

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

**THIRTIETH
ANNUAL REPORT
2015-2016**

V. B. Desai Financial Services Limited

V. B. DESAI FINANCAL SERVICES LIMITED

CIN L74120MH1985PLC037218

BOARD OF DIRECTORS

Mr. Samir R. Dedhia- Chairman
Mr. Pradip R. Shroff - Managing Director
Mr. Manoj T. Shroff
Mr. Khurshid Shaikh
Mr. Hemendra J. Shroff
Mrs. Rachana S. Vijayakar

Company Secretary & Compliance Officer

Mr. Kamlesh M. Gagavani

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 Sharegistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate
J.R.Boricha Marg, Lower Parel (East),
Mumbai – 400 011.
Te: 022-23016761

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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 Thirtieth Annual General Meeting of the Members of V. B Desai Financial Services Limited will be held at Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001 on Saturday, the 10th September, 2016 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, 2016 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 a Director in place of Mr. Hemendra J. Shroff (DIN 00286509), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
4. To appoint M/s. A.N. Damania & Co., Chartered Accountants as statutory auditors of the Company and fix their remuneration

By order of the Board of Directors

Kamlesh M. Gagavani
Company Secretary

REGISTERED OFFICE

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

DATED: 15th July 2016

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.
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 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 30th 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 Participants(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 30th 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.

Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website www.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

6. 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 30th 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”) 160715007 along with “V.B. Desai Financial Services Limited” from the drop down menu and click on Submit.

V. B. Desai Financial Services Limited

- 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 demat account 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	

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <vbdfs30agm> in the PAN field.

- vi. After entering these details appropriately, click on "SUBMIT" tab
- vii. 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.
- viii. 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.

- ix. 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.
- x. 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.
- xi. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xii. 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.
- xiii. 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> 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 6th September 2016 (9:00 am) and ends on 9th September, 2016 (5:00 pm). During this period, shareholder of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 3rd September 2016, 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 3rd September 2016.
- VI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VII. A person, whose name is recorded in the register of members or in the register of beneficial owners

maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.

- VIII. Mr. P. V. Ramaswamy, Practicing Company Secretary (Membership No. FCS 1708, CP No. 2087) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- IX. The Chairman shall, at the AGM, at the end of discussions on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- X. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting by polling papers and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of total votes cast in favour or against, if any, to the Chairman

or a person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.

- XI. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.vbdesai.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
7. 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.
8. The Register of members and Share Transfer Books of the Company will be closed from 7th September 2016 to 9th September 2016 (both days inclusive).
9. Members are requested to please bring their copies of the Annual Report to the Meeting.

ANNEXURE –A

Details of directors seeking re-appointment at the forthcoming Annual General Meeting as required 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 26 years' experience in Financial consultancy, Investment Banking, and other related business.	
Directorship in other Companies	Northstar Software Solutions Pvt. Ltd. Archway Services Pvt. Ltd. Rejoice Developers Pvt. Ltd. Elder IT Solutions Pvt. Ltd. Deep Industrial Finance Ltd. Pearl Housing Finance (I) Ltd. Shriyam Auto-Fin Ltd.	Traitrya Construction Finance Ltd, Valuecorp Securities & Finance Ltd, 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 18 years' experience in Investment Banking and other related business.	
Directorship in other Companies	Arodyne Chemicals Limited Bluechip Leasing and Finance Ltd. Aarayaa Finstock Pvt. Ltd. Budh Holding & Trading Co. Pvt. Ltd.	Citi Securities & Financial Services Pvt, Ltd. Desai Investments Pvt. Ltd. VBD Capital Advisors Pvt. Ltd. Aarayaa Advisory Services Pvt. Ltd. Capcon Solutions Pvt. Ltd.
Committee positions held in other Companies	Nil	
No. of shares held in the Company	3006	

DIRECTORS' REPORT

The Directors present their 30th Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31st March, 2016.

FINANCIAL RESULTS

(₹ In lac)

Particulars	For the year ended on 31/03/2016	For the previous year ended on 31/03/2015
Gross Income	139.98	125.60
Profit (before interest, depreciation & taxation)	37.00	38.86
Financial charges	0.20	0.08
Depreciation	3.25	4.35
Net profit	33.55	34.43
Provision for taxation	11.60	12.25
Deferred Tax	(1.09)	(1.06)
Income Tax of earlier years/MAT credit entitlement	(3.48)	(13.76)
Profit after adjustments	26.52	37.00
Profit/(Loss) carried to Balance Sheet	26.52	37.00
APPROPRIATIONS / TRANSFERS		
Profit/(loss) carried to Balance Sheet	26.52	37.00

Dividend

Your Directors do not recommend any dividend on equity shares in view of working capital requirement.

Performance review

During the year under review, income from operations was ₹ 139.98 lac against ₹ 125.60 lac, an increase of 11.45% compared to previous year. The net profit after tax and adjustments has come down to ₹ 26.52 lac against ₹ 37.00 lac in previous year, an decrease of 28.32%, compared to the previous year due to higher expenses incurred during the year.

The Company is mainly engaged in Merchant Banking activities viz. ESOP valuation, Company valuation, Advisory services and capital raising activities. There were no changes in nature of Company's business during the year.

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There were no material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report like settlement of tax liabilities, depression in market value of investments, institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets etc.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

Internal control systems and their adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Chairman.

The management of the Company evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the assessment, the management undertakes corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations with corrective actions threon are presented to the Audit Committee of the Board.

Subsidiaries/ Joint Ventures

The Company does not have Subsidiary or Joint Ventures.

Fixed deposit

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

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.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure –A".

Conservation of energy, technology absorbtion etc.

The particulars of conservation of Energy, Technology, Absorption, foreign Exchange Earnings and outgo have not been given since the same are not applicable to the Company.

Corporate Social Responsibility Initiatives

The Company does not come under the parameters specified under Section 135 of the Companies Act, 2013, hence no Committee has constituted Committee for Corporate Social Responsibility Initiatives.

Directorate :

Mr. Manoj T. Shroff and Mr. Hemendra J. Shroff Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and offer themselves for re-appointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013.

As required, the information on the particulars of the Directors proposed for appointment/ re-appointment has been given in the Notice of the Annual General Meeting.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Appointment & Remuneration and Stakeholder's Grievance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Nomination and Remuneration Committee

The Board has on the recommendation of the Appointment and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Board and Audit Committee Meetings

During the year, Four Board Meetings and Four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Vigil Mechanism / Whistle Blower Policy

The Company has established a vigil mechanism to be known as the "Whistle Blower Policy" for its Directors and employees to report instances of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The aim of the policy is to provide adequate safeguards against victimization of whistle blower who avails of the mechanism and also provide direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases.

The purpose of this policy is to provide a framework to promote responsible and secure whistle blowing. It protects employees willing to raise a concern about serious irregularities within the Company.

Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. All the members of the Board and designated employees have confirmed compliance with the Code.

Particulars of loans, guarantees or investments

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the notes to the financial statements.

Related Party Transactions

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr. P.V. Ramaswamy, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as Annexure-B, which is self-explanatory.

Risk Management Policy

Pursuant to Section 134(3) (n) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has constituted a business risk management committee. The details of the Committee and its terms of reference are set out in the corporate governance report forming part of the Board report. At present the Company has not identified any element of risk which may threaten the existence of the Company.

Corporate Governance

The Report on Corporate Governance along with a certificate of compliance from the Auditors and Management Discussion and Analysis Report forms part of this Report.

Director's responsibility statement

The Board of Directors of your Company confirms that:

- in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are 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 and loss of the Company for that period;
- 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.
- the Directors have prepared the Annual Accounts on a going concern basis; and
- the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operative effectively.

Particulars of employees

The Company did not have any employee falling within the purview of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5 (3) of Companies (Appointment and Remuneration of Managerial Persons Rule 2014.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the continued co-operation by the Clients and the Shareholders of the Company.

On behalf of the Board of Directors

Samir R. Dedhia
Chairman

PLACE: MUMBAI
DATE : 15th July 2016

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended 31st March 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members,

V.B. Desai Financial Services Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by V.B. Desai Financial Services Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the V.B. Desai Financial Services Limited (name of the company's) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 1st April 2015 to 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by V. B. Desai Financial Services Limited ("the Company") for the financial year ended on 31st March 2016, according to the provisions as applicable to the Company:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (l) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015
- (vi) Other laws applicable:
- (a) Prevention of Money Laundering Act, 2002;
 - (b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
 - (c) Employees State Insurance Act, 1948
 - (d) Payment of Gratuity Act, 1972;
 - (e) The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange i. e BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Non compliances / observations / audit qualification, reservation or adverse remark:

- (a) The Company has appointed Chief Financial Officer after the end of this financial year.

I further report that: The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/ system and processes relating to the Audit period - Nil

I further report that during the audit period the company has not incurred any specific event/ action that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

P.V. RAMASWAMY
Practicing Company Secretary
Membership No. 1708;
Certificate of Practice No. 2087

Place: Mumbai
Date: 12th July 2016

This report is to be read with our letter of even date which is annexed as Annexure'A' and forms an integral part of this report.

Annexure A to Secretarial Audit Report

To the Members,

V.B. Desai Financial Services Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

P.V. RAMASWAMY
Practicing Company Secretary
Membership No. 1708;
Certificate of Practice No. 2087

Place: Mumbai
Date: 12th July 2016

V. B. Desai Financial Services Limited

Annexure B to the Directors Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31/03/2016

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 11(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN: L74120MH1985PLC037218
- ii) Registration date: 21st August 1985
- iii) Name of the Company: V. B. Desai Financial Services Limited
- iv) Category/ Sub-category of the Company: Company limited by shares
- v) Address of the Registered office and contact details: Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001
- vi) Whether listed Company: Yes
- vii) Name, Address and contact details of Registrar and Transfer Agents:
Purva Sharegistry (I) Pvt. Ltd., 9, Shiv Shakti Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai- 400 011; Tel: 022-23016761

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name & description of main products/ services	NIC code of the product/ service	% to total turnover of the company
1	Merchant Banking activities	67190	69.69%
2	Interest Income	67190	30.31

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

(No. of Companies for which information is being filled)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/subsidiary/ associate	% of shares held	Applicable section
1.	NIL				

iv) SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of year				No. of Shares held at the end of the year				% of change total capital
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	650324	100	650424		699056	100	699156	0.00	
b) Central Government/ State Government(s)	0	0	0		0	0	0	0.00	
c) Bodies Corporate	1283081	0	1283081		1229599	0	1229599	0.00	
d) Financial Institutions/ Banks	0	0	0		0	0	0	0.00	
Sub Total(A)(1)	1933405	100	1933505		1928655	100	1928755	0.00	
Foreign									
a) NRI Individuals/ Other Individuals)	0.00	0.00	0		0.00	0.00	0	0.00	
b) Bodies Corporate	0.00	0.00	0		0.00	0.00	0	0.00	
d) Any Others(Specify)	0.00	0.00	0		0.00	0.00	0	0.00	
Sub Total(A)(2)	0.00	0.00	0		0.00	0.00	0	0.00	
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	1933405	100	1933505		1928655	100	1928755	0.00	
B. Public shareholding									
1. Institutions									
a) Mutual Funds/ UTI	0	0	0		0	0	0	0.00	

Category of Shareholder	No. of Shares held at the beginning of year				No. of Shares held at the end of the year				% of change total capital
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Financial Institutions / Banks	200	0	200		200	0	200	0.00	
c) Central/ State Government	0	0	0		0	0	0	0.00	
d) Venture Capital Funds	0	0	0		0	0	0	0.00	
e) Insurance Companies	0	0	0		0	0	0	0.00	
f) Other Foreign Investors	0	0	0		0	0	0	0.00	
Sub-Total (B)(1)	200	0	200		200	0	200	0.00	
Non-institutions									
a) Bodies Corporate i) Indian	220583	30396	250979		173289	30090	203379	0.00	
i) Overseas	0		0		0		0	0	
b) Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1168449	382117	1550566		1156470	392439	1548909	0.00	
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh.	589054	144300	733354		644086	130000	774086	0.00	
Any Other (specify)	0	0	0		0	0	0	0.00	
NRI (Repat & Non Repat)	7930	0	7930		8630	0	8630	0.00	
Trust	15310	0	15310		15310	0	15310	0.00	
Hindu Undivided Family	36046	0	36046		36498	0	36498	0.00	
Clearing Members	0	0	0		12123	0	12123		
Sub-Total (B)(2)	2037372	556813	2594185		2046406	552529	2598935	0.00	
Total Public Shareholding (B)= (B)(1)+(B)(2)	2037572	556813	2594385		2046606	552529	2599135	0.00	
TOTAL (A)+(B)	3970977	556913	4527890		3975261		4527890	0.00	
C. Shares held by Custodians for GDR & ADRs	0.00	0	0		0.00	0	0	0.00	
GRAND TOTAL (A)+(B)+(C)	3970977	556913	4527890		3975261	556913	4527890	0	

(ii) Shareholding of Promoters

Sr. No.	Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		Number of shares held	% of total Shares of the Co.	% of Shares Pledged to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged to total shares	
1	PRADIP R. SHROFF	4252	0.09	0.00	4252	0.09	0	0
2	J.R. SHROFF HUF	90918	2.01	0.00	90988	2.01	0	0
3	MUKESH THAKORLAL SHROFF	158946	3.51	0.00	158946	3.51	0	0
4	DHARTI J SHROFF	261041	5.77	0.00	261041	5.77	0	0
5	RAKSHA PRADIP SHROFF	7792	0.17	0.00	7792	0.17	0	0
6	THAKORLAL R. SHROFF	14421	0.32	0.00	14421	0.32	0	0
7	GIRISH RATILAL SHROFF	1200	0.03	0.00	1200	0.03	0	0
8	JYOTI GIRISH SHROFF	2950	0.07	0.00	2950	0.07	0	0
9	RAJ PRADIP SHROFF	800	0.02	0.00	800	0.02	0	0
10	RAJ PRADIP SHROFF HUF	0	0	0.00	27923	0.62	0	0.62
11	PURVI RAJ SHROFF	12000	0.27	0.00	12000	0.27	0	0
12	KAMLESH J. SHROFF	31750	0.70	0.00	30000	0.66	0	-0.04
13	HEMENDRA J. SHROFF	4206	0.09	0.00	3006	0.07	0	-0.02
14	HEMENDRA J. SHROFF HUF	0	0.00	0.00	1200	0.02	0	0.02
15	MANOJ THAKORLAL SHROFF	800	0.02	0.00	800	0.02	0	0
16	SATYAM P. SHROFF HUF	0	0	0	25189	0.56	0	0.56
17	PINKI MUKESH SHROFF	3000	0.07	0.00	3000	0.07	0	0
18	TEJAL K. SHROFF	12700	0.28	0.00	10000	0.22	0	-0.06
19	ALPA J.SHROFF	38217	0.84	0.00	38217	0.84	0	0
20	BINDU S MARFATIA	5431	0.12	0.00	5431	0.12	0	0

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Sr. No.	Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		Number of shares held	% of total Shares of the Co.	% of Shares Pledged to total shares	Number of shares held	% of total Shares of the company	% of Shares Pledged to total shares	
21	AARAYAA FINSTOCK PVT LTD	9327	0.21	0.00	9257	0.20	0	-0.01
22	DESAI INVESTMENTS PVT. LTD.	771607	17.04	0.00	771607	17.04	0	0
23	NEPTUNE STEEL STRIPS LIMITED	0	0	0	104520	2.31	0	2.31
24	SOM HOLDING & TRAD CO. PVT LTD.	344215	7.60	0.00	194215	4.29	0	-3.31
25	DESAI INDUSTRIAL FINANCE PVT. LTD.	0	0	0	150000	3.31	0	3.31
26	BAHL & CO. PVT. LTD.	104820	2.31	0.00	0	0	0	-2.31
27	AVDHOT FINANCE & INV ESTMENT PVT. LTD.	27923	0.62	0.00	0	0	0	-0.62
28	GOVARDHAN HOLDING & TRADING CO. PVT. LTD.	25189	0.56	0.00	0	0	0	-0.56
TOTAL		1933505	42.70	0.00	1928755	42.70	0	0.11

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Inter-se transfer & Buy/ sold & during the year		Cumulative Shareholding during year	At the end of year on 31/03/2016	
		No. of shares 01/04/2015	% of total shares	Date	No. of shares		No. of shares	% of total shares
1	RAJ PRADIP SHROFF HUF	0	0	13/07/2015	27923	27923	27923	0.66
2	KAMLESH J. SHROFF	31750	0.70	19/11/2015	1750	30000	30000	0.70
3	HEMENDRA J SHROFF	4206	0.09	21/05/2014	-1200	3006	3006	0.07
4	HEMENDRA J SHROFF HUF	0	0	21/05/2014	1200	1200	1200	0.02
5	SATYAM P. SHROFF HUF	0	0	13/07/2015	25189	25189	25189	0.56
6	TEJAL K. SHROFF	12700	0.28		2700	10000	10000	0.22
7	AARAYAA FINSTOCK PVT LTD	9327	0.21		70	9257	9257	0.20
8	NEPTUNE STEEL STRIPS LIMITED	0	0	21/10/2015	104520	104520	104520	2.31
9	SOM HOLDING & TRADING COP. PVT. LTD.	344215	7.60	31/03/2016	150000	194215	194215	4.29
10	DESAI INDUSTRIAL FINANCE PVT. LTD.	0	0	31/03/2016	150000	150000	150000	3.31
11	BAHL & CO. PVT. LTD.	104820	2.31	21/10/2015	104820	0	0	2.34
12	AVDHOT FINANCE & INV ESTMENT PVT. LTD.	27923	0.62	13/07/2015	27923	0	0	0
13	GOVARDHAN HOLDING & TRADING CO. PVT. LTD.	25189	0.56	13/07/2015	25189	0	0	0

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.		Shareholding at the beginning of the year		Inter-se transfer & Buy/ sold & during the year		Cumulative Shareholding during year	At the end of year on 31/03/2016	
		No. of shares 01/04/2015	% of total shares	Date	No. of shares		No. of shares	% of total shares
1	NITIN KOHLI	130000	2.87	0	0	130000	130000	2.87
2	SRIHARI SIRDESHPANDE	76700	1.69	0	0	76700	76700	1.69
3	KRUTI CAPITAL SERVICES PVT. LTD.	65000	1.44	0	0	65000	65000	1.44
4	SHREEKANT JAVALGEKAR	57000	1.26	0	0	57000	57000	1.26
5	KEVAL K. SHROFF	45000	0.99	06/04/2015	17000	62700	62700	1.38
				16/10/2015	-17000	45000	45000	0.99
6	SNEHALATA SINGHI	49497	1.09	30/06/2015	-385	49112	49112	1.08
				14/07/2015	-10786	38326	38326	0.85
7	HARSHA HITESH JAVERI	0	0	10/04/2015	12000	12000	12000	0.27
				12/05/2015	15530	27530	27530	0.61
				06/07/2015	10470	38000	38000	0.84
8	ASHA SHREEKANT JAVALGEKAR	37825	0.84	0	0	37825	37825	0.84
9	MILIND KRISHNAJI KULKARNI	58500	1.29	06/04/2015	-18500	58500	40000	0.88
				12/01/2016	-3000	37000	37000	0.82
10	HITESH RAMJI JAVERI	30000	0.66	20/04/2015	3334	33334	33334	0.73
				12/08/2015	666	34000	34000	0.75

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.		Shareholding at the beginning of the year		Inter-se transfer & Buy/sold & during the year		Cumulative Shareholding during year	At the end of year on 31/03/2016	
		No. of shares 01/04/2015	% of total shares	Date	No. of shares	No. of shares	No. of Shares	% of total shares
1	PRADIP RATILAL SHROFF	4252	0.09	0	0	4252	4252	0.09
2	MANOJ THAKORLAL SHROFF	800	0.02	0	0	800	800	0.02
3	HEMENDRA J. SHROFF	4206	0.09	24/07/2015	1200	3006	3006	0.07

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
Change in Indebtedness during the financial year				
· Addition	0	0	0	0
· Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD	Total Amount
		Mr. Pradip R. Shroff	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 3,00,000/-	₹ 3,00,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission- as % of profit & - others, specify...	0	0
5	Others, please specify	0	0
	Total (A)	₹ 3,00,000/-	₹ 3,00,000/-
	Ceiling as per the Act	₹ 30,00,000/-	₹ 30,00,000/-

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B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Manoj Shroff	Khurshid Shaikh	Hemendra Shroff	Samir Dedhia	Rachana Vijayakar	
1	Independent Directors						
	Fee for attending board committee meetings		16,000		16,000	12,000	44,000
	Commission		0		0	0	0
	Others, please specify		0		0	0	0
	Total (1)		16,000		16,000	12,000	44,000
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	12,000		8,000			20,000
	Commission	0		0			0
	Others, please specify	0		0			0
	Total (2)	12,000		8,000			20,000
	Total (B)=(1+2)	12,000	16,000	8,000	16,000	12,000	64,000
	Total Managerial Remuneration	3,00,000					3,00,000
	Overall Ceiling as per the Act						30,00,000

C. Remuneration to key managerial personnel other than MD/Manager/WTD - NIL

SN.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission – as % of profit	0	0	0	0
	others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	0	0	0

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES - NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
(A.)COMPANY (B) DIRECTORS (C) OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

REPORT ON CORPORATE GOVERNANCE

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 led 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. Samir R. Dedhia	Independent	Chairman
Mr. Pradip R. Shroff	Executive-Non Independent	Managing Director
Mr. Manoj T. Shroff	Non-Independent	Director
Mr. Khurshid Shaikh	Independent	Director
Mr. Hemendra J. Shroff	Non-Independent	Director
Mrs. Rachana S. Vijayakar	Non-Independent	Director

The composition of the Board of Directors is in accordance with the provisions of and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Non-Executive Independent Directors of your Company have no pecuniary relationship or any transaction with your Company.

b) Board Meetings

The meeting of the Board of Directors are scheduled well in advance and generally held at the Company's Registered Office. The notice and the detailed agenda is sent well in advance to all the Directors. During the financial year ended on 31/3/2016, four board meetings were held on 28/05/2015, 30/07/2015, 30/10/2015 & 29/01/2016.

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				Sitting fees paid for attending Board & Committee Meeting
	Board Meetings	Last AGM	Directorship in private Companies	Directorship in public Companies	Committee Memberships	Committee Chairmanships	
Mr. Samir R. Dedhia	4	Yes	0	0	0	0	₹ 16000
Mr. Pradip Shroff	4	Yes	1	8	0	0	₹ 0
Mr. Manoj Shroff	4	Yes	2	8	0	0	₹ 12000
Mr. Khurshid Shaikh	4	Yes	1	0	0	0	₹ 16000
Mr. Hemendra J. Shroff	4	Yes	8	2	0	0	₹ 8000
Mrs. Rachana S. Vijayakar	4	Yes	1	0	0	0	₹ 12000
Total							₹ 64000

c) Brief Note on the Directors seeking appointment/ re-appointment at the 30th Annual General Meeting:

In Compliance with and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, 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.

c) Remuneration of Directors

The Company has during the year paid ₹ 3.00 lac being remuneration to Mr. Pradip R. Shroff, the Managing Director of the Company. At present Independent Directors are not paid any remuneration except sitting fees for attending Board and Committee Meetings. The sitting fees paid to the Directors are as given above.

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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 177 of the Companies Act, 2013. The Board has set up Audit Committee having Three Directors viz. Mr. Samir R. Dedhia as Chairman and Mr. Khurshid Shaikh and Mr. Pradip R. Shroff, members of the Committee. During the financial year under review, 4 meetings were held on 28/05/2015, 30/07/2015, 30/10/2015, & 29/01/2016.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted on 30th May, 2014 in compliance with the provisions of Section 178 of the Companies Act, 2013 and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Stock Exchange. Mr. Samar R. Dedhia is the Chairman of the Committee and Mr. Khurshid Shaikh and Mrs. Rachana S. Vijayakar are the other members of the Committee.

The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Stock Exchange and Section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating remuneration and employment terms of Managing Director and senior management personnel, adherence to the remuneration / employment policy from time to time as finally approved by the Board of Directors. Preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting of non-compliances to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, monitor loans to employees and any other matters which the Board of Directors may direct from time to time.

Policy for selection and appointment of Directors and their Remuneration:

Criteria of selection of Non-executive Directors

The Non-executive Directors shall be of high integrity with relevant expertise and experience in the fields of finance, marketing, taxation, governance and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:

- a) Qualification, expertise and experience of the Directors in their respective fields;
- b) Personal, Professional or business standing;
- c) Diversity of the Board.

In case of re-appointment of Non-executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration:

The Non-executive Directors shall be entitled to receive sitting fees for each Meeting and Committee attended by them of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and reimbursement of expenses for participation in the Board Meetings.

Criteria for selection and appointment of CEO and Managing Director

The Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO and Managing Director

At the time of appointment or re-appointment, the CEO and Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Committee and the Board of Directors) and the CEO and

Managing Director within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO and Managing Director comprises of fixed and variable component as per the provisions of the Companies Act, 2013. The fixed component comprises salary, allowances, perquisites and retiral benefits.

Remuneration Policy for the Senior Management Employees

The Managing Director will carry out the individual performance review based on the respective defined objectives, qualification, expertise, experience and other factors whilst recommending the annual increment and performance incentive to the Committee for its review and approval. While determining the remuneration of the Senior Management Employees, the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

5. RISK MANAGEMENT COMMITTEE

The Board of Directors, during the year, constituted “Risk Management Committee” as required under Clause 49 of the Listing Agreement. The Committee is responsible for risk identification, evaluation and mitigation and to set up process for risk management plan. The Risk Management Committee comprises of Mr. Pradip R. Shroff, Managing Director and Mr. Hemendra J. Shroff as Member of the Committee.

6. PERFORMANCE EVALUATION OF THE BOARD

Based on the inputs on aspects under the provisions of the Companies Act, 2013 and under the Clause 49 of the Listing Agreement such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, independence of judgement, safeguarding the interest of the Company etc. received from each Directors specifically Executive, Non-Executive and Independent Directors, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Appointment and Remuneration Committees.

7. STATEHOLDERS GRIEVANCE COMMITTEE

The Stakeholders’ Grievance Committee comprises of 3 Directors viz. 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. The Committee reviews the status of Investor Grievances and recommends measure to improve in solving Investor Services. During the year there were no complaints received from shareholders and there is no complaint which has remained un-addressed.

8. GENERAL BODY MEETINGS

Date	AGM/EGM	Location	Time	No. of Special Resolution
23.09.2015	AGM	Registered Office at Cama Building, 1 st Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001	11.00 a.m	Nil
12.09.2014	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 nd Flr 18/20, K.Dubash Marg, Mumbai – 400 001	11.00 a.m	5
11.09.2013	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 nd Flr 18/20, K.Dubash Marg, Mumbai – 400 001	11.00 a.m	3

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

9. 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.
- 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 mechanism of Whistle Blower Policy is in place.
- d) The Company is in Compliance with the mandatory Provisions of and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.
- 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

10. MEANS OF COMMUNICATION

- a) 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.
- b) The financial results or official news are displayed on the Company's website www.vbdesai.com
- c) There were no presentations made to the institutional investors or to the analysts
- d) The Management Discussion and Analysis Report forms a part of this Annual Report

11. GENERAL INFORMATION FOR SHAREHOLDERS

i	AGM: Date, Time & Venue	10th September, 2016 at 11.00 a. m Registered Office at Cama Building, 1 st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001
ii	Financial Year	1 st April 2015 - 31 st March, 2016
iii	Date of Book closure	07.09.2016 to 09.09.2016
iv	Dividend payment date	No dividend recommended.
v	Listing on Stock Exchange	BSE Limited (BSE) Annual Listing fees have been paid to both the Stock Exchanges for the year 2016-17.
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 2015 -2016 on BSE Limited

Month	High – ₹	Low – ₹	BSE Sensex
April 2015	11.30	9.50	27,011.31
May 2015	10.08	8.08	27,828.44
June 2015	9.00	7.60	27,780.83
July 2015	9.40	8.00	28,114.56
August 2015	9.75	7.81	26,283.09
September 2015	8.59	7.60	26,154.83
October 2015	8.94	7.71	26,656.83
November 2015	9.18	7.76	26,145.67
December 2015	8.59	7.70	26,117.54
January 2016	8.82	7.61	24,870.69
February 2016	9.08	7.60	23,002.00
March 2016	8.40	7.41	25,341.86

Registrars & Transfer Agents

Purva Sharegistry (India) Pvt. Ltd.

9, Shiv Shakti Industrial Estate,

J.R.Boricha Marg,

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 2016

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,208	653234	14.43
501 - 1000	277	219133	4.84
1001 - 2000	134	199724	4.41
2001 - 3000	46	117509	2.60
3001 - 4000	36	126366	2.79
4001 - 5000	23	107519	2.37
5001 - 10000	46	325148	7.18
10001 and above	43	2779257	61.38
TOTAL	4,813	4527890	100.00

Shareholding pattern as on 31st March 2016

Sr. No	Category	No. of Shares Held	% of Share-Holding
	Promoters Holding		
1.	-Indian Promoters and Persons Acting in concert	1928755	42.60
2.	Mutual Funds & UTI	--	--
3.	Banks & Financial Institutions	200	0.00
4.	Private Corporate Bodies	268379	5.93
5.	NRIs/OCBs	8630	0.19
6.	Trust	15310	0.34
7.	Hindu Undivided Family	36498	0.81
8.	Indian Public	2270118	50.13
	TOTAL	4527890	100.00

Dematerialization of shares

As on 31st March 2016, 87.79% of the Company's total shares represented by 39,75,261 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

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, 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, 2016.

Mumbai
Dated: 15th July 2016

Pradip R. Shroff
Managing Director

Auditors' Certificate on compliance with the conditions of Corporate Governance

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, 2015 to 31st March, 2016, 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Stock Exchange have been completed with in all material respects by the Company.

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

Ashvin Damania
Membership No. 040166
Proprietor

Place: MUMBAI
Date: 15th July 2016

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

Samir R. Dedhia
Chairman

PLACE: MUMBAI
DATE : 15th July 2016

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 2016**, the statement of Profit and Loss and the 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give

a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2016 and its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigations which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund.

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

Ashvin Damania
Proprietor
Membership No.040166

Place: Mumbai
Date : 17th May 2016

Annexure - A to the Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) On the basis of our examination of the records of the Company, the Company does not own any immovable property, hence paragraph 3(i)(c) of the Order is not applicable.
- (ii) The Company is a service company, primarily rendering merchant banking and other financial services. Accordingly, it does not hold any physical inventories. Hence, paragraph 3(ii) of the Order is not applicable.
- (iii) During the year the Company has not granted loans to any party covered in the register maintained under section 189 of the Act. Hence, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits from the public. Hence, paragraph 3(v) of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Hence, paragraph 3(vi) of the Order is not applicable.
- (vii) (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, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess & other material statutory dues as applicable to it and there were no such dues outstanding as at 31st March, 2016 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 are no material dues of income tax, sales tax, service tax, custom duty, excise duty, value added tax which have

not been deposited with the appropriate authorities on account of any dispute.

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Hence, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Hence, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Ashvin Damania
Proprietor
Membership No.040166

Place: Mumbai
Date : 17th May 2016

Annexure - B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **V. B. Desai Financial Services Limited** ("the Company") as of **31st March 2016** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ashvin Damania
Proprietor
Membership No.040166

Place: Mumbai
Date : 17th May 2016

BALANCE SHEET AS AT 31ST MARCH, 2016

	Note No.	As at 31st March, 2016		As at 31st March, 2015	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	1	45,381,316		45,381,316	
(b) Reserves and Surplus	2	44,857,837		42,205,830	
			90,239,153		87,587,146
Non-Current Liabilities					
(a) Other Long-Term Liabilities	3	-		19,500	
(b) Long-Term Provisions	4	1,191,092		1,073,410	
			1,191,092		1,092,910
Current Liabilities					
(a) Short-Term Borrowings	5	734,042		-	
(b) Trade Payables	6	304,115		515,358	
(c) Other Current Liabilities	7	91,867		36,468	
(d) Short -Term Provisions	8	680,872		607,527	
			1,810,896		1,159,353
Total			93,241,141		89,839,409
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
Tangible Assets	9	1,267,900		1,592,449	
(b) Non-Current Investments	10	33,075,449		32,873,449	
(c) Deferred Tax Assets (Net)	11	578,887		469,608	
(d) Long-Term Loans and Advances	12	17,235,517		17,508,131	
(e) Other Non-Current Assets	13	32,107,655		30,444,455	
			84,265,408		82,888,092
Current Assets					
(a) Inventories (Securities)	14	234,257		246,936	
(b) Trade Receivables	15	950,314		594,678	
(c) Cash and Cash Equivalents	16	5,099,018		2,117,596	
(d) Short-Term Loans and Advances	17	105,800		2,188,865	
(e) Other Current Assets	18	2,586,344		1,803,242	
			8,975,733		6,951,317
Total			93,241,141		89,839,409
Significant Accounting Policies					
Notes on Financial Statements 25 to 34					

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 : May 17, 2016

For and on behalf of the Board of Directors

Samir R. Dedhia - Chairman
Pradip R. Shroff - Managing Director
Manoj T. Shroff - Director
Khurshid Shaikh - Director
Hemendra J. Shroff - Director
Rachana S. Vijayakar - Director
Kamlesh M. Gagavani - Company Secretary

Place : Mumbai
Date : May 17, 2016

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016

	Note No.	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
INCOME			
Revenue From Operations	19	12,092,682	12,538,461
Other Income	20	1,905,644	21,217
Total Revenue		13,998,326	12,559,678
EXPENDITURE			
Employee Benefits Expense	21	2,138,978	1,898,902
Finance Costs	22	20,407	7,761
Depreciation	23	324,549	435,003
Other Expenses	24	8,159,466	6,774,889
Total Expenses		10,643,400	9,116,555
Profit/(Loss) Before Tax		3,354,926	3,443,123
Tax Expenses			
Current Tax		1,160,000	1,225,000
Current Tax & MAT Credit Entitlement relating to Previous Years		(347,802)	(1,375,530)
Deferred Tax		(109,279)	(106,356)
Profit/(Loss) for the year		2,652,007	3,700,009
Earnings per share of ₹10/- each:			
Basic		0.59	0.82

Significant Accounting Policies

Notes on Financial Statements

25 to 34

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 : May 17, 2016

For and on behalf of the Board of Directors

Samir R. Dedhia - Chairman
Pradip R. Shroff - Managing Director
Manoj T. Shroff - Director
Khurshid Shaikh - Director
Hemendra J. Shroff - Director
Rachana S. Vijayakar - Director
Kamlesh M. Gagavani - Company Secretary

Place : Mumbai
Date : May 17, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	₹	₹	₹	₹
A Cash Flow from Operating Activities				
Net Profit before Tax		3,354,926		3,443,123
Adjustments for :				
Depreciation	324,549		435,003	
Reduction in value of Investments	12,679		4,375	
Provision for Gratuity	191,027		100,653	
Interest on Income Tax Refund	(1,846,038)		(2,134)	
Dividend Income	(9,042)		(9,955)	
Interest paid	20,407		7,761	
Profit on Sale of Investments	-		(361,697)	
		(1,306,418)		174,006
Operating Profit before Working Capital Changes		2,048,508		3,617,129
Adjustments for :				
(Increase)/Decrease in Trade Receivables	(355,636)		39,849,579	
(Increase)/Decrease in Inventories, Loans and Advances & Other Current and Non-Current Assets	(299,462)		(33,073,357)	
Increase/(Decrease) in Liabilities & Provisions	(57,662)		(2,954,719)	
		(639,415)		3,821,503
		1,409,093		7,438,632
Income Tax Refund		347,802		32,883
Interest on Income Tax Refund		1,846,038		2,134
Income Tax Paid		(1,142,188)		(1,310,087)
Dividend Income		9,042		9,955
Net Cash flow from Operating Activities (A)		2,469,787		6,173,517
B Cash Flow from Investing Activities				
Purchase of Fixed Assets		-		(12,000)
Purchase of Investments/Stock in trade		(202,000)		(11,456,838)
Sale of Investments		-		2,530,424
Net Cash flow from Investing Activities (B)		(202,000)		(8,938,414)
C Cash Flow from Financing Activities				
Interest paid		(20,407)		(7,761)
Short Term Borrowings		734,042		-
Net Cash flow from Financing Activities (C)		713,635		(7,761)
Net Increase in Cash & Cash Equivalents (A+B+C)		2,981,422		(2,772,658)
Cash & Cash Equivalents at the beginning of the year		2,117,596		4,890,254
Cash & Cash Equivalents at the end of the year		5,099,018		2,117,596

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 : May 17, 2016

For and on behalf of the Board of Directors

Samir R. Dedhia - Chairman

Pradip R. Shroff - Managing Director

Manoj T. Shroff - Director

Khurshid Shaikh - Director

Hemendra J. Shroff - Director

Rachana S. Vijayakar - Director

Kamlesh M. Gagavani - Company Secretary

Place : Mumbai

Date : May 17, 2016

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 FOR THE YEAR ENDED 31ST MARCH, 2016

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 to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act"), read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of "the Act", 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. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. 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.

V. B. Desai Financial Services Limited

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, 2016

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
1. Share Capital		
Authorised		
50,00,000 (50,00,000) Equity Shares of ₹10/- each with voting rights	50,000,000	50,000,000
Total	<u>50,000,000</u>	<u>50,000,000</u>
Issued		
45,46,200 (45,46,200) Equity Shares of ₹10/- each fully paid up with voting rights	45,462,000	45,462,000
	<u>45,462,000</u>	<u>45,462,000</u>
Subscribed & Paid up		
45,27,890 (45,27,890) Equity Shares of ₹ 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
	<u>45,381,316</u>	<u>45,381,316</u>
Details of Forfeited Shares :		
Amount originally paid up	₹	₹
Class of Shares		
18,310 (18,310) Equity Shares	102,416	102,416
	<u>102,416</u>	<u>102,416</u>

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

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	4,527,890	4,527,890
Add : Shares issued	-	-
Less : Shares Bought Back	-	-
Equity Shares at the end of the year	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, 2016		As at 31st March, 2015	
	No. of Shares	No. of Shares	No. of Shares	% held
Desai Investments Pvt. Ltd.	771,607	17.04	771,607	17.04
Mrs. Dharati J. Shroff	261,041	5.77	261,041	5.77
Som Holding & Trading Co. Pvt. Ltd.	-	-	344,215	7.60

V. B. Desai Financial Services Limited

Notes forming part of the financial statements for the year ended 31st March, 2016

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
2. Reserves and Surplus		
Share Premium		
Balance as per last Balance Sheet	<u>21,290,975</u>	21,290,975
	21,290,975	21,290,975
Profit and Loss Account		
Balance as per last Balance Sheet	<u>20,914,855</u>	17,214,846
Add: Profit/(Loss) for the year	<u>2,652,007</u>	3,700,009
	23,566,862	20,914,855
Total	<u>44,857,837</u>	<u>42,205,830</u>
3. Other Long-Term Liabilities		
Trade Payables		
Other than Acceptances (Other than S.S.I.)	-	19,500
Total	<u>-</u>	<u>19,500</u>
The company does not owe any amount payable to persons registered under the Micro, Small and Medium Enterprises Development Act, 2006.		
4. Long-Term Provisions		
Provision for employee benefits		
Provision for Gratuity	<u>1,191,092</u>	1,073,410
Total	<u>1,191,092</u>	<u>1,073,410</u>
5. Short-Term Borrowings		
Secured from Bank		
Repayable on Demand*	<u>734,042</u>	-
Total	<u>734,042</u>	<u>-</u>
* Secured against lien on Fixed Deposits.		
6. Trade Payables		
Others (Other than S.S.I.) (Refer Note below)	<u>304,115</u>	515,358
Total	<u>304,115</u>	<u>515,358</u>
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.		
7. Other Current Liabilities		
Other Payables		
Statutory Dues	<u>91,867</u>	15,378
Advance from Customer	-	21,090
Total	<u>91,867</u>	<u>36,468</u>
8. Short - Term Provisions		
Provision for employee benefits		
Provision for Gratuity	<u>680,872</u>	607,527
Total	<u>680,872</u>	<u>607,527</u>

Notes forming part of the financial statements for the year ended 31st March, 2016

9. Fixed Assets

All amounts in ₹

ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 01.04.2015	Additions during the year	Deletion during the year	As on 31.03.2016	As on 01.04.2015	For the year	As on 31.03.2016	As on 31.03.2016	As on 31.03.2015	
TANGIBLE ASSETS										
Furniture & Fixtures	2,242,433	-	-	2,242,433	926,576	283,563	1,210,139	1,032,294	1,315,857	
Office Equipments	736,521	-	-	736,521	707,603	4,309	711,912	24,609	28,918	
Plant & Machinery	289,000	-	-	289,000	76,839	18,035	94,874	194,126	212,161	
Computer & Software	645,289	-	-	645,289	609,776	18,642	628,418	16,871	35,513	
Motor Vehicle	281,063	-	-	281,063	281,063	-	281,063	-	-	
TOTAL	4,194,306	-	-	4,194,306	2,601,857	324,549	2,926,406	1,267,900	1,592,449	
Previous Year	4,182,306	12,000	-	4,194,306	2,166,854	435,003	2,601,857	1,592,449	-	

10. NON-CURRENT INVESTMENTS

Name of the Scrip	Face Value	No. of Shares	₹	No. of Shares	₹
		As at 31st March 2016		As at 31st March 2015	
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
Citi Securities & Financial Services Pvt. Ltd.	10	20,200	202,000	-	-
Essar Steel Ltd.	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	54,800	13,700,000
Indag Products Ltd.	10	9,500	1	9,500	1
Merican Funds Ltd	10	6,535	261,400	6,535	261,400
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
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
Suchitra Tubes Ltd.	10	31,880	1	31,880	1
Valuecorp Securities & Fin. Ltd.	10	351,658	4,028,419	351,658	4,028,419
Vishvakarma Equipment Fin. (I) Ltd.	10	500,000	5,728,429	500,000	5,728,429
Solix Technologies Ltd.	10	9,080	90,800	9,080	90,800
			33,061,316		32,859,316
Mutual Funds					
UTI Master Share	10	566	14,133	566	14,133
Total of Unquoted Securities			33,075,449		32,873,449

Notes forming part of the financial statements for the year ended 31st March, 2016

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
11. Deferred Tax Assets (Net)		
Deferred Tax Assets		
Provision for Gratuity	578,437	519,410
Related to Fixed Assets	450	-
Deferred Tax Liability		
Related to Fixed Assets	-	49,802
Total	<u>578,887</u>	<u>469,608</u>
12. Long-Term Loans And Advances (Unsecured, Considered Good)		
Security Deposits	55,000	55,000
Loans and Advances to Employees	20,000	20,000
Prepaid Expenses	35,507	99,282
Advance Tax (Net of Provisions)	488,810	697,649
MAT Credit Entitlement	-	-
Other Loans and Advances		
Inter Corporate Deposit	16,600,000	16,600,000
To Others	36,200	36,200
Total	<u>17,235,517</u>	<u>17,508,131</u>
13. Other Non-Current Assets		
Long-Term Trade Receivables		
Unsecured		
Considered Good	102,360	102,360
Considered Doubtful	1,750,593	1,750,593
Less: Provision for Doubtful Trade Receivables	(1,750,593)	(1,750,593)
Sub-Total	<u>102,360</u>	<u>102,360</u>
Interest Accrued on Deposits	1,663,200	-
Sub-Total	<u>1,663,200</u>	<u>-</u>
Receivable on Sale of Non-Current Investments	30,342,095	30,342,095
Sub-Total	<u>30,342,095</u>	<u>30,342,095</u>
Total	<u>32,107,655</u>	<u>30,444,455</u>
14. Inventories (Securities)		
Equity Shares	217,232	229,911
Mutual Funds	17,025	17,025
Total	<u>234,257</u>	<u>246,936</u>
Aggregate Market Value		
Equity Shares	309,716	357,744
Mutual Funds	27,468	26,889

Notes forming part of the financial statements for the year ended 31st March, 2016

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
15. Trade Receivables (Unsecured, Considered Good)		
Others	950,314	594,678
Total	950,314	594,678
16. Cash And Cash Equivalents		
Cash on Hand	2,175,745	2,051,325
Balances with Banks in Current Accounts	123,273	66,271
in Deposit Accounts	1,300,000	-
in Margin Accounts against Bank Overdraft	1,500,000	-
Total	5,099,018	2,117,596
17. Short-Term Loans And Advances (Unsecured, Considered Good)		
Prepaid Expenses	94,924	188,865
Inter-Corporate Deposits	-	2,000,000
Balances with Govt. Authorities (Service Tax)	10,876	-
Total	105,800	2,188,865
18. Other Current Assets (Unsecured, Considered Good)		
Accruals		
Interest Accrued on Deposits	1,999,130	1,663,200
Others		
Contractually Reimbursable Expenses	587,214	138,299
Advance to Service Provider	-	1,743
Total	2,586,344	1,803,242
Particulars	For the Year Ended 31st March, 2016 ₹	For the Year Ended 31st March, 2015 ₹
19. Revenue from Operations		
(a) Interest	2,337,422	2,086,764
(b) Other Financial Services	9,755,260	10,090,000
(c) Other Operating Revenues	-	361,697
Total	12,092,682	12,538,461
20. Other Income		
(a) Interest on Income Tax Refund	1,846,038	2,134
(b) Dividend	9,042	9,955
(c) Miscellaneous Income	50,564	9,128
Total	1,905,644	21,217

Notes forming part of the financial statements for the year ended 31st March, 2016

Particulars	For the Year Ended 31st March, 2016 ₹	For the Year Ended 31st March, 2015 ₹
21. Employee Benefits Expense		
Salaries	1,606,400	1,485,450
Contribution to Provident & Other Funds	178,490	167,562
Gratuity	191,027	100,653
Staff Welfare Expenses	163,061	145,237
Total	2,138,978	1,898,902
22. Finance Costs		
Interest	20,407	7,761
Total	20,407	7,761
23. Depreciation and Amortisation Expenses		
Depreciation	324,549	435,003
Total	324,549	435,003
24. Other Expenses		
Power & Fuel	243,022	225,068
Repairs and maintenance - Others	75,513	64,691
Communication	68,542	105,897
Travelling and Conveyance	240,811	5,332
Printing and Stationery	239,746	171,217
Advertisement Expenses	79,586	93,474
Donations	80,702	198,702
Business Service Charges	149,627	146,400
Office Expenses	204,324	180,600
Legal and Professional	5,916,341	4,819,220
Payments to Auditors (Refer Note below)	60,000	60,000
Bad Trade and Other Receivables Written Off	-	63,084
Adjustment in Carrying Amount of inventories / Investments	12,679	4,375
Registration Fees	166,666	166,666
Listing Fees	200,000	100,000
Miscellaneous Expenses	421,907	370,163
Total	8,159,466	6,774,889
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	60,000	60,000
Total	60,000	60,000
25. Contingent Liabilities		
There are no contingent liabilities.		

Notes forming part of the financial statements for the year ended 31st March, 2016

26. 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	Names of related parties
Key Management Personnel (KMP)	Mr. Pradip R. Shroff Mr. Manoj T. Shroff Mr. Hemendra J. Shroff Mr. Kamlesh M. Gagavani

Enterprise in which KMP/ Relatives of KMP can exercise significant influence Deep Industrial Finance Ltd.

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016:

	KMP	Enterprise in which KMP/ Relatives of KMP can exercise significant influence	Total
	₹	₹	₹
Remuneration	300,000	-	300,000
	<i>300,000</i>	-	<i>300,000</i>
Interest received	-	1,992,000	1,992,000
	-	<i>1,848,000</i>	<i>1,848,000</i>
Net Loans and Advances given/(returned)	-	-	-
	-	<i>16,600,000</i>	<i>16,600,000</i>
<u>Balances outstanding at the end of the year</u>			
Net Loans and Advances given/(returned)	-	16,600,000	16,600,000
	-	<i>16,600,000</i>	<i>16,600,000</i>

Note: Figures in italics relates to the previous year

Particulars	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
27. Earnings per share		
<u>Basic</u>		
Net profit for the year (₹)	2,652,007	3,700,009
Weighted average number of equity shares (Nos.)	4,527,890	4,527,890
Par value per share (₹)	10	10
Earnings per share (₹)	0.59	0.82

Notes forming part of the financial statements for the year ended 31st March, 2016

28. Employee Benefit

As per actuarial valuation as on 31-03-2016 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, 2016	31st March, 2015
Unfunded Liabilities		
(i) Assumptions		
Discount Rate	7.96% p.a.	7.96% p.a.
Salary Escalation	10.00% p.a.	10.00% p.a.
Attrition Rate	2.00% p.a.	2.00% p.a.
(ii) Table Showing Change in Benefit Obligation	₹	₹
Liability at the beginning	1,680,937	1,580,284
Interest Cost	133,803	142,700
Current Service Cost	-	52,787
Benefit Paid	-	-
Actuarial (Gains) / Losses on obligations	57,224	(94,834)
Liability at the end	1,871,964	1,680,937
(iii) Amount Recognised in the Income Statement		
Current Service Cost	-	52,787
Interest Cost	133,803	142,700
Expected Return on Plan Assets	-	-
Net Actuarial (Gains) /Losses	57,224	(94,834)
Expenses Recognised in Profit & Loss A/c	191,027	100,653
(iv) Amount Recognised in the Balance Sheet		
Opening Net Liability	1,680,937	1,580,284
Expenses as above	191,027	100,653
Employers Contribution paid / Benefits Paid	-	-
Closing Net Liability	1,871,964	1,680,937

29. 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.

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

31. The balance due to / from parties are subject to confirmation.

32. Earnings in Foreign Exchange

Particulars	For the Year Ended	For the Year Ended
	31st March, 2016	31st March, 2015
	₹	₹
Professional Fees	2,443,665	200,000

33. 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.

Notes forming part of the financial statements for the year ended 31st March, 2016

34. 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: May 17, 2016

For and on behalf of the Board of Directors

Samir R. Dedhia - Chairman
Pradip R. Shroff - Managing Director
Manoj T. Shroff - Director
Khurshid Shaikh - Director
Hemendra J. Shroff - Director
Rachana S. Vijayakar - Director
Kamlesh M. Gagavani - Company Secretary

Place: Mumbai
Date: May 17, 2016

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 30th Annual General Meeting of the Company, to be held on 10th September 2016 at 11.00 a.m at the Registered Office at Cama Building, 1st Floor, 24/26, Dalal Street, Fort, 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 2016
2	Re-appointment of Mr. Manoj T. Shroff, who retires by rotation
3	Re-appointment of Mr. Hemendra J. Shroff, who retires by rotation
4	Appointment of M/s. A.N. Damania & Co., Chartered Accountants, as Auditors and fix their remuneration

Signed this _____ day of _____ 2016

Signature of Shareholder _____

Signature of Proxy holder _____

Re.1/-
Revenue
Stamp

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.

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

ATTENDANCE SLIP

30th Annual General Meeting on Saturday, 10th September 2016

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 30th Annual General Meeting of the Company held at the Registered Office at Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001, at 11.00 a.m. on Saturday, 10th September 2016.

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.

