

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

**32ND  
ANNUAL REPORT  
2017-2018**



## V. B. DESAI FINANCAL SERVICES LIMITED

CIN L74120MH1985PLC037218

### BOARD OF DIRECTORS

Mr. Samir R. Dedhia- Chairman (DIN 06864567)  
 Mr. Pradip R. Shroff - Managing Director (DIN 00286291)  
 Mr. Manoj T. Shroff (DIN 00330560)  
 Mr. Khurshid Shaikh (01450745)  
 Mr. Hemendra J. Shroff (DIN 00286509)  
 Mrs. Rachana S. Vijayakar (DIN 03317373)

### Chief Financial Officer

Mr. Shashank S. Vijayakar

### Company Secretary & Compliance Officer

Mr. Kamlesh M. Gagvani

### 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

CONTENTS	Page No.
Board of Directors	3
Notice	4
Directors' Report	9
Secretarial Audit Report	12
Extract of Annual Return	14
Auditors' Report	25
Balance Sheet	28
Profit & Loss Account	29
Cash Flow Statement	30
Corporate Information	32
Notes forming part of the Financial Statements	34

### 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 Thirty Second Annual General Meeting of the Members of V. B Desai Financial Services Limited will be held at Cama Building, 1<sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001 on Saturday, the 22nd September, 2018 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 31<sup>st</sup> March, 2018 and the Balance Sheet as on that date and the reports of Auditors and Directors thereof.
2. To appoint a Director in place of Mrs. Rachana S. Vijayakar (DIN 03317373), who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment.
3. 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.
4. To appoint statutory auditors of the Company and fix their remuneration

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. N.S. Shetty & Co., Chartered Accountants (Firm Registration No. 110101W), be appointed as statutory auditors of the Company, in place of retiring auditors M/s. A.N. Damania & Co., Chartered Accountants (Firm Registration No. 102077), to hold office from the conclusion of this Annual General Meeting (AGM) for a period of 5 years, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.”

#### SPECIAL BUSINESS: RE-APPOINTMENT OF MR. PRADIP R. SHROFF (DIN: 00286291) AS MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER.

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

“RESOLVED THAT pursuant to provisions of provisions of Section 196, 197, 198 and any other applicable provisions, if any, of the Companies Act, 2013, the relevant rules made thereunder read with Schedule V of the said Act (including any statutory modifications and reenactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded for the reappointment of Mr. Pradip R.

Shroff (DIN: 00286291) as Managing Director and Chief Executive Officer of the Company for a further period of five years with effect from 15<sup>th</sup> July 2018, on the terms and conditions as agreed between Mr. Pradip Shroff and the Company, salient features of which are specified in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to this Notice, with liberty to the Board of Directors to vary the terms including increase in remuneration within the limits prescribed under the Act and as may be mutually agreed to by and between Mr. Pradip Shroff and the Company from time to time.

RESOLVED FURTHER THAT where in any financial year during the currency of his tenure, the Company has no profits or inadequate profits, Managing Director shall be paid the minimum remuneration as may be determined and such minimum remuneration shall not exceed the limit prescribed under Section II, Part II of Schedule V of the Companies Act, 2013.

**By the order of the Board of Directors**

Kamlesh M. Gagavani  
Company Secretary

#### REGISTERED OFFICE

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

DATED: August 13, 2018.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following is the Explanatory Statement as required by Section 102 of the Companies Act, 2013, sets out all material facts relating to Special Business mentioned in the Notice for convening the Annual General Meeting of the members of the Company:

#### ITEM NO. 5

The Nomination and Remuneration Committee of the Board pursuant to the provisions of Section 178 of the Companies Act, 2013, the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V to the Companies Act, 2013 and the applicable Regulation(s) of the Listing Regulations, have recommended re-appointment of Mr. Pradip R. Shroff as the Managing Director and Chief Executive Officer of the Company, for a period of five consecutive years with effect from 15<sup>th</sup> July 2018, subject to approval of the Members of the Company at the forthcoming Annual General Meeting.

If appointed, Mr. Pradip Shroff will attain the age of 70 years in the month of April 2021. Under the provisions of Section 196 (3) (a) of the Companies Act, 2013, the Company seeks consent of the members by way of special resolution for continuation of holding of existing office by Mr. Pradip Shroff after the age of 70 years during the currency of his term of appointment.

Except Mr. Pradip R. Shroff, none of the other Directors or key managerial personnel of the Company or their relatives are concerned or interested, in resolution No. 5. The Board therefore recommends the special resolutions for your approval. The term, remuneration and perquisites are given below:

- 1) Term of appointment: - Five years with effect from 15<sup>th</sup> July 2018.
- 2) Salary: 40,000/- (Rupees Forty thousand only) per month payable monthly. The annual increment will be decided by the Board of Directors of the Company.
- 3) Perquisites:
  - a. Contributions to Provident Fund, Superannuation Fund or Annuity Fund to the extent singly or taken together are not taxable under the Income Tax Act, 1961.
  - b. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c. Encashment of Leave at the end of the tenure.
- 4) General:
  - a. The perquisites shall be valued in terms of the actual expenditure. However, where such actual expenditure cannot be ascertained, such perquisites shall be valued as per the Income Tax Rules.

- b. MD shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a Member.
- c. MD shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company.

#### Statement under Secretarial Standard on General Meetings (SS-2)

Mr. Pradip Shroff (aged 67 years) is a Commerce graduate (hons) from Mumbai University and Fellow Chartered Accountant (FCA). He was the Chief Executive Officer of the Company till 14<sup>th</sup> November 1988 and was appointed as Managing Director with effect from 15<sup>th</sup> November 1988. Since then Mr. Pradip Shroff was re-appointed as Managing Director on expiry of the appointed periods.

Mr. Pradip Shroff hold directorship in Deep Industrial Finance Limited, Mahimna Mercantile Credits Limited, Neptune Steel Strips Limited, Pearl Housing Finance Limited, Shriyam Auto-Fin Limited, Som Holdings & Trading Co. Pvt. Ltd. Traitrya Construction Finance Limited, Value Corp Securities and Finance Limited & Vishvakarma Equipment Finance Limited. He does not hold Committee Membership in other Companies. Brief profile of Mr. Pradip Shroff is also given in Annexure-A forming part of Notice.

The Board recommends Resolution No. 5 as a Special Resolution for approval by the Members of the Company at the forthcoming AGM.

**By the Order of the Board of Directors**

Kamlesh M. Gagvani  
Company Secretary

#### REGISTERED OFFICE

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

DATED: August 13, 2018.

#### 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

## V. B. Desai Financial Services Limited

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 32nd 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 32nd 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 32nd Annual General Meeting and the Annual Report for 2017-18 will also be available on the Company's website [www.vbdesai.com](http://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](mailto:info@vbdesai.com)

### 6. Voting through electronic means

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 32nd 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 shareholders voting electronically are as under:**

- (i) The voting period begins on 19<sup>th</sup> September 2018 at 10.00 am and ends on 21<sup>st</sup> September 2018 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 15<sup>th</sup> September 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.

- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the **EVSN 180813023** with Company name of V.B. Desai Financial Services Limited on which you choose to vote.
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- b. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- c. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- d. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- e. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- f. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to [https:// www.evotingindia.co.in](https://www.evotingindia.co.in) and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- g. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
7. 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 of 15<sup>th</sup> September 2018.
8. 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 physical ballot voting.
9. Mr. N. Hariharan of N. Hariharan and Company, Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the physical voting and remote e-voting process in a fair and transparent manner.
- The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.vbdesai.com](http://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.
10. 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.
11. 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.
- The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.vbdesai.com](http://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.

## V. B. Desai Financial Services Limited

12. 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.
13. The Register of members and Share Transfer Books of the Company will be closed from 17th September 2018 to 21st September 2018 (both days inclusive).
14. Members are requested to please bring their copies of the Annual Report to the Meeting.

### **ANNEXURE –A**

Brief Profile / Disclosure Relating to Directors Re-appointed pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings:

#### **1) Mrs. Rachana S. Vijayakar**

DIN & Date of Birth	03317373 - 02/11/1969
Qualification	B.A
Experience in specific area	Mrs. Rachana Vijayakar is in Accounting profession having knowledge in Financial sector.
Directorship in other Companies	Pearl Housing Finance (I) Ltd. Vishvakarma Equipment Finance Ltd. Neptune Steel Strips Limited Afamado Fashions Pvt. Ltd. First Native Consultancy Pvt. Ltd.
Committee positions held in other Companies	Nil
No. of shares held in the Company	Nil

#### **2) Mr. Manoj T. Shroff**

DIN & Date of Birth	00330560 - 10/10/1966
Qualification	B.Com
Experience in specific area	Has more than 28 years' experience in Financial consultancy, Investment Banking, and other related business.
Directorship in other Companies	Northstar Software Solutions Pvt. Ltd. Mahimna Mercantile Credits Ltd Archway Services Pvt. Ltd. Merican Funds Limited Elder IT Solutions Pvt. Ltd. Guru Holding Private Limited Pearl Housing Finance (I) Ltd.
Committee positions held in other Companies	Nil
No. of shares held in the Company	800

#### **3) Mr. Pradip R. Shroff**

DIN & Date of Birth	00286291 - 19/04/1951
Qualification	B.Com (Hons), FCA
Experience in specific area	Mr. Pradip R. Shroff has more than 42 years' experience in Investment Banking and other related business.
Directorship in other Companies	Deep Industrial Finance Limited, Mahimna Mercantile Credits Limited, Neptune Steel Strips Limited, Pearl Housing Finance Limited, Shriyam Auto-Fin Limited, Som Holdings & Trading Co. Pvt. Ltd. Traitya Construction Finance Limited, Value Corp Securities and Finance Limited Vishvakarma Equipment Finance Limited
Committee positions held in other Companies	Nil
No. of shares held in the Company	4206



## DIRECTORS' REPORT

The Directors present their 32nd Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31<sup>st</sup> March, 2018.

### FINANCIAL RESULTS

(Rs. In lakhs)

Particulars	For the year ended on 31/03/2018	For the previous year ended on 31/03/2017
Gross Income	145.46	115.91
Profit (before interest, depreciation & taxation)	25.17	17.33
Financial charges	0.10	1.37
Depreciation	3.37	3.14
Profit before profit	21.70	12.82
Provision for taxation for current year	7.79	3.18
Deferred Tax	(1.19)	(0.35)
Income tax of earlier years/ MAT credit	7.32	(3.82)
Other comprehensive income	0.17	(0.92)
Profit after adjustments	7.93	12.89
Profit/(Loss) carried to Balance Sheet	7.93	12.89
APPROPRIATIONS / TRANSFERS		
Profit/(loss) carried to Balance Sheet	7.93	12.89

### Dividend

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

### Performance review

During the year under review, earning of overall income has improved at Rs. 145.46 lakhs compared to Rs. 115.91 lakhs to previous year. However, during the year the net profit after tax, adjustments and Other comprehensive income/expenses under the Accounting Standard (Ind AS) applicable was Rs. 7.93 lakhs against Rs. 12.89 lakhs in 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 thereon 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.

### Related Party Transactions

During the financial year ended 31<sup>st</sup> March 2018, all transactions with the Related Parties as defined under the Companies Act, 2013 read with Rules framed thereunder were in the ordinary course of business and at arm's length basis. Your Company does not have a 'Material Subsidiary' as defined under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'].

During the year under review, your Company did not enter into any Related Party Transactions which require prior approval of the Members. The Members at their meeting held on 23<sup>rd</sup> September 2017 have given approval to the Directors of the Company to enter into transactions for Rs. 3 crores each with 2 Related Parties listed. All Related Party Transactions of your Company had prior approval of the Audit Committee

## V. B. Desai Financial Services Limited

---

and the Board of Directors, as required under the Listing Regulations. There has been no materially significant Related Party Transactions having potential conflict with the interest of the Company during the year under review.

All Related Party Transactions entered into by your Company were in the ordinary course of business and also on an arm's length basis, therefore details required to be provided in the prescribed Form AOC - 2 is not applicable to the Company. Necessary disclosures required under the Ind AS 24 have been made in Notes to the Financial Statements for the year ended on 31st March, 2018.

### **Auditors & auditor's report**

The Company's Auditors M/s. A.N. Damania & Co., Chartered Accountants will retire at the forthcoming annual General Meeting. As per Section 139(2) of the Companies Act, 2013, M/s. A.N. Damania & Co. has completed 5 years from the date of appointment. M/s. N. S. Shetty & Co., Chartered Accountants, are proposed to be appointed as new auditors for a period of 5 years from conclusion of this 32nd Annual General Meeting till conclusion of 37<sup>th</sup> Annual General Meeting subject to ratification by members every year, as may be applicable.

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 appointment. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

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 absorption 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.

### **Board of Directors, Board and Audit Committee Meetings:**

Your Company's Board is duly constituted and is in compliance with the requirements of the Companies Act, 2013, the Listing Regulations and provisions of the Articles of Association of the Company. During the year under review, a total of five

Meetings of the Board of Directors and four meetings of Audit Committee held and details of Meetings held during the financial year 2017-18 have been provided in the Corporate Governance Report which forms part of this Annual Report

Mrs. Rachana S. Vijayakar and Mr. Manoj T. Shroff Directors of the Company shall retire by rotation at the forthcoming Annual General Meeting and offer themselves for re-appointment. Mr. Pradip R. Shroff has been re-appointed by the Board as Managing Director & Chief Executive Officer for 5 years with effect from 15<sup>th</sup> July 2018. A brief profile along with necessary disclosures of retiring Directors and re-appointed Managing Director has been annexed to the Notice convening the ensuing AGM and forms an integral part of this Annual Report. Your Board recommends re-appointment of Mrs. Rachana S. Vijayakar and Mr. Manoj T. Shroff as a Directors liable to retire by rotation and Mr. Pradip R. Shroff as Managing Director & Chief Executive Officer of the Company.

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 and Regulation 16(1)(b) of the Listing Regulations and there is no change in their status of Independence.

### **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.

### **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.

### Policy on prevention of sexual harassment of women at workplace

The Company has adopted a Policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. Your Company is committed to provide a safe and secure environment to its women employees across its functions and other women stakeholders, as they are considered as integral and important part of the Organization.

An Internal Complaints Committee (ICC) with requisite number of representatives has been set up to redress complaints relating to sexual harassment, if any, received from women employees and other women associates. All employees (permanent, contractual, temporary, trainees) are covered under this policy, which also extends to cover all women stakeholders of the Company.

The following is a summary of sexual harassment complaints received and disposed off satisfactorily during the financial year ended March 31, 2018:

- Number of complaints received: Nil
- Number of complaints disposed off: Nil

### 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.

### 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. N. Hariharan, 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 SEBI Listing Regulation 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.

### Compliance with secretarial standards on board and

### general meetings

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI)

### 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:

- a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) 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;
- c) 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.
- d) the Directors have prepared the Annual Accounts on a going concern basis; and
- e) 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.
- f) 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 : August 13, 2018

Form No. MR-3

### SECRETARIAL AUDIT REPORT for the financial year ended 31st March 2018

[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 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, 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 2017 to 31st March 2018, 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 2018, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable to the Company during the financial year)
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (not applicable to the Company during the financial year)
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the financial year)
- (g) 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;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable to the Company during the financial year) and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the financial year)
- (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.

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: NIL

#### 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.

**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.

**N. HARIHARAN**

Practicing Company Secretary  
Membership No. 559;  
Certificate of Practice No. 7119

Place: Mumbai

Date: August 7, 2018

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

My 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 as 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.

**N. HARIHARAN**

Practicing Company Secretary  
Membership No. 559;  
Certificate of Practice No. 7119.

Place: Mumbai

Date: August 7, 2018.

## V. B. Desai Financial Services Limited

**Annexure A to the Directors Report**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31/03/2018**

[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, 1<sup>st</sup> 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	64990	84.26%
2	Interest Income	64990	15.74%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

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

S.No.	Name and Address of the Company	CIN/GLN	Holding/subsidiary/ associate	% of shares held	Applicable section
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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ Hindu Undivided Family	659056	100	659156	14.56	674466	0	674466	14.90	
b) Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	
c) Bodies Corporate	1229499	0	1229499	27.16	1229599	0	1229499	27.15	
d) Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	
<b>Sub Total(A)(1)</b>	<b>1888555</b>	<b>100</b>	<b>1888655</b>	<b>41.72</b>	<b>1904065</b>	<b>0</b>	<b>1904065</b>	<b>42.05</b>	
<b>Foreign</b>									
a) NRI Individuals/ Other Individuals)	0.00	0.00	0	0.00	0.00	0.00	0	0.00	
b) Bodies Corporate	0.00	0.00	0	0.00	0.00	0.00	0	0.00	
d) Any Others(Specify)	0.00	0.00	0	0.00	0.00	0.00	0	0.00	
<b>Sub Total(A)(2)</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>1888555</b>	<b>100</b>	<b>1888655</b>	<b>41.72</b>	<b>1904065</b>	<b>0.00</b>	<b>1904065</b>	<b>42.05</b>	

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>B. Public shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/ UTI	0	0	0	0.00	0	0	0	0.00	
b) Financial Institutions ' Banks	200	0	200	0.00	200	0	200	0.00	
c) Central/ State Government	0	0	0	0.00	0	0	0	0.00	
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	
f) Foreign Portfolio Investors	0	0	0	0.00	50216	0	50216	0.00	
<b>Sub-Total (B)(1)</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>0.00</b>	<b>50416</b>	<b>0</b>	<b>50416</b>	<b>1.11</b>	
<b>Non-institutions</b>									
a) Bodies Corporate	185443	30090	215533	4.76	136378	30090	166468	3.67	
i) Indian									
ii) Overseas	0		0	0	0		0	0	
b) Individuals -i. Individual shareholders holding nominal share capital up to Rs 2 lakh	1398892	390321	1789213	39.52	1434050	381361	1815411	40.10	
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.	396174	130000	526174	11.62	491136	0	491136	10.85	
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	
NRI (Repat & Non Repat)	8670	0	8670	0.19	8670	0	8670	0.19	
Trust	15310	0	15310	0.34	0	0	0	0.00	
Hindu Undivided Family	35985	0	35985	0.79	62428	0	62428	1.38	
Clearing Members	48150	0	48150	1.07	29296	0	29296	0.65	
<b>Sub-Total (B)(2)</b>	<b>2088624</b>	<b>550411</b>	<b>2639035</b>	<b>58.28</b>	<b>2161958</b>	<b>411451</b>	<b>2573409</b>	<b>56.84</b>	
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2088824</b>	<b>550411</b>	<b>2639235</b>	<b>58.28</b>	<b>2212374</b>	<b>411451</b>	<b>2623825</b>	<b>57.95</b>	
<b>TOTAL (A)+(B)</b>	<b>3977379</b>	<b>550511</b>	<b>4527890</b>	<b>100.00</b>	<b>4116439</b>	<b>411451</b>	<b>4527890</b>	<b>100.00</b>	
<b>C. Shares held by Custodians for GDR &amp; ADRs</b>	0.00	0	0	0.00	0.00	0	0	0.00	
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>3977379</b>	<b>550511</b>	<b>4527890</b>	<b>100.00</b>	<b>4116439</b>	<b>411451</b>	<b>4527890</b>	<b>100.00</b>	

(ii) Shareholding of Promoters

S. 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	
1	PRADIP R. SHROFF	4252	0.09	0.00	4252	0.09	0	0
2	JITENDRA R. SHROFF HUF	90988	2.01	0.00	90988	2.01	0	0
3	JITENDRA R. SHROFF	0	0	0.00	15310	0.34	0	+0.34
4	MUKESH THAKORLAL SHROFF	158946	3.51	0.00	158946	3.51	0	0
5	DHARTI J SHROFF	261041	5.77	0.00	261041	5.77	0	0
6	RAKSHA PRADIP SHROFF	7792	0.17	0.00	7792	0.17	0	0
7	THAKORLAL R. SHROFF	14421	0.32	0.00	14421	0.32	0	0
8	GIRISH RATILAL SHROFF	1200	0.03	0.00	1200	0.03	0	0
9	JYOTI GIRISH SHROFF	2950	0.07	0.00	2950	0.07	0	0
10	RAJ PRADIP SHROFF	800	0.02	0.00	800	0.02	0	0
11	RAJ PRADIP SHROFF HUF	27923	0.62	0.00	27923	0.62	0	0

## V. B. Desai Financial Services Limited

S. 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	
12	PURVI RAJ SHROFF	12000	0.27	0.00	12000	0.27	0	0
13	HEMENDRA J. SHROFF	3006	0.09	0.00	3006	0.07	0	0
14	HEMENDRA J. SHROFF HUF	1200	0.00	0.00	1200	0.02	0	0
15	MANOJ THAKORLAL SHROFF	800	0.02	0.00	800	0.02	0	0
16	SATYAM P. SHROFF HUF	25189	0.56	0.00	25189	0.56	0	0
17	PINKI MUKESH SHROFF	3000	0.07	0.00	3000	0.07	0	0
18	ALPA J. SHROFF	38217	0.84	0.00	38217	0.84	0	0
19	BINDU S MARFATIA	5431	0.12	0.00	5431	0.12	0	0
20	AARAYAA FINSTOCK PVT LTD	9257	0.21	0.00	9257	0.20	0	0
21	DESAI INVESTMENTS PVT. LTD.	771607	17.04	0.00	771607	17.04	0	0
22	NEPTUNE STEEL STRIPS LIMITED	104520	2.31	0.00	104520	2.31	0	0
23	SOM HOLDING & TRAD CO. PVT LTD.	194215	7.60	0.00	194215	4.29	0	0
24	DESAI INDUSTRIAL FINANCE PVT. LTD.	150000	3.31	0.00	150000	3.31	0	0

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

S.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	
		No. of shares	% of total shares	No. of shares	No. of shares	No. of Shares	% of total shares
1	JITRENDRA R. SHROFF	0	0	15310	15310	15310	0.34

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

S.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	
		No. of shares	% of total shares	No. of shares	No. of shares	No. of Shares	% of total shares
1	NITIN KOHLI	130000	2.87	-130000	130000	0	0
2	DEV ASHOK KARVAT	0	0	93738	93738	93738	2.07
3	SRIHARI SIRDESHPANDE	76700	1.69	0	76700	76700	1.69
4	KRUTI CAPITAL SERVICES PVT. LTD.	65000	1.44	0	65000	65000	1.44
5	SHREEKANT JAVALGEKAR	57000	1.26	0	57000	57000	1.26
6	SPARROW ASIA DIVERSIFIED OPPORTUNITIES FUND	0	0	50216	50216	50216	1.11
7	SNEHALATA SINGHI	38326	0.85	-38326	38326	0	0.00
8	HARSHA HITESH JAVERI	43000	0.94	0	43000	43000	0.94
9	HITESH RAMJI JAVERI	0	0	39550	39550	39550	0.87
10	NIRMAL BANG SECURITIES PVT. LTD.	40000	0.88	-40000	40000	0	0.00
11	ASHA SHREEKANT JAVALGEKAR	37825	0.84	0	37825	37825	0.84
12	MILIND KRISHNAJI KULKARNI	37000	0.82	0	37000	37000	0.82
13	JIGNASHA GIRISH DAMANIA	0	0	34000	34000	34000	0.75



(v) Shareholding of Directors and Key Managerial Personnel:

S.No.		Shareholding at the beginning of the year		Buy/ sold & during the year	Cumulative Shareholding during year	At the end of year	
		No. of shares	% of total shares	No. of shares	No. of shares	No. of Shares	% of total shares
1	PRADIP RATILAL SHROFF	4252	0.09	0	4252	4252	0.09
2	MANOJ THAKORLAL SHROFF	800	0.02	0	800	800	0.02
3	HEMENDRA J. SHROFF	4200	0.09	0	4206	4206	0.09
4	KAMLESH M. GAGAVANI	506	0.02	0	506	506	0.02

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	Rs. 3,00,000/-	Rs. 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)	Rs. 3,00,000/-	Rs. 3,00,000/-
	Ceiling as per the Act	Rs. 60,00,000/-	Rs. 60,00,000/-

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	<b>Independent Directors</b>						
	Fee for attending board committee meetings		16,000		18,000	12,000	46,000
	Commission		0		0	0	0
	Others, please specify		0		0	0	0
	Total (1)		16,000		18,000	12,000	46,000

## V. B. Desai Financial Services Limited

2	<b>Other Non-Executive Directors</b>						
	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
	<b>Total (B)=(1+2)</b>	<b>12000</b>	<b>16,000</b>	<b>8,000</b>	<b>18,000</b>	<b>12,000</b>	<b>66,000</b>
	Total Managerial Remuneration	3,00,000					3,00,000
	Overall Ceiling as per the Act						60,00,000

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	Nil	182400	477300	659700
	(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	182400	477300	659700

### 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)
<b>(A) COMPANY (B) DIRECTORS (C) OTHER OFFICERS IN DEFAULT</b>					
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 is 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 31/3/2018, five board meetings were held on 30/05/2017, 22/08/2017, 14/09/2017, 14/12/2017 & 14/02/2018.

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/ LLP	Directorship in public Companies	Committee Memberships	Committee Chairmanships	
Mr. Samir R. Dedhia	5	Yes	0	0	0	0	Rs. 18000
Mr. Pradip Shroff	5	Yes	1	8	0	0	Rs. 0
Mr. Manoj Shroff	5	Yes	4	3	0	0	Rs. 12000
Mr. Khurshid Shaikh	5	Yes	1	0	0	0	Rs. 16000
Mr. Hemendra J. Shroff	5	Yes	8	2	0	0	Rs. 8000
Mrs. Rachana S. Vijayakar	5	Yes	2	3	0	0	Rs. 12000
Total							Rs. 66000

#### c) Brief Note on the Directors seeking appointment/ re-appointment at the 32nd 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.

#### d) Remuneration of Directors

The Company has during the year paid Rs. 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.

## V. B. Desai Financial Services Limited

### 3. AUDIT COMMITTEE

The scope of activities and powers of Audit Committee includes the areas prescribed under the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, 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 30/05/2017, 14/09/2017, 14/12/2017 & 14/02/2018.

### 4. NOMINATION AND REMUNERATION COMMITTEE

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, the Nomination and Remuneration Committee consists Mr. Khurshid Shaikh as the Chairman and Mr. Samir R. Dedhia 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.

### 5. STAKEHOLDERS 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.

### 6. RISK MANAGEMENT COMMITTEE

The Board of Directors has voluntarily constituted a Risk Management Committee consisting two Members of the Board of Directors. Mr. Pradip R. Shroff, Managing Director is the Chairman and Mr. Hemendra J. Shroff as Member of the Committee.

### 7. PERFORMANCE EVALUATION OF THE BOARD

Based on the inputs on aspects under the provisions of the Companies Act, 2013 and under the SEBI Listing Regulation 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.

### 8. GENERAL BODY MEETINGS

Date	AGM/EGM	Location	Time	No. of Special Resolution
23.09.2017	AGM	Registered Office at Cama Building, 1 <sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001	11.00 a.m	2
10.09.2016	AGM	Registered Office at Cama Building, 1 <sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001	11.00 a.m	Nil
23.09.2015	AGM	Registered Office at Cama Building, 1 <sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001	11.00 a.m	Nil

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.

**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	22nd September, 2018 at 11.00 a. m Registered Office at Cama Building, 1 <sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001
ii	Financial Year	1 <sup>st</sup> April 2017 - 31 <sup>st</sup> March, 2018
iii	Date of Book closure	18.09.2018 to 21.09.2018
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 2018-19
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 2017 -2018 on BSE Limited**

Month	High – Rs.	Low – Rs.	BSE Sensex
April 2017	11.59	9.78	29918.40
May 2017	10.92	8.70	31145.80
June 2017	11.14	8.51	30921.61
July 2017	13.16	10.00	32514.94
August 2017	13.42	10.11	31730.49
September 2017	13.94	10.83	31283.72
October 2017	14.82	11.45	33213.13
November 2017	14.00	11.81	33149.35
December 2017	13.70	11.83	34056.83
January 2018	13.65	10.39	35965.02
February 2018	12.69	11.21	34184.04
March 2018	12.49	10.52	32968.68

## V. B. Desai Financial Services Limited

### 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 31<sup>st</sup> March 2018

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,166	638879	14.11
501 - 1000	281	221202	4.59
1001 - 2000	144	211427	4.67
2001 - 3000	45	117800	2.60
3001 - 4000	38	134384	2.97
4001 - 5000	23	108336	2.39
5001 - 10000	49	345393	7.63
10001 and above	46	2750469	60.75
<b>TOTAL</b>	<b>4,792</b>	<b>4527890</b>	<b>100.00</b>

### Shareholding pattern as on 31<sup>st</sup> March 2018

SR.NO	CATEGORY	NO.OF SHARES HELD	% OF SHARE-HOLDING
1.	Promoters Holding		
2.	-Indian Promoters and Persons Acting in concert	1904065	42.05
3.	Mutual Funds	--	--
4.	Banks & Financial Institutions/FPI	50416	1.11
5.	Bodies Corporates/LLP	166468	3.68
6.	NRIs/OCBs	8670	0.19
7.	Clearing Members	29296	0.65
8.	Hindu Undivided Family	62428	1.38
	Indian Public	2306547	50.94
	<b>TOTAL</b>	<b>4527890</b>	<b>100.00</b>

### Dematerialization of shares

As on 31<sup>st</sup> March 2018, 90.91% of the Company's total shares represented by 41,16,439 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, 1<sup>st</sup> 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 31<sup>st</sup> March, 2018.

Pradip R. Shroff  
Managing Director

Mumbai  
Dated: May 30, 2018.

---

## COMPLIANCE CERTIFICATE

**[Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]**

The Board of Directors

V.B. Desai Financial Services Limited

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that there is no:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein; if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For V.B. Desai Financial Services Limited

Pradip R. Shroff  
Managing Director

Shashank S. Vijayakar  
Chief Financial Officer

Date: May 30, 2018

---

## 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 conditions of corporate governance by V.B. Desai Financial Services Limited ("the company") for the year ended on 31<sup>st</sup> March, 2018, as specified in Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

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,

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the company has complied with conditions of corporate governance as specified in Chapter IV of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

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

**Ashvin Damania**  
Membership No. 040166  
Proprietor

Place: MUMBAI  
Date: May 30, 2018.

---

### 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.

Securities and Exchange Board of India (SEBI) regulates capital market through the process of registering intermediaries and framing rules and regulations for each activity involving capital market functions. Your Company is one of the capital market intermediaries registered with SEBI as Category I Merchant Banker. The requirement of having trained personnel and infrastructure at various registered intermediaries is being implemented by SEBI which is helping the intermediaries to remain up-to-date in tune with global market conditions.

#### Industry structure and developments

The main activities of the Company are Merchant Banking and related activities. In the Merchant Banking activities, the Company mainly engaged in valuation, ESOP Advisory, merger and acquisition, buy back and manage initial public offerings. A positive economic and a conducive business and regulatory environment is expected to provide growth opportunities for Merchant Banking activities. 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

A positive economic and a conducive business and regulatory environment is expected to provide growth opportunities for Merchant banking business. Your Company being a Financial Services Company (Merchant Banking and related activities), the Company seeks opportunities in share valuation, ESOP valuation and in capital market. The recent amendment in Rule 11UA allows only Merchant Bankers to calculate the fair value of shares issued by unlisted companies for the purpose of Section 56(2) (viiib). This will provide 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. The income of the Company comprises of fees received on advisory services in the Merchant Banking, Valuation and ESOP Advisory.

#### 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

Risk is an integral part of the business. Today financial services companies operate in increasingly complex, competitive and continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly 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 : May 30, 2018



## 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 **31<sup>st</sup> March 2018**, and the statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder. 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 2018 and its profit, total comprehensive income, its cash flows and the changes in equity 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 including other comprehensive income, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
  - (e) on the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - (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, as amended, 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

Mumbai  
30<sup>th</sup> May 2018

### Annexure - A to the Auditor's Report

**The Annexure referred to in Independent Auditor's Report to the members of the V. B. Desai Financial Services Limited on the Ind AS financial statements for the year ended 31 March 2018**

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 inventories of shares/stock lying in physical form, have been verified by the management at reasonable interval. The Company is maintaining proper records of inventories (securities). No material discrepancy was noticed between physical verification of stocks and book records. No physical verification is required in case of shares/stocks held in demat form by the Company.
- (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, there are no transactions as referred to in section 185 of the Act. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of 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, goods and service tax, value added tax, cess & other material statutory dues as applicable to it and there were no such dues outstanding as at 31<sup>st</sup> March, 2018 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, goods and service tax and 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 given 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 Ind AS financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanations given 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: 30<sup>th</sup> May 2018

## 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 **31<sup>st</sup> March 2018** in conjunction with our audit of the Ind AS 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 Ind AS 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 2018, 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**

Mumbai  
30<sup>th</sup> May 2018

## V. B. Desai Financial Services Limited

### Balance Sheet As At 31st March, 2018

Particulars	Note No.	As at 31st March, 2018		As at 31st March, 2017	
		₹	₹	₹	₹
<b>ASSETS</b>					
<b>1. Non-Current Assets</b>					
(a) Property, Plant & Equipment	1	7,48,626		9,54,104	
(b) Financial Assets					
(i) Investments	2	5,44,20,643		3,43,71,449	
(ii) Trade Receivables	3	1,02,360		1,02,360	
(iii) Loans	4	1,41,769		1,66,61,200	
(iv) Other Financial Assets	5	3,61,63,167		3,39,77,720	
(c) Deferred Tax Assets (Net)	6	7,33,286		6,14,166	
(d) Other Non-Current Assets	7	3,10,482		15,12,228	
<b>Total Non-Current Assets</b>			<b>9,26,20,333</b>		<b>8,81,93,227</b>
<b>2. Current Assets</b>					
(a) Inventories	8	3,01,790		3,81,080	
(b) Financial Assets					
(i) Trade Receivables	3	10,82,600		11,45,250	
(ii) Cash and Cash Equivalents	9	6,12,871		28,44,898	
(iii) Bank Balances other than (ii) above	10	66,600		-	
(iii) Loans	4	-		20,231	
(iv) Other Financial Assets	5	14,38,912		26,36,358	
(c) Other Current Assets	7	4,91,530		3,14,646	
<b>Total Current Assets</b>			<b>39,94,303</b>		<b>73,42,463</b>
<b>Total Assets</b>			<b>9,66,14,636</b>		<b>9,55,35,690</b>
<b>1. EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share Capital	11	4,53,81,316		4,53,81,316	
(b) Other Equity	12	4,66,41,197		4,61,47,073	
<b>Total Equity</b>			<b>9,20,22,513</b>		<b>9,15,28,389</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
(a) Provisions	13	19,50,923		1,314,256	
<b>Total Non-Current Liabilities</b>			<b>19,50,923</b>		<b>13,14,256</b>
<b>2. Current Liabilities</b>					
(a) Financial Liabilities					
(i) Trade Payables	14	9,35,811		6,64,243	
(b) Other Current Liabilities	15	11,79,939		15,30,539	
(c) Provisions	13	5,25,450		4,98,263	
<b>Total Current Liabilities</b>			<b>26,41,200</b>		<b>26,93,045</b>
<b>Total Equity and Liabilities</b>			<b>9,66,14,636</b>		<b>9,55,35,690</b>
<b>See accompanying notes forming part of the financial statements</b>	23 to 28				

As Per Our Attached Report Of Even Date

**For A. N. Damania & Co.**

Chartered Accountants  
Firm Regn. No. 102077W

**Ashvin Damania**  
Proprietor  
Membership No. 040166

Place : Mumbai  
Date : 30th May, 2018

For and on behalf of the Board of Directors

**Samir R. Dedhia**  
Chairman  
DIN 06864567

**Shashank S. Vijayakar**  
Chief Financial Officer

Place : Mumbai  
Date : 30th May, 2018

**Pradip R. Shroff**  
Managing Director  
DIN 00286291

**Kamlesh M. Gagavani**  
Company Secretary

**Hemendra J. Shroff**  
Director  
DIN 00286509

Statement of Profit and Loss for the period ended 31st March, 2018

Particulars	Note No.	For the year ended	For the year ended
		31st March, 2018	31st March, 2017
		₹	₹
(I) Revenue From Operations	16	1,22,56,083	87,39,217
(II) Other Income	17	22,89,978	28,52,048
<b>(III) Total Income (I + II)</b>		<b>1,45,46,061</b>	<b>1,15,91,265</b>
<b>(IV) EXPENSES</b>			
Employee Benefits Expense	18	30,05,531	26,30,496
Finance Costs	19	10,084	1,37,272
Depreciation	20	3,37,478	3,13,795
Other Expenses	21	90,23,247	72,27,995
<b>Total Expenses</b>		<b>1,23,76,340</b>	<b>1,03,09,558</b>
<b>(v) Profit/(Loss) before exceptional items and tax (III - IV)</b>		<b>21,69,721</b>	<b>12,81,707</b>
(VI) Exceptional Items		-	-
<b>(VII) Profit before tax (V - VI)</b>		<b>21,69,721</b>	<b>12,81,707</b>
<b>(VIII) Tax Expenses</b>			
(i) Current Tax	22	15,12,316	(64,293)
(ii) Deferred Tax		(1,19,120)	(35,279)
<b>(IX) Profit/(Loss) for the year from continuing operations (VII - VIII)</b>		<b>7,76,525</b>	<b>13,81,279</b>
(X) Profit/(Loss) from discontinued operations		-	-
(XI) Tax expenses of discontinued operations		-	-
<b>(XII) Profit/(Loss) from discontinued operations after tax (X - XI)</b>		<b>-</b>	<b>-</b>
<b>(XIII) Profit/(Loss) for the year (IX + XII)</b>		<b>7,76,525</b>	<b>13,81,279</b>
(XIV) Other comprehensive income			
A. (i) Items that will not be reclassified to Profit or Loss		16,946	(92,042)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss			
B. (i) Items that will be reclassified to Profit or Loss		-	-
(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
<b>(XV) Total comprehensive income for the year (XIII + XIV)</b>		<b>7,93,471</b>	<b>12,89,237</b>
Comprising Profit/(Loss) and other comprehensive income for the year			
<b>(XVI) Earnings per equity share (for continuing operation)</b>			
(i) Basic		0.17	0.31
(ii) Diluted			

See accompanying notes forming part of the financial statements

23 to 28

As Per Our Attached Report Of Even Date

For and on behalf of the Board of Directors

For A. N. Damania & Co.

Chartered Accountants  
Firm Regn. No. 102077W

**Samir R. Dedhia**  
Chairman  
DIN 06864567

**Pradip R. Shroff**  
Managing Director  
DIN 00286291

**Hemendra J. Shroff**  
Director  
DIN 00286509

**Ashvin Damania**

Proprietor  
Membership No. 040166

**Shashank S. Vijayakar**  
Chief Financial Officer

**Kamlesh M. Gagavani**  
Company Secretary

Place : Mumbai  
Date : 30th May, 2018

Place : Mumbai  
Date : 30th May, 2018

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018**

	For the year ended		For the year ended	
	31st March, 2018		31st March, 2017	
	₹	₹	₹	₹
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Tax		21,69,721		12,81,707
<b>Adjustments for :</b>				
Depreciation	3,37,478		3,13,795	
Provision/(Reversal) for Gratuity	6,80,800		1,41,146	
Interest on Income Tax Refund	(20,163)		(1,25,835)	
Dividend Income	(6,035)		(13,015)	
Interest paid	10,084		137,272	
Profit on Sale of Investments	(3,88,070)		(11,13,752)	
		<u>6,14,094</u>		<u>(6,60,389)</u>
Operating Profit before Working Capital Changes		27,83,815		6,21,318
<b>Adjustments for :</b>				
(Increase)/Decrease in Trade Receivables	62,650		(1,94,936)	
(Increase)/Decrease in Loans and Advances & Other Current and Non-Current Assets	1,59,39,312		(26,74,949)	
Increase/(Decrease) in Liabilities & Provisions	5,84,822		17,39,355	
		<u>1,65,86,784</u>		<u>(1,130,530)</u>
		1,93,70,599		(5,09,212)
Income Tax Refund		3,56,280		8,65,668
Interest on Income Tax Refund		20,163		125,835
Income Tax Paid		(20,27,239)		(12,19,198)
Gratuity Paid		-		(5,91,980)
Dividend Income		6,035		13,015
<b>Net Cash flow from Operating Activities (A)</b>		<u>1,77,25,838</u>		<u>(13,15,872)</u>
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets		-		-
Purchase of Investments/Stock in trade		(2,26,75,000)		(3,72,83,209)
Sale of Investments		27,93,819		3,72,16,275
<b>Net Cash flow from Investing Activities (B)</b>		<u>(19,881,181)</u>		<u>(66,934)</u>
<b>C Cash Flow from Financing Activities</b>				
Interest paid		(10,084)		(1,37,272)
Short Term Borrowings		-		(7,34,042)
<b>Net Cash flow from Financing Activities (C)</b>		<u>(10,084)</u>		<u>(8,71,314)</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<u>(21,65,427)</u>		<u>(22,54,120)</u>
Cash & Cash Equivalents at the beginning of the year		28,44,898		50,99,018
Cash & Cash Equivalents at the end of the year		6,79,471		28,44,898

As Per Our Attached Report Of Even Date

**For A. N. Damania & Co.**

Chartered Accountants  
Firm Regn. No. 102077W

**Ashvin Damania**  
Proprietor  
Membership No. 040166

Place : Mumbai  
Date : 30th May, 2018

For and on behalf of the Board of Directors

**Samir R. Dedhia**  
Chairman  
DIN 06864567

**Shashank S. Vijayakar**  
Chief Financial Officer

Place : Mumbai  
Date : 30th May, 2018

**Pradip R. Shroff**  
Managing Director  
DIN 00286291

**Kamlesh M. Gagavani**  
Company Secretary

**Hemendra J. Shroff**  
Director  
DIN 00286509

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018 ( ALSO REFER NOTE 12)**

<b>A Equity Share Capital (also refer note 11)</b>		Amount ₹
Particulars	Total Equity share capital	
As at April 1, 2016	4,53,81,316	
Changes in equity share capital	-	
As at March 31, 2017	4,53,81,316	
Changes in equity share capital	-	
As at March 31, 2018	4,53,81,316	

<b>B Other Equity (also refer note 12)</b>			
Particulars	Reserves and Surplus		
	Securities Premium Account	Surplus/(Deficit) in Statement of Profit and Loss	Total
Balance as at April 1, 2016	2,12,90,975	2,35,66,862	4,48,57,837
Profit for the year	-	13,81,278	13,81,278
Other Comprehensive income/(loss) for the year,net of tax	-	(92,042)	(92,042)
Transfer to retained earnings	-	-	-
Balance as at March 31, 2017	2,12,90,975	2,48,56,098	4,61,47,073
Changes during the year	-	-	-
Premium on shares issued during the year	-	-	-
Profit for the year	-	7,76,525	7,76,525
Other Comprehensive income/(loss) for the year,net of tax	-	16,946	16,946
Balance as at March 31, 2018	2,12,90,975	2,53,50,222	4,66,41,197

As Per Our Attached Report Of Even Date

**For A. N. Damania & Co.**

Chartered Accountants  
Firm Regn. No. 102077W

**Ashvin Damania**

Proprietor  
Membership No. 040166

Place : Mumbai

Date : 30th May, 2018

For and on behalf of the Board of Directors

**Samir R. Dedhia**

Chairman  
DIN 06864567

**Shashank S. Vijayakar**

Chief Financial Officer

Place : Mumbai

Date : 30th May, 2018

**Pradip R. Shroff**

Managing Director  
DIN 00286291

**Kamlesh M. Gagavani**

Company Secretary

**Hemendra J. Shroff**

Director  
DIN 00286509

### CORPORATE INFORMATION

The Company was incorporated in the year 1985 and came out with Maiden Public Issue of Equity Shares at par in the year 1986. The Company had managed number of Public / Rights Issue of Equity / Debt of Corporates even during the period when Controller of Capital Issue (CCI) was in existence. The Company is Registered Category - I Merchant Banker with Securities and Exchange Board of India (SEBI). The Shares of the Company are Listed on Bombay Stock Exchange (BSE) since 1986. The Company is actively engaged in the Management of IPOs of SME as well as on the Main Stock Exchange (BSE). The main focus of activities of the company includes Consultancy and Valuation.

#### SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2018

##### **A Basis of Preparation of Financial Statements**

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Certain Financial Assets and Liabilities
- ii) Defined benefit plans

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP". These financial statements are the Company's first Ind AS standalone financial statements. Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

##### **B Property, Plant & Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Depreciation on property, plant and equipment is provided straight line method based on useful life of assets as prescribed in Schedule II to the Companies Act, 2013.

##### **C Leases**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

##### **D Inventories (Securities)**

Items of inventories (securities) are measured at lower of cost and net realisable value.

##### **E Impairment of Non-Financial Assets - Property, Plant and Equipment**

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Profit and Loss. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

##### **F Foreign Currency Transactions**

The functional currency is Indian rupee (₹). 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 assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. 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.

##### **G Investments**

The Company has accounted its investments in unquoted equities at cost.

##### **H Revenue Recognition**

Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed. Interest income from a financial asset is recognised using effective interest rate method. Dividend income is accounted for when the right to receive it is established.

##### **I Employee Benefits**

The Company's contribution to Provident fund is charged to the Statement of Profit and Loss. The Gratuity liability, which is a defined benefit plan, is provided on the basis of actuarial valuation as on balance sheet date and same is unfunded. Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Employees are entitled to avail leave instead of leave encashment.

##### **J 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.

### **K Accounting for Taxes on Income**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### **L Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs. Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

### **M Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions as described below that affect the reported amounts and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Assumptions**

The cost of the defined benefit plans and the present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

#### **Estimates**

The estimates used by the company to present the amount in accordance with Ind AS reflect conditions as at the transition date and as of March 31, 2018.

#### **First Time of Adoption of Indian Accounting Standard**

These financial statements as at March 31, 2018 have been prepared in accordance with Ind AS. This is the Company's first set of financial statements in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 (First Time adoption of Ind AS), with April 1, 2016 as the transition date on IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies have been applied in preparing the financial statements as at March 31, 2018. Reconciliation and explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, accordance with Ind AS 101 have been set out in reconciliation statement.

#### **Exemption and exceptions availed :**

##### **Optional Exemptions :**

Ind AS 101 allows first time adopter certain exemptions from the retrospective application of certain requirement under Ind AS.

The Company has applied the following optional exemptions:-

The Company has opted to recognize its property, plant and equipment, Land and Intangible Assets based on the previous GAAP carrying amount as at the date of transition.

##### **Exception:**

The following mandatory exception have been applied in accordance with Ind AS 101 in preparing the Financial Statements:-

##### **Estimates :**

The estimates used by the company to present the amount in accordance with Ind AS reflect conditions as at the transition date and as of March 31, 2018.

##### **Classification and measurement of Financial instruments :**

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of fact and circumstances that exist at the date transition to Ind AS.

##### **De-recognition of the Financial Assets and Financial Liabilities :**

The Company has elected to apply the de-recognition requirement for Financial Assets and Financial Liabilities in Ind AS prospectively for transition occurring on or after the date of transition to date of Ind AS.

**Notes forming part of the financial statements for the year ended 31st March, 2018**

1 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

- a. Total Equity as at April 1, 2016 , March 31, 2017
- b. Net profit for the Year ended April 1, 2016 and March 31, 2017
- c. Cash flow

a Reconciliation of equity as previously reported under IGAAP to Ind AS

Particulars	Foot Note	As at March 31, 2017	As at April 1, 2016
Total equity (shareholders funds ) under Previous GAAP		9,12,29,042	9,02,39,153
Fair Value measurement of Investments	(i)	2,99,347	0
Fair Value measurement of Borrowings	(ii)	0	0
Amortisation of Leasehold Land	(iv)	0	0
Fair Value measurement of Security Deposits	(iii)	0	0
Total equity under Ind AS		9,15,28,389	9,02,39,153

b Reconciliation of Net profit as previously reported under IGAAP to Ind AS

Particulars	Foot Note	As at March 31, 2017	As at April 1, 2016
Net Profit as per previous GAAP		8,90,317	33,54,926
Fair Value of investments/Actuarial Gains through Profit and Loss	(i)	3,91,389	0
Fair Value measurement of Borrowings through Amortised Cost	(ii)	0	0
Amortisation of Leasehold Land	(iv)	0	0
Fair Value of Deposits through Amortised Cost	(iii)	0	0
Total comprehensive income under Ind AS		12,81,706	33,54,926

c Reconciliation of Statement of Cash Flow

There are no material adjustments to the statement of Cash Flows as reported under the previous GAAP.

Footnotes to the reconciliation :

- (i) Under the previous GAAP, non current investments in equity instruments were classified as long-term investments which were carried at cost less provision for other than temporary decline in the value of such investments. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of the investments in equity instruments designated as at FVTPL have been recognised in general reserve as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2017. This increased the retained earnings by Rs. 391389 as at March 31, 2017 (1 April 2016 - Rs. Nil). The profit for the year ended March 31, 2017 increased by Rs. 391389/- as a result of the fair valuation.

Reclassifications

- (vii) Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss. As a result of this change, the profit for the year ended March 31, 2017 decreased by Rs. 3,91,389/-. There is no impact on total equity.
- (viii) Assets / liabilities which do not meet the definition of a financial asset/ liability have been reclassified to other asset / liability.

Notes forming part of the financial statements for the year ended 31st March, 2018

1. Property, Plant & Equipments

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018:

Tangible Assets (Owned Assets)						All amounts in ₹
Particulars	Plant & Machinery	Office Equipment	Vehicle	Furniture & Fixture	Computer	Total
<b>GROSS BLOCK</b>						
As at April 1, 2016 (refer note (a) )	1,94,126	24,609	0	10,32,294	16,871	12,67,900
Additions	0	0	0	0	0	0
Deletions	0	0	0	0	0	0
As at March 31, 2017	1,94,126	24,609	0	10,32,294	16,871	12,67,900
Additions	0		0	0	1,32,000	1,32,000
Deletions		0	0	0	0	
<b>As at March 31, 2018</b>	<b>1,94,126</b>	<b>24,609</b>	<b>0</b>	<b>10,32,294</b>	<b>1,48,871</b>	<b>13,99,900</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at April 1, 2016 (refer note (a) )	0	0	0	0	0	0
Charge for the year	18,035	4,309	0	2,83,563	7,888	3,13,795
Deductions	0	0	0	0	0	0
As at March 31, 2017	18,035	4,309	0	2,83,563	7,888	3,13,795
Charge for the year	18,035	4,309	0	2,83,563	31,571	3,37,478
Deductions	0	0	0	0	0	
As at March 31, 2018	36,070	8,618	0	5,67,126	39,459	6,51,273
<b>NET BLOCK</b>						
As at April 1, 2016	1,94,126	24,609	0	10,32,294	16,871	12,67,900
As at March 31, 2017	1,76,091	20,300	0	7,48,731	8,983	9,54,104
As at March 31, 2018	1,58,056	15,991	0	4,65,168	1,09,412	7,48,626

(a) The Company has adopted the exemption under Ind AS 101 and has considered previous GAAP carrying amount as the deemed cost for the Opening Balance sheet as at April 1, 2016. Also refer note 32. Accordingly the Gross block of each class of Property, plant and equipment has been netted off with their respective accumulated depreciation balances as at April 1, 2016 under Previous GAAP to arrive at the deemed cost for the purpose of opening Ind AS balance sheet.

As per Previous GAAP	Plant & Machinery	Office Equipment	Vehicle	Furniture & Fixture	Computer	Total
Gross block as at April 1, 2016.	2,89,000	7,36,521	2,81,063	22,42,433	6,45,289	41,94,306
Accumulated depreciation as at April 1, 2016.	94,874	7,11,912	2,81,063	12,10,139	6,28,418	29,26,406
Deemed cost as at April 1, 2016	1,94,126	24,609	0	10,32,294	16,871	12,67,900

2. Investments

Name of the Scrip	Face Value	No. of Shares	₹	No. of Shares	₹
		As at 31st March 2018		As at 31st March 2017	
<b>Un-Quoted</b>					
<b>Equity Shares of Other Companies</b>					
<b>Measured at Cost</b>					
Arodyne Chemicals Ltd	10	1,250	17,50,000	1,250	17,50,000
Bluechip Leasing & Finance Ltd	10	50,000	5,00,000	50,000	5,00,000
Both Gaya Ceramics	10	500	1	500	1
Citi Securities & Financial Services Pvt. Ltd.	10	20,200	2,02,000	20,200	2,02,000
Desai Investments Pvt.Ltd.	10	50,000	26,00,000	-	-
Essar Steel Ltd.	10	172	258	172	258
Etiam Emedia	10	3,200	4,00,000	3,200	4,00,000
Fairgrowth Financial Services Ltd.	10	80,000	1	80,000	1
Fairgrowth Home Finance Ltd.	10	20,000	1	20,000	1

Notes forming part of the financial statements for the year ended 31st March, 2018

Name of the Scrip	Face Value	No. of Shares	₹	No. of Shares	₹
		As at 31st March 2018		As at 31st March 2017	
Imperial Spirits Ltd.	10	62,900	1,49,96,000	62,900	1,49,96,000
Indag Products Ltd.	10	9,500	1	9,500	1
Merican Funds Ltd	10	6,535	2,61,400	6,535	2,61,400
Motorol (I) Ltd.	10	688	1	688	1
Neptune Steel Strips Ltd.	10	2,56,000	64,00,000	2,56,000	64,00,000
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
Solix Technologies Ltd.	10	9,080	90,800	9,080	90,800
Traitrya Construction Finance Ltd.	10	7,21,700	1,66,00,000	-	-
Valuecorp Securities & Fin. Ltd.	10	3,51,658	40,28,419	3,51,658	40,28,419
Vishvakarma Equipment Fin. (I) Ltd.	10	5,00,000	57,28,429	5,00,000	57,28,429
<b>Total of Unquoted Equity Shares</b>			<b>5,35,57,316</b>		<b>3,43,57,316</b>
<b>Mutual Funds</b>		<b>No. of Units</b>			
UTI Master Share		566	14,133	566	14,133
HDFC Cash Management		23,687.878	8,49,194	-	-
<b>Total of Unquoted Mutual Funds</b>			<b>8,63,327</b>		<b>14,133</b>
<b>Total of Unquoted Securities</b>			<b>5,44,20,643</b>		<b>3,43,71,449</b>

Particulars	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>3. Trade Receivables (Unsecured)</b>		
<b>(i) Non-current</b>		
Considered Good	<b>1,02,360</b>	1,02,360
Considered Doubtful	<b>17,50,593</b>	17,50,593
	<b>18,52,953</b>	18,52,953
Less: Provision for Doubtful Trade Receivables	<b>(17,50,593)</b>	(17,50,593)
<b>Total</b>	<b>1,02,360</b>	1,02,360
<b>(ii) Current (Unsecured, Considered Good)</b>		
Trade Receivables	<b>10,82,600</b>	11,45,250
<b>Total</b>	<b>10,82,600</b>	11,45,250

The credit period ranges from 15 days to 180 days.

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>4. Loans</b>		
<b>(Unsecured, Considered Good)</b>		
<b>(i) Non-current</b>		
Security Deposits	85,569	5,000
<b>Other Loans</b>		
Loans to Employees	20,000	20,000
Inter Corporate Deposit	-	1,66,00,000
To Others	36,200	36,200
<b>Total</b>	<u>1,41,769</u>	<u>1,66,61,200</u>
<b>(ii) Current</b>		
<b>(Unsecured, Considered Good)</b>		
Loans and Advances to Employees	-	5,231
To Others	-	15,000
<b>Total</b>	<u>-</u>	<u>20,231</u>
<b>5. Other Financial Assets</b>		
<b>(i) Non-current</b>		
<b>(Unsecured, Considered Good)</b>		
Interest Accrued on Deposits	58,21,072	36,35,625
Receivable on Sale of Non-Current Investments	3,03,42,095	3,03,42,095
<b>Total</b>	<u>3,61,63,167</u>	<u>3,39,77,720</u>
<b>(ii) Current</b>		
<b>(Unsecured, Considered Good)</b>		
Interest Accrued on Deposits	9,98,223	21,85,447
Contractually Reimbursable Expenses	4,40,689	4,49,711
Advance to Service Provider	-	1,200
<b>Total</b>	<u>14,38,912</u>	<u>26,36,358</u>
<b>6. Deferred Tax Assets</b>		
Provision for Gratuity	6,43,857	5,60,068
Related to Fixed Assets	89,429	54,098
<b>Deferred Tax Liability</b>	-	-
<b>Total</b>	<u>7,33,286</u>	<u>6,14,166</u>
<b>7. Other Assets</b>		
<b>(i) Non-current</b>		
<b>(Unsecured, Considered Good)</b>		
Advance Income Tax (Net of Provisions)	1,75,948	10,69,333
<b>Other Advances</b>		
Prepaid Expenses	1,34,534	4,42,895
<b>Total</b>	<u>3,10,482</u>	<u>15,12,228</u>
<b>(ii) Current</b>		
<b>(Unsecured, Considered Good)</b>		
<b>Other Advances</b>		
Prepaid Expenses	3,39,737	3,14,646
Balances with Govt. Authorities (GST)	1,51,793	-
<b>Total</b>	<u>4,91,530</u>	<u>3,14,646</u>

Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>8. Inventories (Securities)</b>		
Equity Shares	2,71,591	3,54,956
Mutual Funds	30,199	26,124
<b>Total</b>	<b>3,01,790</b>	<b>3,81,080</b>
<b>Aggregate Market Value</b>		
Equity Shares	-	356,444
Mutual Funds	-	26,124
<b>9. Cash And Cash Equivalents</b>		
Cash on Hand	3,64,223	3,70,696
Balances with Banks in Current Accounts	2,48,648	24,74,202
<b>Total</b>	<b>6,12,871</b>	<b>28,44,898</b>
<b>10. Other Bank Balances</b>		
in Margin Accounts against Bank Guarantee	66,600	-
<b>Total</b>	<b>66,600</b>	<b>-</b>
<b>Particulars</b>	<b>As at 31st March, 2018 ₹</b>	<b>As at 31st March, 2017 ₹</b>
<b>11. Equity Share Capital</b>		
<b>Authorised</b>		
50,00,000 (50,00,000) Equity Shares of ₹10/- each with voting rights	5,00,00,000	5,00,00,000
<b>Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>
<b>Issued</b>		
45,46,200 (45,46,200) Equity Shares of ₹10/- each fully paid up with voting rights	4,54,62,000	4,54,62,000
	<b>4,54,62,000</b>	<b>4,54,62,000</b>
<b>Subscribed &amp; Paid up</b>		
45,27,890 (45,27,890) Equity Shares of ₹10/- each fully paid up with voting rights	4,52,78,900	4,52,78,900
Add: 18,310 (18,310) Forfeited Equity Shares	1,02,416	1,02,416
	<b>4,53,81,316</b>	<b>4,53,81,316</b>
<b>Details of Forfeited Shares :</b>		
<b>Amount originally paid up</b>	₹	₹
<b>Class of Shares</b>		
18,310 (18,310) Equity Shares	1,02,416	1,02,416
	<b>1,02,416</b>	<b>1,02,416</b>
<b>The reconciliation of the number of shares outstanding with voting rights is set out below :</b>		
<b>Particulars</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
Equity Shares at the beginning of the year	45,27,890	45,27,890
Add : Shares issued	-	-
Less : Shares Bought Back	-	-
Equity Shares at the end of the year	<b>45,27,890</b>	<b>45,27,890</b>

Notes forming part of the financial statements for the year ended 31st March, 2018

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

Name of the Shareholder	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	% held	No. of Shares	% held
Desai Investments Pvt. Ltd.	7,71,607	17.04	7,71,607	17.04
Mrs. Dharati J. Shroff	2,61,041	5.77	2,61,041	5.77

**Terms/rights attached to equity shares**

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Particulars	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
<b>12. Other Equity</b>		
Securities Premium		
Premium received on equity shares issued are recognised in the Securities premium account.		
Balance as per last Balance Sheet	2,12,90,975	2,12,90,975
	<u>2,12,90,975</u>	<u>2,12,90,975</u>
Retained Earnings		
Balance as per last Balance Sheet	2,53,50,222	2,48,56,098
	<u>2,53,50,222</u>	<u>2,48,56,098</u>
<b>Total</b>	<u><b>4,66,41,197</b></u>	<u><b>4,61,47,073</b></u>
<b>13. Provisions</b>		
<b>Non-Current</b>		
<b>Provision for employee benefits</b>		
Provision for Gratuity	19,50,923	13,14,256
<b>Total</b>	<u><b>19,50,923</b></u>	<u><b>13,14,256</b></u>
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for Gratuity	5,25,450	4,98,263
<b>Total</b>	<u><b>5,25,450</b></u>	<u><b>4,98,263</b></u>
<b>14. Trade Payable</b>		
Others	9,35,811	6,64,243
(Refer Note below)		
<b>Total</b>	<u><b>9,35,811</b></u>	<u><b>6,64,243</b></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.		
<b>15. Other Current Liabilities</b>		
<b>Others</b>		
Statutory Dues	5,13,168	15,30,539
Advance from Customer	6,66,771	-
<b>Total</b>	<u><b>11,79,939</b></u>	<u><b>15,30,539</b></u>

Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	For the Year Ended 31st March, 2018 ₹	For the Year Ended 31st March, 2017 ₹
<b>16. Revenue from Operations</b>		
(a) Sale of Services	1,18,02,581	76,25,296
(b) Other Operating Revenues	4,53,502	11,13,921
<b>Total</b>	<b>1,22,56,083</b>	<b>87,39,217</b>
<b>17. Other Income</b>		
(a) Interest on Income Tax Refund	20,163	1,25,835
(b) Interest	9,98,223	25,59,983
(c) Dividend	6,035	13,015
(d) Miscellaneous Income	12,65,557	1,53,215
<b>Total</b>	<b>22,89,978</b>	<b>28,52,048</b>
<b>18. Employee Benefits Expense</b>		
Salaries	19,89,381	19,29,000
Contribution to Provident & Other Funds	2,27,124	1,92,732
Gratuity	6,80,800	1,41,146
Staff Welfare Expenses	1,08,226	3,67,618
<b>Total</b>	<b>30,05,531</b>	<b>26,30,496</b>

**18.1. Employee Benefit**

As per Indian Accounting Standard 19 "Employee Benefits", the disclosures as defined are given below.

Defined contribution plans:

The company has recognised the following amounts in the Statement of Profit and Loss for the period

Particulars	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Contribution to Employees' Provident and other Funds	1,83,824	1,62,732
<b>Total</b>	<b>1,83,824</b>	<b>1,62,732</b>

Defined benefits plans:

Gratuity

Non-Funded status of the plan

Present value of unfunded obligations
 24,76,373 | 18,12,519 |

Present value of funded obligations
 - | - |

Fair value of plan assets
 - | - |

Net Liability (Asset)
 24,76,373 | 18,12,519 |

Profit and loss account for current period

Service cost:

Current service cost
 20,803 | - |

Past service cost and loss/(gain) on curtailments and settlement
 5,35,839 | - |

Net interest cost
 1,24,158 | 1,41,146 |

Total included in 'Employee Benefit Expense'
 6,80,800 | 1,41,146 |

Other Comprehensive Income for the current period

Components of actuarial gains/losses on obligations

Due to Change in financial assumptions
 (57,102) | 46,225 |

Due to change in demographic assumption
 - | - |



Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	As at 31st March, 2018 ₹	As at 31st March, 2017 ₹
Due to experience adjustments	40,156	3,45,164
Return on plan assets excluding amounts included in interest income	-	-
Amounts recognized in Other Comprehensive Income	(16,946)	3,91,389
Reconciliation of defined benefit obligation		
Particulars		
Opening Defined Benefit Obligation	18,12,519	18,71,964
Transfer in/(out) obligation	-	-
Current service cost	20,803	-
Interest cost	1,24,158	1,41,146
Actuarial loss/(gain) due to change in financial assumptions	(57,102)	46,225
Actuarial loss/(gain) due to change in demographic assumption	-	-
Actuarial loss/ (gain) due to experience	40,156	3,45,164
Past service cost	5,35,839	-
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	(5,91,980)
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing Defined Benefit Obligation	24,76,373	18,12,519
Reconciliation of net defined benefit liability		
Particulars		
Net opening provision in books of accounts	18,12,519	18,71,964
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense	6,80,800	1,41,146
Amounts recognized in Other Comprehensive Income	(16,946)	3,91,389
	-	-
Benefits paid by the Company	-	(5,91,980)
Contributions to plan assets	-	-
Closing provision in books of accounts	24,76,373	18,12,519
Bifurcation of liability as per schedule III		
Particulars		
Current Liability*	5,25,450	4,98,263
Non-Current Liability	19,50,923	13,14,256
Net Liability	24,76,373	18,12,519

\* The current liability is calculated as expected contributions for the next 12 months or the net liability whichever is lower.

Principle actuarial assumptions

Particulars

Discount Rate	7.50%	6.85%
Salary Growth Rate	10%	10%

Expected benefit payments

Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	Year	
	As at 31st March	Cashflows(₹)
	2019	5,25,450
	2020	54,180
	2021	59,300
	2022	64,902
	2023	72,002
	2024 to 2028	25,06,157

The future accrual is not considered in arriving at the above cash-flows.

**19. Finance Costs**

Interest	10,084	1,37,272
<b>Total</b>	<b>10,084</b>	<b>1,37,272</b>

**20. Depreciation and Amortisation Expenses**

Depreciation	3,37,478	3,13,795
<b>Total</b>	<b>3,37,478</b>	<b>3,13,795</b>

**21. Other Expenses**

Power & Fuel	2,22,483	4,75,946
Repairs and maintenance - Others	73,041	1,16,344
Rates & Taxes	1,58,205	4,284
Communication	98,854	1,96,922
Travelling and Conveyance	83,836	87,508
Printing and Stationery	1,01,372	1,99,603
Advertisement Expenses	37,391	11,491
Donations	5,000	70,000
Business Service Charges	1,42,973	2,05,979
Office Expenses	27,311	48,334
Legal and Professional	68,13,729	49,72,318
Payments to Auditors (Refer Note below)	60,000	60,000
Loss on Foreign Exchange Fluctuation	-	15,578
Adjustment in Carrying Amount of inventories / Investments	-	169
Registration Fees	3,00,000	2,48,495
Listing Fees	2,51,250	2,00,000
Miscellaneous Expenses	6,47,802	3,15,024
<b>Total</b>	<b>90,23,247</b>	<b>72,27,995</b>

Payments to the auditors comprises (net of service tax input credit, where applicable):

As Auditors - Statutory Audit	60,000	60,000
<b>Total</b>	<b>60,000</b>	<b>60,000</b>

**22. Income Tax Recognised in Profit or Loss**

Current Tax	7,79,100	3,18,000
Adjustments in respect of Current Income Tax of Prior Years	7,33,216	(3,82,293)
<b>Total</b>	<b>15,12,316</b>	<b>(64,293)</b>

Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
<b>23. Earnings per share</b>		
<u>Basic</u>		
Net profit for the year (₹)	7,76,525	13,81,279
Weighted average number of equity shares (Nos.)	45,27,890	45,27,890
Par value per share (₹)	10	10
Earnings per share (₹)	0.17	0.31

**24. 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**

Key Management Personnel (KMP)

**Names of related parties**

Mr. Pradip R. Shroff  
Mr. Manoj T. Shroff  
Mr. Hemendra J. Shroff  
Mr. Shashank S. Vijayakar  
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.

	KMP	Enterprise in which KMP/ Relatives of KMP can exercise significant influence	Total
	₹	₹	₹
Net Loans and Advances given/(returned)	-	(1,66,00,000)	(1,66,00,000)
	-	-	-
Remuneration	3,00,000	-	3,00,000
	<i>3,00,000</i>	-	<i>3,00,000</i>
Interest received	-	9,96,000	9,96,000
	-	<i>24,28,275</i>	<i>24,28,275</i>
<u>Balances outstanding at the end of the year</u>			
Net Loans and Advances given/(returned)	-	-	-
	-	<i>1,66,00,000</i>	<i>1,66,00,000</i>

Note: Figures in italics relates to the previous year

**Notes forming part of the financial statements for the year ended 31st March, 2018**

**25. Earnings in Foreign Exchange**

Particulars	For the Year	For the Year
	Ended	Ended
	31st March, 2018	31st March, 2017
	₹	₹
Professional Fees	53,24,878	4,86,296

**26. 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 Indian Accounting Standard (IND AS 108).

**27. Previous year's figures**

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

**28. Financial Risk Management**

**Financial risk factors**

The Company's principal financial liabilities, comprises of trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalent, investments and short-term deposits that derive directly from its operations. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's senior management oversees the management of these risks. Company's financial risk activities are governed by appropriate policies and procedures laid out by the senior management and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Foreign currency risk**

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not a company's functional currency. Impact of the rate fluctuation is accounted in profit and loss.

**Credit risk analysis**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk arising from cash and cash equivalents, deposits with banks, trade receivables, investments and other financial assets. Credit risk has been managed by the company by establishing credit limits and creditworthiness of customers to which the company grants credit terms in the normal course of business. For banks and financial institutions, only high rated banks/ institutions are accepted.

Customer credit risk is managed by each customer group subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade Receivable has been managed by the Company by establishing credit limits and creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Provision on Trade receivable is calculated as per expected credit loss method (ECL) as per IND AS. ECL is calculated on the basis of average bad debts on turnover of 3 years i.e from 2014-15 to 2016-17. Such average % is moderated to align with current and future business, customers and risk profile. The provision determined as per policy for the year 2016-17 amounts to Rs.Nil where as the provision during the year made under IGAAP is Rs.17,50,593/-. As there is adequate provision pre-existing in the books, it is not required to make any additional provision for the year. Further, it is also proposed to continue the same till the provision under IND AS exceeds the pre-existing provision in the books.

**Classes of financial assets – carrying amounts:**

Particulars	As at	As at
	31st March, 2018	31st March, 2017
	₹	₹
Investments - Non Current (Note 2)	5,44,20,643	3,43,71,449
Trade Receivable - Non Current (Note 3)	1,02,360	1,02,360
Loans - Non Current (Note 4)	1,41,769	1,66,61,200
Other financial assets- Non Current (Note 5)	3,61,63,167	3,39,77,720
Loans -Current (Note 4)	-	20,231

Notes forming part of the financial statements for the year ended 31st March, 2018

Particulars	As at	As at
	31st March, 2018	31st March, 2017
	₹	₹
Trade Receivable - Current (Note 3)	10,82,600	11,45,250
Other financial assets- Current (Note 5)	14,38,912	26,36,358
Cash and Cash Equivalents (Note 10)	6,12,871	28,44,898
Bank Balances other than above	66,600	-
<b>Total</b>	<b>9,40,28,922</b>	<b>9,17,59,466</b>

The trade receivables at reporting date analysed by the length of time past due, are:

Particulars	As at	As at
	31st March, 2018	31st March, 2017
	₹	₹
Upto 6 months (Note 3)	10,82,600	11,45,250
More than 6 months (Note 3)	1,02,360	1,02,360
<b>Total</b>	<b>11,84,960</b>	<b>12,47,610</b>

Liquidity risk analysis

Risk assessment

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company has assets which are expected to be realised within 12 months Rs.39,94,303/- as on March 2018 (as on March 2017 is Rs.73,42,463/-). The Company has liabilities which are expected to mature within 12 months Rs.26,41,200/- as on March 2018 (as on March 2017 is Rs.26,93,045). Hence Company had a working capital of Rs.13,53,103/- as on March 2018 (as on March 2017 is Rs.46,49,418/-).

Risk Management

Whenever working capital is required Company's Executive Directors provides funding to the Company.

Fair value hierarchy

Level 1 - Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 – The fair value of financial instruments that are not traded in active market (for example, counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant Inputs is not based on observable market data (unobservable inputs), the instrument is included in level 3. This is case of the unlisted equity instruments included in level 3

Financial assets and liabilities measured at fair value-recurring fair value measurements

Particulars	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
Financial assets			
Financial instrument at FVTPL as at March 31, 2018			
Quoted equity investment	-		5,44,20,643
Financial instrument at FVTPL as at March 31, 2017			
Quoted equity investment	-		3,43,71,449

### Notes forming part of the financial statements for the year ended 31st March, 2018

Financial assets and liabilities measured at amortised cost for which fair values are disclosed

Particulars

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets			
Deposit- As at March 31, 2018			85,569
Financial Assets			
Deposit- As at March 31, 2017			1,66,05,000

There have been no transfers between Level 1 and Level 2 during the period.

Capital management policies

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise the shareholder value and maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio; Net debt (total borrowing net of cash and cash equivalents)/Total equity

# V.B.DESAI FINANCIAL SERVICES LIMITED

Registered Office: Cama Building, 1<sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001  
 (CIN: L74120MH1985PLC037218) Email: [investor@vbdesai.com](mailto:investor@vbdesai.com); Website: [www.vbdesai.com](http://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) of .....Shares of the above named company, hereby appoint:

- 1) .....of .....having e-mail id.....or failing him
- 2) .....of .....having e-mail id.....or failing him
- 3) .....of .....having 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 32<sup>nd</sup> Annual General Meeting of the Company, to be held on 22<sup>nd</sup> September 2018 at 11.00 a.m at the Registered Office at Cama Building, 1<sup>st</sup> 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
	<b>Ordinary Resolutions</b>
1	Adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March 2018.
2	Re-appointment of Mrs. Rachana S. Vijayakar, who retires by rotation.
3	Re-appointment of Mr. Manoj T. Shroff, who retires by rotation.
4	To Appoint Auditor M/s. N.S. Shetty & Co. in place of retiring auditor M/s. A.N. Damania & Co., and fix their remuneration.
	<b>Special Resolution</b>
5	To re-appoint Mr. Pradip R. Shroff as Managing Director and Chief Executive Officer for 5 years.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

Registered Office: Cama Building, 1<sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001  
(CIN: L74120MH1985PLC037218) Email: [investor@vbdesai.com](mailto:investor@vbdesai.com); Website: [www.vbdesai.com](http://www.vbdesai.com); Phone: 022-40770777

## ATTENDANCE SLIP

32nd Annual General Meeting on Saturday, 22nd September 2018

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 32nd 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 am on Saturday, 22<sup>nd</sup> September 2018.

\_\_\_\_\_  
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.





*If undelivered, please return to*

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

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