

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

TWENTY FIFTH  
ANNUAL REPORT  
2010-2011

# V. B. DESAI FINANCAL SERVICES LIMITED

## BOARD OF DIRECTORS

Pradip R. Shroff - Managing Director  
Manoj T. Shroff  
Ashok Kumar Singh  
Khurshid Shaikh

## REGISTERED OFFICE

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

## AUDITORS

M/s. APTE & 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.

<b>CONTENTS</b>	<b>Page No.</b>
Board of Directors	2
Notice	3
Directors' Report	4
Auditors' Report	10
Annexure to Auditors' Report	11
Compliance Certificate	12
Balance Sheet	14
Profit & Loss Account	15
Schedules forming part of the Balance Sheet	16
Schedules forming part of Profit & Loss Account	19
Notes on Accounts	20
Balance sheet Abstract	23
Cash Flow Statement	24

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Fifth Annual General Meeting of the Members of V. B Desai Financial Services Limited will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001 on Thursday, the 22<sup>nd</sup> September, 2011 at 10.30 a.m. to transact the following business.

### ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2011 and the Balance Sheet as on that date and the reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Singh who retires by rotation and offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

### NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The form of proxy should be deposited at the registered office of the Company not less than 48 hours before commencement of meeting.
- c) The Register of members and Share Transfer Books of the Company will be closed from 20<sup>th</sup> September 2011 to 22<sup>nd</sup> September 2011 (both days inclusive)
- d) Members are requested to please bring their copies of the Annual Report to the Meeting.

For and on behalf of the Board of Directors

Pradip R. Shroff  
Managing Director

### REGISTERED OFFICE

Cama Building, 1<sup>st</sup> Floor,  
24/26, Dalal Street, Fort,  
Mumbai – 400 001  
DATED: 25<sup>th</sup> August 2011

### 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.

## DIRECTORS' REPORT

The Directors present their 25th Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

(Rs. In lacs)

Particulars	For the year ended on 31/03/2011	For the previous year ended on 31/03/2010
Gross Income	92.22	124.02
Profit (before interest, depreciation & taxation)	20.22	66.28
Financial charges	0.00	0.05
Depreciation	2.16	2.14
Net profit	18.06	64.09
Provision for taxation	6.10	9.86
Deferred Tax	(0.46)	(2.03)
Prior period expenses and written offs	0.00	1.89
Income Tax of earlier years	0.01	0.43
Profit after adjustments	12.41	53.94
Add: Opening balance of Profit & Loss account	0.00	(534.19)
Profit/(Loss) carried to Balance Sheet	12.41	(480.25)
<b>APPROPRIATIONS / TRANSFERS</b>		
Profit/(loss) carried to Balance Sheet	12.41	(480.25)

### DIVIDEND

Your Directors do not recommend any dividend on equity shares in view of inadequate profit available for the year under review.

### OPERATION AND FUTURE OUTLOOK

The primary business of the Company is Merchant Banking and related activities. During the year under review the gross income from the merchant banking activities stood at Rs. 85.30 lacs against 97.19 lacs in the previous year. Increase in total expenses and reduction in other income, affected profitability of the Company. Profit after Tax has reduced to Rs. 12.41 lacs against Rs. 53.94 lacs earned in previous year. The management is taking steps to curtail expenses and to achieve better results from the operations.

### DIRECTORATE :

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

### APPROPRIATION OF SHARE PREMIUM ACCOUNT

The Hon'ble Bombay High Court has approved vide its Order dated 18<sup>th</sup> March, 2011 for adjusting the debit balance of Rs. 4,80,25,115/- in Profit & Loss Account against credit balance of Share Premium Account, as per the Resolution passed by the shareholders in the previous Annual General Meeting held on 28<sup>th</sup> September 2010.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### 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.

## **DIRECTOR'S RESPONSIBILITY STATEMENT**

The Board of Directors of your Company confirms that:

- i) in the preparation of the annual accounts, applicable Accounting Standards have been followed ;
- ii) the Accounting Policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC.**

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

## **PARTICULARS OF EMPLOYEES**

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

## **PUBLIC DEPOSIT**

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

## **CORPORATE GOVERNANCE**

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

## **AUDITORS & AUDITOR'S REPORT**

The Auditor appointed in the last Annual General Meeting i.e M/s. A. N. Damania & Co, Chartered Accountants, becomes disqualified as the firm failed to get Peer Review approval from the Institute of Chartered Accountants of India. On their disqualification, the Company has appointed M/s. Apte & Co., Chartered Accountants, Mumbai, a Peer Review approved Chartered Accountants as Auditors of the Company on the casual vacancy caused. M/s. Apte & Co., will retire at the forthcoming annual General Meeting and is eligible for re-appointment. Members are requested to re-appoint M/s. Apte & Co., as Auditors of the Company and fix their remunerations.

The Auditors M/s. Apte & Co., have referred to certain notes forming part of Accounts in their report to the members. The notes referred to by Auditors are self explanatory.

## **ACKNOWLEDGEMENT**

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

PLACE: MUMBAI  
DATE : 25<sup>th</sup> August, 2011

On behalf of the Board of Directors  
Pradip R. Shroff  
Managing Director

## REPORT ON CORPORATE GOVERNANCE

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

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has adopted good corporate governance practices and ensures compliance with all relevant laws and regulations. It has 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.

### 2. BOARD OF DIRECTORS

The present strength of Board consist 4 Directors comprising 1 Executive and 3 non-executive Directors. During the financial year ended on 31.3.2011, 5 board meetings were held. The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and number of other Directorship and Membership/Chairmanship of Committee are as follows:

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

### 3. REAPPOINTMENT OF DIRECTOR

Mr. Ashok Kumar Singh, a director of the Company shall retire by rotation at the forthcoming Annual General Meeting and seeks for reappointment.

The brief profile of Director being re-appointed (pursuant to clause 49 of the Listing Agreement):

1. Name of the Director	Mr. Ashok Kumar Singh
2. Age	48 years
3. Qualification	B.A., LLB
4. Experience in specific area	Mr. Ashok Kumar Singh is a practicing Advocate and has more than 23 years experience in practicing in various Courts of Law.
5. Directorship in other Companies	Nil.

### 4. REMUNERATION OF DIRECTORS

The Board has not set up a Remuneration Committee. At present Independent Directors are not paid any remuneration except sitting fees paid for attending Board and Committee Meeting. Sitting fees paid to Independent Directors are as follows:

Name of the Director	Board Meeting	Transfer Committee	Audit Committee	TOTAL
Mr. Manoj Shroff	5,000	9,000	5,000	19,000
Mr. Ashok Kumar Singh	--	--	---	---
Mr. Khurshid Shaikh	5,000	--	5,000	10,000
<b>TOTAL</b>	<b>10,000</b>	<b>9,000</b>	<b>10,000</b>	<b>29,000</b>

Details of remuneration paid to Managing Director for the financial year ended 31<sup>st</sup> March, 2011 are as under:

Name of the Director	Status	Salary	Perquisites/ Allowances	PF contribution	Remuneration paid (Rs.)
Mr. Pradip R. Shroff	Managing Director	108000	Nil	42000	152000

### 5. AUDIT COMMITTEE

The Audit Committee has 2 Independent Directors viz. Mr. Manoj T. Shroff & Mr. Khurshid Shaikh and 1 Executive Director, Mr. Pradip R. Shroff. During the financial year under review, 5 meetings were held on 29.04.2010, 12.08.2010, 26.08.2010, 04.11.2010 & 14.02..2011.

**6. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE**

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

**7. GENERAL BODY MEETINGS**

Date	AGM/ EGM	Venue	Time	No. of Special Resolution
28.09.2010	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 <sup>nd</sup> Flr 18/20, K.Dubash Marg, Mumbai – 400 001	10.30 a.m	1
07.09.2009	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 <sup>nd</sup> Flr 18/20, K.Dubash Marg, Mumbai – 400 001	10.30 a.m	Nil
14.08.2008	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2 <sup>nd</sup> Flr 18/20, K.Dubash Marg, Mumbai – 400 001	11.30 a.m.	1

**8. DISCLOSURES:**

- There was no transaction of material nature with the Promoters, Directors, Management or their relatives during the financial Year of the Company, which could have potential conflict with the interests of the Company at large. However, the transactions detailed in Note no. 13 of Schedule 13 annexed to the Accounts may be considered as related party transactions.
- The Company does not have a Whistle Blower Policy. All the same, no personnel of the Company have been denied access to the grievance redressal mechanism of the Company.
- The Company is in Compliance with all the mandatory Provisions of Clause 49 of the Listing Agreement.

**9. MEANS OF COMMUNICATION:**

- The Annual, half Yearly and quarterly results are regularly submitted to the Stock Exchange and published in Newspapers of Free Press Journal (English) and Navshakti (Marathi) in accordance with the Listing Agreement.
- Management Discussion and Analysis forms part of the Director's Report.

**10. GENERAL INFORMATION FOR SHAREHOLDERS**

	AGM: Date, Time & Venue	22nd September, 2011 at 10.30 a. m M.C.Ghia Hall, Bhogilal Hargovindas Bldg.2 <sup>nd</sup> Flr, 18/20, K.Dubash Marg, Mumbai – 400 001
a	Financial Year	1 <sup>st</sup> April 2010 - 31 <sup>st</sup> March, 2011
b	Book closure	20.09.2011 to 22.09.2011
c	Dividend payment date	No dividend recommended.
d	Listing on Stock Exchange	The Bombay Stock Exchange Ltd. (BSE) (scrip code 511110) The Delhi Stock Exchange Ltd.(DSE) Annual Listing fees have been paid to both the Stock Exchanges for the year 2011-12.
e	Dematerialisation of shares	As on 25.08.2011, 78.75% of total paid-up equity capital is dematerialized
f	ISIN of the Company for dematerialisation	INE848D01018
g	Registrar & Share Transfer Agent	Purva Sharegistry (India) Pvt. Ltd. 9, Shiv Shakti Industrial Estate, J.R.Boricha Marg, Lower Parel (East), Mumbai – 400 011.

**11. MARKET PRICE DATE: HIGH / LOW DURING EACH MONTH IN 2010 – 2011 ON BOMBAY STOCK EXCHANGE**

Month	High – Rs.	Low – Rs.
April 2010	65.45	47.85
May 2010	55.50	31.55
June 2010	45.25	29.65
July 2010	40.40	29.95
August 2010	38.20	27.00
September 2010	31.00	26.00

## V. B. Desai Financial Services Limited

October 2010	31.05	26.10
November 2010	28.45	20.40
December 2010	23.20	18.20
January 2011	23.40	15.90
February 2011	19.85	15.40
March 2011	18.50	14.95

### 12. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,651	7,36,095	16.26
501 - 1000	286	2,24,481	4.96
1001 - 2000	146	1,20,161	4.86
2001 - 3000	46	1,17,555	2.60
3001 - 4000	36	1,27,713	2.82
4001 - 5000	23	1,07,949	2.38
5001 - 10000	51	3,57,250	7.89
10001 and above	52	26,36,686	58.23
<b>TOTAL</b>	<b>5,291</b>	<b>45,27,890</b>	<b>100.00</b>

### 13. SHAREHOLDING PATTERN AS ON 31.03.2011 IS AS FOLLOWS:

SR.NO	CATEGORY	NO.OF SHARES HELD	% OF SHARE-HOLDING
1.	Promoters Holding		
2.	- Indian Promoters and Persons	18,85,292	41.64
3.	Acting in concert	--	--
4.	- Foreign Promoters	--	--
5.	Mutual Funds & UTI	200	0.00
6.	Banks & Financial Institutions	3,92,616	8.67
	Private Corporate Bodies	9,747	0.22
	NRIs/OCBs	22,49,782	49.47
	Indian Public		
	<b>TOTAL</b>	<b>45,27,890</b>	<b>100.00</b>

On behalf of the Board of Directors

Pradip R. Shroff  
Managing Director

MUMBAI  
DATED : 25<sup>th</sup> August, 2011



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

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

We have examined the compliance of the conditions of Corporate Governance by V.B.Desai Financial Services Ltd. (the Company) during the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011, 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 Clauses 49 of the Listing Agreements with the Stock Exchange have been completed with in all material respects by the Company.

**APTE & CO.**

Chartered Accountants  
Firm Reg. No: 111925W

Jayant Apte  
Partner

Membership No. 035494

MUMBAI  
DATED : 25<sup>th</sup> August, 2011

## AUDITORS' REPORT

### Auditors' Report to the Members of V. B. DESAI FINANCIAL SERVICES LIMITED.

1. We have audited the attached Balance Sheet of V. B. DESAI FINANCIAL SERVICES LIMITED as at 31st March, 2011, and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and cash-flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and on the basis of such checks, as we considered appropriate, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable; except regarding provision of Gratuity / Leave encashment not being provided on actuarial basis, therefore we are unable to quantify the effect, if any, on the profits of the company for the year ended 31<sup>st</sup> March 2011. (Refer Note No.4 of Schedule 13).
  - e) On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section(1)of section 274 of the Companies Act, 1956.
  - f) Managerial remuneration amounting to Rs.64,439/- is paid in excess of the limits specified under section 309 of the Companies Act, 1956. The excess managerial remuneration so claimed for the financial year 2010-2011 has been refunded by the director in the financial year 2011-12 on 29<sup>th</sup> July 2011.(Refer Note No. 8 of Schedule 13).
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon and in particular Note No. 3 and 5 in Schedule No. 13 regarding receipt of professional fees and non-provision of doubtful debts and subject to 4(d) and 4(f) above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2011,
  - ii) In the case of the Profit and Loss account, of the profit for the year ended on that date.
  - iii) In the case of cash flow statement, of the cash flow, for the year ended on that date.

For **APTE & CO.**  
Chartered Accountants  
Firm Reg. No: 111925W  
(JAYANT APTE)  
Partner  
Membership No. 035494

Place : Mumbai  
DATED : 25<sup>th</sup> August, 2011

## ANNEXURE TO THE AUDITORS' REPORT

Re : **V.B. Desai Financial Services Limited**

Referred to in Paragraph 3 of our report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.
2. (a) The inventories of shares/stock lying in physical forms have been verified by the management. In our opinion, the frequency of verification is reasonable;  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business;  
(c) The Company is maintaining proper records of inventories. No material discrepancy was noticed between physical verification of stocks and book records.
3. According to the information and explanation given to us the Company has neither granted nor taken any loans secured or unsecured Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 hence clauses (a) to (g) of paragraph 4(3) of the order are not applicable during the year under review.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
5. Based on the audit procedures applied by us and according to the information and explanations given to us, there are no contracts that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the company and nature of its business.
8. We are informed that the Central Government has not prescribed maintenance of cost records u/s.209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and the records of the company examined by us the company has generally been regular in depositing with the appropriate authorities undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it.  
(b) According to the information and explanations given to us by the Management and the records of the Company examined by us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amounts in respect of the afore said dues which have not been deposited as at 31<sup>st</sup> March 2011.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has not availed of any loans either from bank or financial institutions nor did the Company has any debenture holders.
12. As per the books and records of the company examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the order are not applicable to the company.
14. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
15. As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. On the basis of our review and related information and explanation as made available to us the company has not taken any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares during the year and therefore, paragraph 4(18) of the Order is not applicable.
19. The Company has not issued any debentures during the year and therefore paragraph 4(19) of the Order is not applicable.
20. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(20) of the Order is no applicable.
21. According to the information to and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

For **APTE & CO.**  
Chartered Accountants  
Firm Reg. No: 111925W

(JAYANT APTE)  
Partner  
Membership No. 035494

Place : Mumbai  
DATED : 25<sup>th</sup> August, 2011

## Compliance Certificate

The Members

V.B.Desai Financial Services Limited

Cama Building, 1<sup>st</sup> Floor

24/26, Dalal Street, Fort

Mumbai – 400 001

I have examined the registers, records, books and papers of M/s. V.B.Desai Financial Services Limited, as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2011.

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

- a. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
- b. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies within the time prescribed under the Act and rules made there under.
- c. The Company, being a public limited company, comments as per Sec. 3 (1) (iii) of the Act are not required.
- d. The Board of Directors duly met 5 (Five) times on 29.04.2010, 12.08.2010, 26.08.2010, 04.11.2010 & 14.02.2011 in respect of which meetings proper notices were given and the resolutions passed were recorded in the Minutes Book maintained for the purpose.
- e. The Company closed its Register of Members from 24<sup>th</sup> September 2010 to 28<sup>th</sup> September 2010 (both days inclusive) during the financial year.
- f. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 28<sup>th</sup> September 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
- g. No extra ordinary general meeting was held during the financial year.
- h. It was informed that the Company has not advanced any loans to its directors and/or persons or firms or companies referred in the Section 295 of the Act during the financial year.
- i. It was informed that the Company has not entered into any fresh contracts during the financial year falling within the provisions of Section 297 of the Act.
- j. It was informed that since there were no contracts during the financial year the Company has not made any entries in the register maintained under Section 301 of the Act.
- k. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
- l. That
  - i) the Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
  - ii) The Company was not required to post any warrants to the members as no dividend was declared during the financial year.
  - iii) There are no amount lying in unpaid dividend account, application money due for refund, matured deposits and debentures and the interest accrued thereon and no amount has remained unclaimed or unpaid for a period of seven years for the requirement to transfer to Invest Education and Protection Fund.
  - iv) The requirement of Section 217 of the Act has been duly complied with.
- m. The Board of Directors of the Company is duly constituted and the appointment of directors has been duly made. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year.
- n. The Company has not appointed any sole selling agents during the financial year.
- o. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
- p. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- q. The Company has not issued any shares, debentures or other securities during the financial year.
- r. The Company has not bought back any shares during the financial year.

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

P.V.Ramaswamy  
 Company Secretary  
 Membership No. 1708 C.P. No. 2087  
 Place: Mumbai  
 Dated: 24<sup>th</sup> August, 2011

**Annexure 'A'**

Registers as kept by the Company

Statutory Registers:

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

**Annexure 'B'**

Forms and Returns as filed by the Company with the Registrar of Companies or other authorities, during the financial year ending on 31<sup>st</sup> March, 2011.

S.No.	Form/Return No.	U/S Sec.	For	Date of filing	Filed in time Yes/No	Delay if any
1	Form 23 AC & 23 ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31.3.2010 AGM date 28.9.2010	29.09.2010	Yes	N. A
2	Form 66	383A	Compliance certificate	29.09.2010	Yes	N.A
2	Form 20-B	159	Annual Return AGM held on 28.9.2010	23.08.2011	No	Yes
3	Form 23	78 & 100	Special Resolution to adjust debit balance in Profit & Loss Account against Share Premium Account	29.09.2010	Yes	N.A
4	Form 21	78(1) & 100(1)	Filing of Bombay High Court Order approving adjustment of debit balance in Profit & Loss Account against Share Premium Account	18.04.2011	Yes	N.A

**BALANCE SHEET AS AT 31ST MARCH, 2011.**

	Schedule No.	₹	As at 31/03/2011 ₹	As at 31/03/2010 ₹
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1	45,381,316		45,381,316
Reserves and Surplus	2	22,519,300		69,316,090
			<b>67,900,616</b>	
<b>TOTAL</b>			<b>67,900,616</b>	<b>114,697,406</b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	3	3,787,621		3,778,283
Less : Depreciation		1,501,117		1,284,674
Net Block			<b>2,286,504</b>	2,493,609
Deferred Tax Asset (Net)			<b>249,032</b>	202,833
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Stock-in-trade	4	47,921,191		46,267,298
Sundry Debtors	5	3,586,460		6,991,400
Cash & Bank Balances	6	6,095,965		6,574,466
Loans & Advances	7	9,884,535		7,364,015
		<b>67,488,151</b>		67,197,179
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>				
Liabilities	8	1,008,952		2,289,807
Provisions	9	1,114,119		931,523
		<b>2,123,071</b>		<b>3,221,330</b>
<b>NET CURRENT ASSETS</b>			<b>65,365,080</b>	63,975,849
<b>Profit &amp; Loss Account</b>			-	48,025,115
<b>TOTAL</b>			<b>67,900,616</b>	<b>114,697,406</b>
Accounting Policies & Notes forming part of Accounts	13			

As per our attached report of even date

**For APTE & CO.**  
Chartered Accountants  
Firm Regn. No. 111925W

Jayant Apte  
Partner  
Membership No. 035494

PLACE :Mumbai  
DATED : 25th August, 2011

**For and on behalf of Board of Directors**

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

PLACE :Mumbai  
DATED : 25th August, 2011

<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.</b>				
	<b>Schedule No.</b>		<b>For the year ended 31.03.2011</b>	<b>For the year ended 31.03.2010</b>
		₹	₹	₹
<b>INCOME</b>				
Professional and Consultancy Fees	<b>10</b>		<b>8,530,000</b>	9,719,179
Other Income	<b>11</b>		<b>692,225</b>	2,682,683
<b>TOTAL</b>			<b>9,222,225</b>	12,401,862
<b>EXPENDITURE</b>				
Administrative & Other Expenses	<b>12</b>	<b>7,212,220</b>		5,779,443
Depreciation		<b>216,443</b>		213,964
			<b>7,428,663</b>	5,993,407
Profit Before Tax			<b>1,793,562</b>	6,408,455
<b>Provision for Taxation</b>				
Current Tax			<b>610,000</b>	986,000
Deferred Tax			<b>(46,199)</b>	(202,833)
Profit After Tax before prior year adjustments			<b>1,229,761</b>	5,625,288
Bad debts/loans and advances written off			-	181,927
Prior period expenses			-	7,132
Prior years tax adjustment			<b>1,436</b>	42,451
Profit after prior year adjustments			<b>1,228,325</b>	5,393,778
Balance brought forward from Previous Year			-	(53,418,893)
<b>TOTAL</b>			<b>1,228,325</b>	(48,025,115)
<b>APPROPRIATIONS</b>				
Balance carried to Balance Sheet			<b>1,228,325</b>	(48,025,115)
<b>TOTAL</b>			<b>1,228,325</b>	(48,025,115)
<b>Earning per share (Basic)</b>			<b>0.27</b>	1.19
Accounting Policies & Notes forming part of Accounts	<b>13</b>			

As per our attached report of even date

**For APTE & CO.**  
Chartered Accountants  
Firm Regn. No. 111925W

Jayant Apte  
Partner  
Membership No. 035494

PLACE :Mumbai  
DATED : 25th August, 2011

**For and on behalf of Board of Directors**

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

PLACE :Mumbai  
DATED : 25th August, 2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011.**

	As at 31/03/2011 ₹	As at 31/03/2010 ₹
<b>SCHEDULE - I</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
50,00,000(50,00,000) Equity shares of Rs.10/- each	50,000,000	50,000,000
<b>ISSUED AND SUBSCRIBED</b>		
45,27,890(45,27,890) shares of Rs.10/- each fully paid-up.	45,278,900	45,278,900
Add : Shares Forfeited	102,416	102,416
<b>TOTAL</b>	<b>45,381,316</b>	<b>45,381,316</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>SHARE PREMIUM ACCOUNT</b>		
As per last Balance Sheet	69,316,090	69,316,090
Less : Appropriated against debit balance in profit and loss a/c. as on 31.03.2010	48,025,115	-
	21,290,975	69,316,090
Profit & Loss A/c.		
Debit Balance in Profit & Loss A/c. as on 31.03.2010	(48,025,115)	-
Adjusted against Share Premium A/c. *	48,025,115	-
	Nil	-
Profit as per Profit and Loss A/c.	1,228,325	-
<b>TOTAL</b>	<b>22,519,300</b>	<b>69,316,090</b>

**Note :**

\* The Accumulated debit balance in Profit & Loss Account as on 31.03.2010 amounting to Rs.4,80,25,115/- has been adjusted against credit balance in Share Premium Account as per the Order dated 18.03.2011, passed by the Hon'ble High Court of Bombay.

**SCHEDULE - 3**

**FIXED ASSETS**

ASSETS	GROSS BLOCK				Depreciation				NET BLOCK	
	As on 31.03.10	Addition during the year	Deduction during the year	As on 31.03.11	As on 31.03.10	For the year	Deduction	As on 31.03.11	As On 31.03.11	As On 31.03.10
Furniture & Fixtures	2,242,433	-	-	2,242,433	147,593	105,764	-	253,357	1,989,076	2,094,840
Office Equipments	1,254,787	9,338	-	1,264,125	856,018	110,679	-	966,697	297,428	398,769
Motor Vehicle	281,063	-	-	281,063	281,063	-	-	281,063	-	-
<b>Total</b>	<b>3,778,283</b>	<b>9,338</b>	<b>-</b>	<b>3,787,621</b>	<b>1,284,674</b>	<b>216,443</b>	<b>-</b>	<b>1,501,117</b>	<b>2,286,504</b>	<b>2,493,609</b>
Previous Year	1,544,015	2,234,268	-	3,778,283	1,070,710	213,964	-	1,284,674	2,493,609	

**SCHEDULE - 4**

**STOCK IN TRADE**

Name of the Script	Face Value	No. of Shares	₹	
			As at 31.03.2011	As at 31.03.2010
(Non-Trade) (Quoted)				
Chokani Securities Ltd	10	248	1,501	248
Enso Secutrack Ltd.	10	1,000	16,150	1,000
Essar Steel Ltd.	10	500	25,900	500
Essar Steel Ltd. (Pref.)	10	172	258	172
GMR Ltd (S)	1	500	20,350	500
Indag Products Ltd.,	10	9,500	1	9,500



Mafatlal Spg. & Wvg. Co.Ltd.	10	1	1	1	1
Nandan Exim Ltd.	1	-	-	5,000	4,500
Penar Steel Ltd.	10	2,500	2,500	2,500	2,500
PIX Transmissioin Ltd (S)	10	-	-	400	6,000
Reliance Indus. Infrastructure Ltd.	10	20	5,803	20	5,803
Reliance Industries Ltd.	10	50	38,119	50	38,119
Reliance Natural Resources Ltd.	5	-	-	500	13,350
Reliance Power Ltd	10	125	13,350	-	-
Sakthi Finance Ltd.	10	-	-	10,000	53,900
Setco Auto Ltd.	10	1,600	110,400	2,000	276,000
Sika Interplant System Ltd.	10	2,053	28,023	4,500	61,425
Sunpharma Advance Research Ltd.	1	750	39,600	750	39,600
Sunraj Diamond Ltd	10	500	2,750	500	2,750
Tata Global Ltd (Tata Tea Ltd)	10	50	48,875	50	48,980
Yokogawa Ltd	10	5	2,357	5	2,357
(Non-Trade) (Un-Quoted)					
Arodyne Chemicals Ltd	10	1250	1750000	-	-
Bodh Gaya Ceramics	10	500	1	500	1
Bombay Central Holding & Trad.co.Pvt.Ltd.	100	-	-	100	23,000
Churchgate Investments & Trading Co.Pvt.Ltd.	100	-	-	80	60,000
Dupont Sportswear	10	42	1	42	1
Duropack Ltd	10	13,400	1	13,400	1
Etiam Emedia	10	3,200	400,000	3,200	400,000
Fairgrowth Fin. Ser. Ltd. (S)	10	80,000	1	80,000	1
Fairgrowth Home Finan. Ltd., (S)	10	20,000	1	20,000	1
Mahimna Mercantile Credits Ltd.	10	500,000	5,478,419	500,000	5,478,419
Matunga Inv. & Trad. Co.Pvt.Ltd.	100	438	72,270	438	72,270
Merican Funds Ltd	10	6,535	261,400		
Motorol (I) Ltd.	10	688	1	688	1
(Non-Trade) (Un-Quoted)					
Neptune Steel Strips Ltd.	10	256,000	6,400,000	256,000	6,400,000
Niwas Spinning Mills Ltd.	10	72,440	1	72,440	1
Panchmahal Cement Co. Ltd.	10	800	1	800	1
Pearl Housing Finan. Ltd.	10	500,000	5,478,419	500,000	5,478,419
Rajinder Steel Ltd.	10	640	1	640	1
Rinki Hydro Carbons Ltd.	10	2,000	1	2,000	1
Serentronics Ltd.	10	200	1	200	1
Shriyam Auto Fin. Ltd.	10	500,000	5,478,419	500,000	5,478,419
SM Dyechem Ltd,	10	201	1	201	1
Suchitra Tubes Ltd.	10	31,880	1	31,880	1
Sumex Chemicals Ltd	10	7,050	1	7,050	1
Superforging & Steel Ltd.	10	80	1	80	1
Traitrya Construction Fin.Ltd.	10	500,000	5,478,419	500,000	5,478,419
Mindtree Indl.Fin.Ltd.	10	500,000	5,478,419	500,000	5,478,419
Valuecorp Securities & Fin.Ltd.	10	500,000	5,478,419	500,000	5,478,419
Vishvakarma Equipment Fin.Ltd.	10	500,000	5,478,429	500,000	5,478,429
			47,588,566		45,934,673
ICICI Bank Ltd. 9.8% Bonds	10,000	35	315,600	35	315,600
Reliance Gold Exchange Traded Fund.	100	11	17,025	11	17,025
			47,921,191		46,267,298

	As at 31/03/2011 ₹	As at 31/03/2010 ₹
<b>SCHEDULE - 5</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured)		
Debts outstanding for a period exceeding six months	2,685,430	5,212,717
Other debts	901,030	1,778,683
<b>TOTAL</b>	<u>3,586,460</u>	<u>6,991,400</u>
(Dues from Debtors include Rs.NIL (Previous Year Rs.18,05,083/-) where Directors are interested)		
<b>NOTES :</b>		
Considered good	968,623	4,408,636
Considered doubtful	2,617,837	2,582,764
	<u>3,586,460</u>	<u>6,991,400</u>
<b>SCHEDULE - 6</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	1,334,561	1,011,010
Bank Balances with Scheduled Banks in Current Accounts	361,404	63,456
In Deposit Accounts	4,400,000	5,500,000
<b>TOTAL</b>	<u>6,095,965</u>	<u>6,574,466</u>
<b>SCHEDULE - 7</b>		
<b>LOANS AND ADVANCES (Unsecured)</b>		
1) Advances recoverable in cash or in kind or for value to be received (Advances include Loans to Companies Rs.NIL (Previous Year Rs.20,71,471/-) where directors are interested)	8,868,562	6,593,581
2) Advance payment of taxes etc (Net off Provisions)	1,015,973	770,434
<b>TOTAL</b>	<u>9,884,535</u>	<u>7,364,015</u>
<b>NOTE : LOANS AND ADVANCES INCLUDES</b>		
Considered good	9,884,535	7,077,502
Considered doubtful	-	286,513
<b>TOTAL</b>	<u>9,884,535</u>	<u>7,364,015</u>
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Other than SSI)	1,008,952	2,289,807
<b>TOTAL</b>	<u>1,008,952</u>	<u>2,289,807</u>
<b>SCHEDULE - 9</b>		
<b>PROVISIONS</b>		
Provision for Gratuity	1,114,119	931,523
<b>TOTAL</b>	<u>1,114,119</u>	<u>931,523</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

		For the year ended 31/03/2011 ₹	For the year ended 31/03/2010 ₹
<b>SCHEDULE - 10</b>			
<b>PROFESSIONAL AND CONSULTANCY FEES</b>			
Professional Fees (Tax deducted at source Rs.8,31,773/-, Previous year Rs.10,70,715/-)		8,530,000	9,719,179
<b>TOTAL</b>		<u>8,530,000</u>	<u>9,719,179</u>
<b>SCHEDULE - 11</b>			
<b>OTHER INCOME</b>			
Dividend (Gross)		27,600	27,363
Interest (Gross) (Tax deducted at source Rs.23,767/-, Previous Year Rs.23,884/-)		271,964	317,415
Profit/Loss on sale of shares/securities (Net)		300,711	392,858
Earlier Years Provisions written back		-	1,846,131
Excess Remuneration Refunded		-	32,495
Miscellaneous Income		91,950	66,421
<b>TOTAL</b>		<u>692,225</u>	<u>2,682,683</u>
<b>SCHEDULE - 12</b>			
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>			
Payment to and provisions for employees			
Directors Remuneration	108,000		250,000
Salaries and Exgratia	755,550		613,250
Contribution to Provident and Other Funds	122,023		98,058
Gratuity	182,596		115,153
Staff Welfare Expenses	145,808		97,915
		<b>1,313,977</b>	<b>1,174,376</b>
Rent		90,000	105,000
Repairs - Others		68,814	111,493
Rates & Taxes		11,441	12,175
Advertisement Expenses		98,986	1,500
Printing and Stationery		189,897	146,119
Auditor's Remuneration			
- Audit Fees		30,000	30,000
- Tax Audit Fees		10,000	10,000
Legal and Professional Fees		4,022,678	3,121,509
Postage and Telephone charges		128,408	124,713
Membership Fees and Subscription		5,000	5,000
Business Promotion		4,373	803
Interest and Bank charges		6,516	4,974
Electricity Charges		185,812	233,394
Registration Fees		333,333	333,333
Travelling & Conveyance		107,512	133,968
Miscellaneous Expenses		576,473	201,086
Directors' Sitting Fees		29,000	30,000
<b>TOTAL</b>		<u>7,212,220</u>	<u>5,779,443</u>
Note : Miscellaneous expenses includes demat charges, office expenses etc.			

**SCHEDULE - 13**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The financial statements are prepared as a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles, Companies Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules, 2006 and the provisions of the Companies Act, 1956 as adopted consistently by the company.

**(b) FIXED ASSETS**

Fixed assets are stated at cost less accumulated depreciation.

**(c) DEPRECIATION**

Depreciation on fixed assets is charged on straight line method as per the rates prescribed in schedule XIV to the Companies Act, 1956.

**(d) INVESTMENTS**

Investments in shares are shown as stock-in-trade. Quoted Shares are valued at Cost or Market Price whichever is lower. Un-quoted, un-traded shares are valued at cost as certified by the Board of Directors of the Company.

**(e) USE OF ESTIMATES:**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimates are recognized in the period in which the results are known/ materialized.

**(f) RETIREMENT BENEFITS**

Provident Fund and Employees Pension Scheme Contributions are accounted for on accrual basis. Incremental Gratuity Liability on the basis of 15 days salary for each completed year service is charged to revenue. As per the terms of appointment the employees are not entitled to encash the unutilized leave.

**(g) REVENUE RECOGNITION**

- i. Refunds from government department are accounted for on receipt basis.
- ii. Sale of shares are booked on the basis of broker's note / debit note raised
- iii. Professional fees are accounted on the basis of bills raised

**(h) TAXES ON INCOME**

The provision for current taxation is computed in accordance with the relevant tax regulations taking into account available deductions and exemptions.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations as of the Balance Sheet date.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

**(i) CONTINGENT LIABILITIES**

These are disclosed by way of notes on Account. Provision is made in the accounts in respect of liabilities which are likely to materialize after the year till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

**(j) PROVISIONS AND CONTINGENT LIABILITIES:**

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.

**NOTES ON ACCOUNT****2. CONTINGENT LIABILITIES**

We have been informed that there are no contingent liabilities

**3. PROFESSIONAL FEES**

Professional fees are accounted on accrual basis. However, in one of the cases, the Company has accounted professional fees on the basis of bill raised for the future period resulting into over-statement of income by Rs. 32.50 lac. The same practice of accounting will be followed till the expiry of such agreement.

**4. EMPLOYEES BENEFIT**

The Company has not provided gratuity on the basis of actuarial valuation as required by Accounting Standard 15 (revised). We are unable to quantify the effect on profits / loss, if any, had such gratuity been provided on the basis of actuarial valuation.

**5. SUNDRY DEBTORS**

Rs.25.83 lac (Previous Year Rs.25.83 lac) is considered doubtful of recovery. No provision is made for the same.

6. Confirmation letters are being obtained from some of the debtors, creditors, certain loans taken and for certain bank accounts and loans and advances given. Hence, the balances of these accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

**7. WRITE-OFF OF ACCUMULATED LOSSES**

During the year the Company has written off accumulated losses of Rs.480.25 lac against Share Premium Account as per the Order dated 18<sup>th</sup> March, 2011 passed by the Hon'ble Bombay High Court.

**8. MANAGERIAL REMUNERATION**

Calculation of Net Profit U/s.198 read with section 309(5) of the Companies Act, 1956:

	31.03.2011	31.03.2010
Net Profit before tax	18,06,249	64,08,455
Add : Managerial Remuneration	1,64,423	3,08,846
Sitting Fees	29,000	30,000
Profit as per Section 198 of the Companies Act, 1956.	19,99,672	67,47,301
5% of the above (See Section 309 of the Companies Act, 1956)	99,984	3,37,365
Managerial Remuneration paid	164,423	3,08,846
Excess Refunded	64,439	--

**9. INVESTMENT HELD UNDER STOCK IN TRADE**

The Investments are shown as Stock-in-Trade and valued at cost or market /realization value whichever is lower. The Book Value of quoted and un-quoted investments is Rs.6.88 lac, Rs.472.33 lac, respectively (previous year Rs.6.47 lac, Rs.456.20 lac). The Market/realisable value of quoted and un-quoted investments are Rs.8.85 lac and Rs.472.33 lac respectively. Loss of Rs.0.11 lac has been provided on account of fall in market price of quoted investments.

**10. AMOUNT DUE TO SME**

The Company does not owe any sum payable to Creditors registered under Micro, Small and Medium Enterprises Development Act, 2006.

**11. DEFERRED TAX ASSETS(NET)**

Major components of deferred tax assets and liabilities arising on account of timing differences as on 31<sup>st</sup> March, 2011 are mentioned below :

Particulars	As at 31.03.2011 (Rs.)		As at 31.03.2010 (Rs.)	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation	-	95,230	--	51,230
Provision for Gratuity	3,44,263	--	2,87,841	--
Total	3,44,263	95,230	2,87,841	51,230
Deferred Tax Assets (Net)	2,49,032		2,36,611	

12. In the opinion of the Board of Directors, Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

**13. RELATED PARTY DISCLOSURE**

Related party disclosure as required by Accounting Standard No.18 is given below :

## V. B. Desai Financial Services Limited

List of related parties and the transactions taken place during the year:

Sr. No.	Name of the Related Party	Nature of Relationship
1.	Mr. Pradip R. Shroff	Key Managerial Personnel
2.	Mrs. Raksha P. Shroff	Relatives of Key Managerial Personnel
3.	Mr. Raj Shroff	Relatives of Key Managerial Personnel
4.	Mr. Satyam Shroff	Relatives of Key Managerial Personnel
5.	Mr. Thakorlal R. Shroff	Relatives of Key Managerial Personnel
6.	Mr. Jitendra R. Shroff	Relatives of Key Managerial Personnel
7.	Mrs. Dharati J. Shroff	Relatives of Key Managerial Personnel
8.	Mr. Girish R. Shroff	Relatives of Key Managerial Personnel
9.	Mr. Thakorlal R. Shroff	Relatives of Key Managerial Personnel
10.	Pradip R. Shroff H.U.F.	Related Party
11.	Aarayaa Advisory Services Pvt. Ltd.	Related Party Company.
12.	Desai Investments Pvt. Ltd.	Substantial interest in voting power
13.	Arodyne Chemicals Limited	Related Party Company.
14.	Aum Financial Consultants	Related Party Company.
15.	Avdhoot Finance & Investment Pvt. Ltd.	Related Party Company.
16.	Citi Securities & Financial Services Pvt. Ltd.	Related Party Company.
17.	Govardhan Holding & Trading Co. Pvt. Ltd.	Related Party Company.

(Rs. In lac)

Sr. No.	Nature of Transaction	31.03.2011	31.03.2010
1.	Remuneration paid to Key managerial personnel	1.64	3.09
2.	Loans given to Related Party Companies	34.49	0.87
3.	Receipt from Related Party Companies	27.27	--
4.	Loans given to the Company having substantial interest in voting power	4.39	3.65
5.	Receipt from the Company having substantial interest in voting power.	--	0.26
6.	Advances/Repayment to Relatives of Key Managerial Personnel	--	0.10
7.	Printing & Stationery`	51,352	47,631
8.	Telephone Expenses	64,418	34,430
9.	Professional Fees	14,87,503	11,32,502
10.	Rent paid	90,000	1,05,000

#### 14. EARNINGS PER SHARE

	31.03.2011 (Rs.)	31.03.2010 (Rs.)
Net Profit attributable to equity shareholders	12,28,325	53,93,778
Weighted Average no. of shares	45,27,890	45,27,890
Basic E.P.S.	0.27	1.19
Face Value of Equity Shares	10	10

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

16. Previous year's figures are regrouped/ rearranged wherever found necessary.

As per our attached report of even date

**For and on behalf of Board of Directors**

**For APTE & CO.**

Chartered Accountants

Firm Regn. No. 111925W

Jayant Apte

Partner

Membership No. 035494

PLACE :Mumbai

DATED : 25th August, 2011

Pradip R.Shroff- Managing Director

Manoj T. Shroff - Director

Khurshid Shaikh - Director

PLACE :Mumbai

DATED : 25th August, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I	<b>Registration details</b>			
	Registration No.	37218	State Code	11
	Balance Sheet Date	31.03.2011		
II	<b>Capital raised during the year (Amount in Rs. Thousands)</b>			
	Public Issue	Nil	Rights Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III	<b>Position of mobilisation and deployment of funds (Amount in Rs. Thousands)</b>			
	<b>Total Liabilities</b>	<b>67900</b>	<b>Total Assets</b>	<b>67900</b>
	<b>Sources of funds</b>			
	Paid up Capital	45381	Reserves & Surplus	22519
	Secured Loans	Nil	Unsecured Loans	Nil
	<b>Application of Funds</b>			
	Net Fixed Assets/Capital work in progress	2287	Stock in trade	47921
	Deferred Tax Asset	249		
	Net Current Assets	17,443	Accumulated Loss	-
	IV	<b>Performance of Company (Amount in Rs. Thousands)</b>		
Turnover		9222	Total Expenditure	7428
+ - Profit/Loss Before Tax		1794	+ - Profit/Loss After Tax	1230
V	<b>Generic Names of three Principal Products /Services of Company</b>			
	Item Code No.(ITC Code)	NA	Product Designation	Consultancy Services

As per our attached report of even date

**For APTE & CO.**

Chartered Accountants  
Firm Regn. No. 111925W

Jayant Apte  
Partner  
Membership No. 035494

PLACE :Mumbai  
DATED : 25th August, 2011

**For and on behalf of Board of Directors**

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

PLACE :Mumbai  
DATED : 25th August, 2011

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011</b>		
A	<b>CASH FLOW OPERATING ACTIVITIES</b>	(Rs. in lacs)
	NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	17.94
	<b>Adjustments for :</b>	
	Depreciation	2.16
	Reduction in value of Investments	0.11
	Provision for taxation	(6.10)
	Provision for Deferred Tax	0.46
	Prior period expenses	(0.01)
		<u>3.38</u>
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>14.56</u>
	<b>Adjustments for :</b>	
	(Increase)/Decrease in Sundry Debtors	34.05
	(Increase)/Decrease in Loans and Advances	(25.21)
	(Increase)/Decrease in Bank Deposits	11.00
	Increase(Decrease) in Current Liabilities	(10.98)
	<b>Net Cash flow from operating activities</b>	<u>8.86</u>
		<u>23.42</u>
B	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
	Purchase of Fixed Assets	(0.09)
	Purchase of Investments/Stock in trade	(22.29)
	Cost of Investments sold	5.64
	Increase in Deferred Tax Assets	(0.46)
	<b>Net Cash flow from Investing Activities</b>	<u>17.20</u>
	<b>NET INCREASE IN CASH AND EQUIVALENTS (A+B)</b>	6.22
	Opening Balance of Cash	10.74
	Closing Balance of Cash	16.96

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

Pradip R. Shroff  
Managing Director

PLACE : MUMBAI  
DATED : 25th August, 2011

We have examined the attached Cash Flow Statement of V.B.Desai Financial Services Limited, for the period ended 31st March 2011. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the Stock Exchange and is based on and derived from the audited accounts of the Company for the period ended 31st March 2011.

**For APTE & CO.**  
Chartered Accountants  
Firm Reg. No. 111925W

PLACE : MUMBAI  
DATED : 25th August, 2011

Jayant Apte  
Partner  
Membership No. 35494



## V. B. DESAI FINANCIAL SERVICES LIMITED

Registered Office : Cama Bldg, 1st Floor, 24/26, Dalal Street, Mumbai - 400 001

25th Annual General Meeting on 22nd September, 2011 at 10.30 a.m.

### ATTENDANCE SLIP

Joint Shareholders may obtain additional Attendances Slips on request.

Folio No./ Client ID	Name & Address of the Shareholder	Shareholder's Signature	If proxy, sign here

I hereby record my presence at the 25th Annual General meeting of Members of the Company at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushroo Dubash Marg, Mumbai - 400 001 on 22nd September, 2011.

#### Note

- Please complete this attendance slip and hand it over at the entrance of the meeting place.
- Joint Shareholders may obtain additional attendance slips on request.

## V. B. DESAI FINANCIAL SERVICES LIMITED

Registered Office : Cama Bldg, 1st Floor, 24/26, Dalal Street, Mumbai - 400 001

### PROXY

L. F. NO./ Client ID

No.of Shares

DP Name

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member/members of V. B. DESAI FINANCIAL SERVICES LTD  
appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 25th Annual  
General Meeting of the Company to be held at 10.30 a m. on Thursday, the 22nd September, 2011 and  
at any adjournment, thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Affix  
Re.1  
Revenue  
Stamp

(Signature of the shareholder)

Note : The Proxy Form must be returned so as to reach the Registered Office of the Company not less than 48 hours before holding the aforesaid meeting.



BOOK - POST

To,

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If undelivered please return to:

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

*Cama Building, 1st floor,*

*24/26, Dalal Street. Fort*

*Mumbai - 400 001*