatives of KMP can exercise significant influence	KMP	Total
	₹	₹	₹
Net Loans and Advances given/(returned)	(4,595,971)	-	(4,595,971)
	<i>131,719</i>	-	<i>131,719</i>
Salary	-	4,517	4,517
	-	350,423	350,423
<u>Balances outstanding at the end of the year</u>			
Net Loans and Advances given/(returned)	-	-	-
	<i>4,595,971</i>	-	<i>4,595,971</i>

Note: Figures in italics relates to the previous year

26. Earnings per share

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
<u>Basic</u>		
Net profit for the year (₹)	637,628	13,523,468
Weighted average number of equity shares (Nos.)	4,527,890	4,527,890
Par value per share (₹)	10	10
Earnings per share (₹)	0.14	2.99

Notes forming part of the financial statements for the year ended 31st March, 2014

	As at 31st March, 2014	As at 31st March, 2013
27. Short-term loans and advances include amounts due from:	₹	₹
Private companies in which any director is a director or member		
Avdhoot Finance & Investment Pvt. Ltd.	-	3,290
Avdhoot Housing Finance Co. Pvt. Ltd.	-	17,687
Guru Holding Pvt. Ltd.	-	362,163

28. Employee Benefit

As per actuarial valuation as on 31-03-2014 and recognized in the financial statements in respect of employee benefit schemes as required under AS 15 (R) are as under:

Particulars	Gratuity	
	31st March, 2014	31st March, 2013
Unfunded Liabilities		
(i) Assumptions		
Discount Rate	9.03% p.a.	-
Salary Escalation	10.00% p.a.	-
Attrition Rate	2.00% p.a.	-
(ii) Table Showing Change in Benefit Obligation	₹	₹
Liability at the beginning	1,479,179	-
Interest Cost	118,334	-
Current Service Cost	51,732	-
Benefit Paid	-	-
Actuarial (Gains) / Losses on obligations	(68,961)	-
Liability at the end	1,580,284	-
(iii) Amount Recognised in the Income Statement		
Current Service Cost	51,732	-
Interest Cost	118,334	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gains) /Losses	(68,961)	-
Expenses Recognised in Profit & Loss A/c	101,105	-
(iv) Amount Recognised in the Balance Sheet		
Opening Net Liability	1,479,179	-
Expenses as above	101,105	-
Employers Contribution paid / Benefits Paid	-	-
Closing Net Liability	1,580,284	-

Since the Company has obtained actuarial valuation for gratuity for the Financial Year 2013-14, corresponding figures for the previous year are not available.

29. During the year, unquoted securities held as Inventories amounting to ₹477.47 lacs have been transferred at book value to Non-Current Investments.

30. In the opinion of Board of Directors all assets other than non-current investments, have a realisable value in the ordinary course of business which is not different from the amount at which it is stated and the provisions for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

31. No personal expenses have been debited to Profit and Loss Account except those payable under contractual obligation or normal business practices.

32. Earnings in Foreign Exchange

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹	₹
Professional Fees	-	114,804

Notes forming part of the financial statements for the year ended 31st March, 2014

33. Information pursuant to Clause 32 of Listing Agreement with Stock Exchanges.

Loans and Advances in the nature of loans are as under:

Particulars	Balance		Maximum Balance	
	As at 31st March, 2014	As at 31st March, 2013	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	₹	₹	₹	₹
Interest free loans without specified repayment schedule				
Aarayaa Finstock Pvt. Ltd.	-	1,799,439	1,799,439	1,829,319
Arodyne Chemicals Ltd.	-	119,155	121,655	119,155
Aum Financial Consultants	-	825,415	825,415	825,415
Avdhoot Finance & Investments Pvt. Ltd.	-	3,290	3,290	3,290
Avdhoot Housing Finance Co. Pvt. Ltd.	-	17,687	17,687	17,687
Bahl & Co. Pvt. Ltd.	-	6,871	6,871	6,871
Blue Chip Leasing & Finance Ltd.	-	1,270,196	1,855,596	1,270,196
Budh Holding & Trading Co. Pvt. Ltd.	-	1,042,483	1,081,983	1,042,483
Citi Securities & Financial Services Pvt. Ltd.	-	141,892	141,892	141,892
Desai Industrial Finance Pvt. Ltd.	-	3,345,995	3,345,995	3,345,995
Desai Investments Pvt. Ltd.	-	2,522,102	3,928,405	2,522,102
Guru Holding Pvt. Ltd.	-	362,163	775,703	362,163
J R Shroff HUF	-	115,000	115,000	115,000
Mahimna Securities Pvt. Ltd.	-	15,000	15,000	15,000
Merican Funds Ltd.	-	3,000	3,000	3,000
Som Holding & Trading Co. Pvt. Ltd.	-	162,558	162,558	185,000
M/s. V. B. Desai	-	3,282	3,282	3,282

34. Segment Reporting

The Company has only one segment i.e. Merchant Banking and financial services, therefore segmentwise reporting has not been given as required by Accounting Standard 17.

35. Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our attached report of even date

For A. N. Damania & Co.
Chartered Accountants
Firm Regn. No. 102077W

Ashvin Damania
Proprietor
Membership No. 040166
Place : Mumbai
Date : 30th May 2014

For and on behalf of the Board of Directors

Pradip R. Shroff - Managing Director
Manoj T. Shroff - Director
Khurshid Shaikh - Director
Hemendra J. Shroff - Director

Place : Mumbai
Date : 30th May 2014

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V.B.DESAI FINANCIAL SERVICES LIMITED

(CIN: L74120MH1985PLC037218)

Registered Office: Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001

Email: investor@vbdesai.com; Website: www.vbdesai.com; Phone: 022-40770777

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).....	E-mail Id:.....
Registered address:.....	Folio/Client Id:.....
.....	DP ID:.....
.....	

I/We, being the member(s) ofShares of the above named company, hereby appoint:

- 1)ofhaving e-mail id.....or failing him
- 2)ofhaving e-mail id.....or failing him
- 3).....ofhaving e-mail id.....or failing him

And whose signature(s) are appended below, as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on 12th September 2014 at 11.00 a.m at M.C.Ghia Hall, Bhogilal-Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001

And at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions
	Ordinary Resolutions
1	Adoption of Audited Financial Statements for the year ended 31 st March 2014
2	Re-appointment of Mr. Manoj T. Shroff, who retires by rotation
3	Appointment of M/s. A.N. Damania & Co., Chartered Accountants, as Auditors and fixing their remuneration
	Special Resolutions
4	Retirement of Mr. Ashok Kumar Singh, a Director retire by rotation– Ordinary Resolution
5	Appointment of Mr.Hemendra J. Shroff as additional Director
7	Appointment of Mrs. Rachana S. Vijayakar as additional Director
7	Appointment of Mr. Samir R. Dedhia as Independent Director for a period of 5 years
8	Appointment of Mr. Khurshid A. Shaikh as Independent Director for a period of 5 years

Signed this _____ day of _____ 2014

Re.1/-
Revenue
Stamp

Signature of Shareholder _____ Signature of Proxy holder _____

Notes:

1. A Proxy need not be a member of the Company
2. 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.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a singly person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

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ATTENDANCE SLIP

28th Annual General Meeting on Friday, 12th September 2014

Registered Folio/ DP ID & Client ID	
Name and address of the Shareholder(s)	
Joint Holder 1	
Joint Holder 2	
No. of shares held	

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company, I hereby record my presence at the 28th Annual General Meeting of the Company held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru DubashMarg, Mumbai – 400 001 at 11.00 a.m. on Friday, 12th September 2014.

Proxy's Name in Block letters

Member's/ Proxy's Signature

NOTES:

1. This Meeting is of Members only and you are requested not to bring with you any person who is not a Member
2. Shareholders/ Proxy holders are requested to bring the attendance slips with them when they come to the Meeting and hand over at the entrance after affixing their signature on them.
3. Shareholders are requested to bring their copy of the Annual Report along with them to the Annual General Meeting, as copies of the Report will not be distributed again at the Meeting.
4. If it is intended to appoint a proxy, the Form of Proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

BOOK - POST

To,

If undelivered please return to:

V.B.DESAI FINANCIAL SERVICES LIMITED

Cama Building, 1st floor,

24/26, Dalal Street. Fort

Mumbai - 400 001