

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

**33RD  
ANNUAL REPORT  
2018-2019**

**V. B. DESAI FINANCAL SERVICES LIMITED**

CIN L74120MH1985PLC037218

**BOARD OF DIRECTORS**

Mr. Samir R. Dedhia- Chairman (DIN 06864567)  
Mr. Pradip R. Shroff - Managing Director (DIN00286291)  
Mr. Manoj T. Shroff (DIN 00330560)  
Mr. Khurshid Shaikh (01450745) (upto 23-04-2019)  
Mr. Hemendra J. Shroff (DIN 00286509)  
Mrs. Rachana S. Vijayakar (DIN 03317373)  
Mr. Nilesh R.Doshi (DIN 00249715) (w.e.f. 23-04-2019)

**Chief Financial Officer**

Mr. Shashank S. Vijayakar

**Company Secretary & Compliance Officer**

Mr. Kamlesh M. Gagavani

**REGISTERED OFFICE**

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

**AUDITORS**

M/s. N.S. SHETTY & CO.  
Chartered Accountants, Mumbai

**BANKERS**

HDFC Bank Ltd.  
Corporation Bank

**REGISTRAR & SHARE TRANSFER AGENT**

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

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**IMPORTANT COMMUNICATION TO MEMBERS**

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

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Thirty Third 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 07<sup>th</sup> September, 2019 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, 2019 and the Balance Sheet as on that date and the reports of Auditors and Directors thereof.
2. To appoint a Director in place of Mr. Hemendra J. Shroff (DIN 00286509), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To appoint a Director in place of Mr. Manoj T. Shroff (DIN 00330560), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.

### SPECIAL BUSINESS:

4. **Re-appointment of Mr. Samir R. Dedhia (DIN 06864567) as an Independent Director of the Company**

To consider and if thought fit, to pass with or without modification(s), the following resolutions as Ordinary Resolutions:

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 29th May, 2019 and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Samir R. Dedhia (DIN 06864567) whose current period of office is expiring on completion of the ensuing Annual General Meeting and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member

proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (Five) consecutive years on the Board of the Company for a term upto the conclusion of Annual General Meeting of the Company in the calendar year 2024.”

“RESOLVED FURTHER THAT the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorised ‘Committee’ thereof) be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Nilesh R. Doshi (holding DIN 00249715), a non-executive Director of the Company, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company whose term shall not be subject to retirement by rotation, to hold office for 5 (Five) consecutive years for a term up to the conclusion of Annual General Meeting of the Company in the calendar year 2024.”

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

“RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of SEBI Listing Regulations, consent of the members of the Company be and is hereby accorded for entering into the following proposed Related Party Transactions with respect to rendering of services to the Company with effect from

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1st April 2019 to 31st March 2020 up to the amounts as appended in table below:

S. No.	Name of Related Party	Relationship defined under Section of the Companies Act, 2013	Maximum value of Transaction per annum
1	Aarayaa Advisory Services Pvt. Ltd.	Section 2 (76) (iv)	Professional fees for rendering services not to exceed Rupees Two crore in an accounting year.
2	Desai Investments Private Limited	Section 2 (76) (iv)	Inter corporate loan and Investments in equity shares not to exceed Rupees One crore in an accounting year.
3	Deep Industrial Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Two crores in an accounting year.
4	Traitrya Construction Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Three crores in an accounting year.
5	Valuecorp Securities Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Two crores in an accounting year.

S. No.	Name of Related Party	Relationship defined under Section of the Companies Act, 2013	Maximum value of Transaction per annum
6	Vishvakarma Equipment Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Two crores in an accounting year.
7	Pearl Housing Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Fifty lakhs in an accounting year.
8	Shriyam Auto-Fin Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees One crore in an accounting year.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**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: July 17, 2019.

### 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. 4

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges, at the 28th Annual General Meeting held on 12th September, 2014, Mr. Samir Dedhia was appointed as an Independent Director of the Company for a period of 5 (five) consecutive years for a term up to 31st March, 2019. Since, Mr. Samir Dedhia will complete his initial term as an Independent Director of the Company on completion on this Annual General Meeting, he is eligible for re-appointment for one more term.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective meetings held on 29th May, 2019, subject to approval of Members at this Annual General Meeting and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on his skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by him during his tenure and outcome of performance evaluation of the Independent Directors, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Samir R. Dedhia (DIN 06864567) as an Independent Non-Executive Director of the Company, for the second term of 5 (Five) years up to the conclusion of Annual General Meeting of the Company in the calendar year 2024. Further Mr. Samir Dedhia shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has received a declaration from Mr. Samir Dedhia, being eligible for re-appointment as Independent Director for the second term providing his consent in writing to act as director pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended from time to time. The Company has also received a declaration from Mr. Samir Dedhia confirming the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and under the Regulation 16(b) of the Listing Regulations, as amended from time to time. Mr. Samir Dedhia is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, as

amended from time to time. In the opinion of the Board, he fulfills the conditions specified in the Companies Act, 2013 and is independent of the management.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member proposing the candidature of Mr. Samir Dedhia to be re-appointed as an Independent Non-Executive Director of the Company as per the provisions of the Companies Act, 2013. This Explanatory Statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Except Mr. Samir Dedhia, none of the other Directors or key managerial personnel of the Company or their relatives are concerned or interested, in resolution No. 4. The Board therefore recommends the Ordinary resolutions for your approval.

#### Item No. 5

Mr. Nilesh R. Doshi, was appointed as an Independent Director by the Board of Directors at their meeting held on 23<sup>rd</sup> April 2019, who hold the office up to the date of the ensuing Annual General Meeting.

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

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

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

#### Item No. 6

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. The SEBI Listing Regulations has also prescribed seeking of shareholders' approval for material related party transactions. The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis.

All the proposed transactions put up for approval are in ordinary course of business and at arm's length. Pursuant to the provisions of Listing Regulations, the following transactions are material in nature and require the approval of the unrelated shareholders of the Company by a special resolution. The other related information as envisaged under

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Companies (Meetings of Board and its Powers) Rules, 2014 and amendments thereto, and the Company's Related Party Transaction Policy are furnished hereunder:

S. No.	Name of Related Party	Relationship defined under Section of the Companies Act, 2013	Maximum value of Transaction per annum
1	Aarayaa Advisory Services Pvt. Ltd.	Section 2 (76) (iv)	Professional fees for rendering services not to exceed Rupees Two crore in an accounting year.
2	Desai Investments Private Limited	Section 2 (76) (iv)	Inter corporate loan and investments in equity shares not to exceed Rupees One crore in an accounting year.
3	Deep Industrial Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Two crores in an accounting year.
4	Traitrya Construction Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Three crores in an accounting year.
5	Valuecorp Securities Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Two crores in an accounting year.
6	Vishvakarma Equipment Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Two crores in an accounting year.
7	Pearl Housing Finance Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees Fifty lakhs in an accounting year.
8	Shriyam Auto-Fin Limited	Section 2 (76) (v)	Investment in equity shares and preference shares not to exceed Rupees One crore in an accounting year.

The Audit Committee at its meeting held on 29<sup>th</sup> May 2019 has given omnibus approval for the above transactions and recommended by the Board of Directors to the unrelated shareholders of the Company for their approval.

The entities / persons that are directly / indirectly related parties of the Company shall abstain from voting on resolution wherein approval of material Related Party Transactions is sought from the shareholders. Accordingly, all related parties of the Company, including the Directors and Key Managerial Personnel of the Company will not vote on this resolution.

None of the Directors or any of the Key Managerial Personnel of the Company or their relatives other than Mr. Pradip R. Shroff, Mr. Hemendra J. Shroff and Mr. Manoj T. Shroff are, in

any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice. The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the unrelated shareholders.

### ANNEXURE TO THE EXPLANATORY STATEMENT

Pursuant to Regulation 36 of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, information about the Directors proposed to be appointed / re-appointed is furnished below:

Particulars	Mr. Samir R. Dedhia	Mr. Nilesh R. Doshi
DIN	06864567	00249715
Age	54 years	65 years
Qualification	B.Com, FCA	B.Com., FCA
Expertise in specific function area and no. of years of experience	Mr. Samir Dedhia is a Practicing Chartered Accountant and specialized in the field of Audit, Taxation and Service Tax since 2011. Prior to that he was in employment in various capacities from 1993.	Mr. Nilesh R. Doshi is a Practicing Chartered Accountant and having expertise in Accounting, Auditing, Taxation and Advisory Services
Date of first appointment on the Board of the Company	30/05/2014	23/04/2019
Directorship held in other public & private companies	Vishvakarma Equipment Finance (India) Limited Valuecorp Securities and Finance Limited Traitrya Construction Finance Limited	Garware Polyester Limited Garware Industries Limited Anil Dhirubhai Ambani Ventures Pvt. Ltd. Binani Industries Limited
Chairmanship/ Membership of Board Committees of other companies	Nil	6
Number of shares held	Nil	Nil
Relationship between Directors inter-se	Nil	Nil

**For and on behalf 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: July 17, 2019

**IMPORTANT NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of Proxy should be deposited at the registered office of the Company not less than 48 hours before commencement of meeting.
3. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar and Transfer Agents of the Company.
4. Details of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice and given in Annexure “A” to this notice.
5. Electronic copy of the Notice of the 33rd 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 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company’s website www.vbdesai.com for their download. The physical copies of the aforesaid documents will also be available at the Company’s Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company’s investor email id: info@vbdesai.com
7. **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 33rd Annual General

Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

**The instructions for shareholders voting electronically are as under:**

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.

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- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve the "Initial password" or have forgotten your password:
- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com))
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### Details on Step 2 are given below:

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies' "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders:

- (i) It is strongly recommended not to share your password with any other person and take utmost care to keep your

password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

- (ii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (iii) The e-voting period commences on Wednesday, 04th September 2019 (9.00 a.m. IST) and ends on Friday, 06th September 2019 (5.00 p.m. IST). During this period, the Members of the Company holding shares either in physical form or in dematerialized form as on the cut-off date i.e. Saturday, 31st August 2019, may cast their vote through e-voting. The e-voting module shall be disabled/ blocked by NSDL for voting thereafter. Once the vote on the resolution is cast by the Member, he/ she shall not be allowed to change it subsequently.
8. Mr. N. Hariharan of N. Hariharan and Company, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the physical voting and remote e-voting process in a fair and transparent manner.
9. 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 NSDL 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.
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 02nd September 2019 to 06th September 2019 (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) Mr. Hemendra J. Shroff**

DIN & Date of Birth	00286509 – 07/11/1974	
Qualification	B.Com	
Experience in specific area	Mr. Hemendra Shroff has 21 years' experience in Investment Banking and other related business.	
Directorship in other Companies	Arodyne Chemicals Limited Aarayaa Advisors Private Limited Aarayaa Finstock Pvt. Ltd. Bluechip Leasing and Finance Ltd. Budh Holding & Trading Co. Pvt. Ltd. Desai Investments Pvt. Ltd. VBD Capital Advisors Pvt. Ltd. Eigentum International LLP Yuzu Restaurants LLP	
Committee positions held in other Companies	Nil	
No. of shares held in the Company	4206	

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

DIN & Date of Birth	00330560 - 10/10/1966	
Qualification	B.Com	
Experience in specific area	Has more than 29 years' experience in Financial consultancy, Investment Banking, and other related business.	
Directorship in other Companies	Northstar Software Solutions Pvt. Ltd. Archway Services Pvt. Ltd. Elder IT Solutions Pvt. Ltd. Pearl Housing Finance (I) Ltd.	Mahimna Mercantile Credits Ltd Merican Funds Limited Guru Holding Private Limited
Committee positions held in other Companies	Nil	
No. of shares held in the Company	800	

**3) Mr. Samir R. Dedhia**

DIN & Date of Birth	06864567 - 21/06/1965	
Qualification	B.Com (Hons), FCA	
Experience in specific area	Mr. Samir Dedhia is a Practicing Chartered Accountant and specialized in the field of Audit, Taxation and Service Tax since 2011. Prior to that he was in employment in various capacities from 1993	
Directorship in other Companies	Vishvakarma Equipment Finance (India) Limited Valuecorp Securities and Finance Limited Traityra Construction Finance Limited	
Committee positions held in other Companies	Nil	
No. of shares held in the Company	Nil	

**3) Mr. Nilesh R. Doshi**

DIN & Date of Birth	00249715 - 28/12/1953	
Qualification	B.Com (Hons), FCA	
Experience in specific area	Mr. Nilesh R. Doshi is a Practicing Chartered Accountant and having expertise in Accounting, Auditing, Taxation and Advisory Services	
Directorship in other Companies	Garware Polyester Limited Garware Industries Limited Anil Dhirubhai Ambani Ventures Pvt. Ltd. Binani Industries Limited	
Committee positions held in other Companies	6	
No. of shares held in the Company	Nil	

**DIRECTORS' REPORT**

The Directors present their 33rd Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS**

(Rs. In lakhs)

Particulars	For the year ended on 31/03/2019	For the previous year ended on 31/03/2018
Gross Income	219.47	145.46
Profit (before interest, depreciation & taxation)	55.27	25.17
Financial charges	0.00	0.10
Depreciation	3.48	3.37
Profit before profit	51.79	21.70
Provision for taxation for current year	9.95	7.79
Deferred Tax	(3.54)	(1.19)
Income tax of earlier years/ MAT credit	0.00	7.32
Other comprehensive income	(8.87)	0.17
Profit after adjustments	36.51	7.93
Profit/(Loss) carried to Balance Sheet	36.51	7.93
APPROPRIATIONS / TRANSFERS		
Profit/(loss) carried to Balance Sheet	36.51	7.93

**Dividend**

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

**Performance review**

During the year under review, earning of overall income has improved at Rs. 219.47 lakhs compared to Rs. 145.46 lakhs registering 50.88% comparing to previous year. The net profit after tax, adjustments and Other comprehensive income/ expenses under the Accounting Standard (Ind AS) applicable was also higher at Rs. 36.51 lakhs against Rs. 7.93 lakhs in previous year.

**Nature of business of the Company**

The Company is mainly engaged in Merchant Banking activities focusing on ESOP valuation, Company valuation, Open Offer, Buyback, Delisting, Initial Public Offerings (IPO), Rights Issue and Advisory services. 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 31st March 2019, 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'].

All Related Party Transactions of your Company had prior approval of the Audit Committee 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, 2019.

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

The Members of the Company at the 32nd Annual General Meeting held on 22<sup>nd</sup> September 2018, have approved the appointment of M/s. N.S. Shetty & Co., Chartered Accountants as Statutory Auditors of the Company for a period of five (5) years to hold office from the conclusion of the 32<sup>nd</sup> Annual General Meeting till the conclusion of 37th AGM of the Company to be held in the year 2023, subject to ratification of their appointment by the Members at every AGM. Further, in terms of Companies (Amendment) Act, 2017 notified w.e.f May 7, 2018, the requirement of Section 139(1) of Companies Act, 2013 stands omitted and the ratification of appointment of the Statutory Auditor at every AGM is not required.

The Report given by the Auditors on the financial statements of the Company forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments.

### **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 2018-19 have been provided in the Corporate Governance Report which forms part of this Annual Report

Mr. Hemendra Shroff 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. Nilesh R. Doshi has been appointed as an Independent Director with effect from 23<sup>rd</sup> April 2019. Mr. Khurshid Shaikh has been resigned from the Board with effect from 23<sup>rd</sup> April 2019. A brief profile along with necessary disclosures of retiring Directors and newly appointed 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 Mr. Hemendra J. Shroff and Mr. Manoj T. Shroff as a Directors liable to retire by rotation and Mr. Samir R. Dedhia and Mr. Nilesh R. Doshi as an Independent Director 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

## V. B. Desai Financial Services Limited

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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, 2019:

- 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-A, which is self-explanatory.

### Compliance with Secretarial Standards

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.

### Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as at March 31, 2019 is uploaded on the website of the Company and can be accessed at <http://www.vbdesai.com>

### Risk Management Policy

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

### Corporate Governance

The Report on Corporate Governance along with a certificate of compliance from the Auditors and Management Discussion

and Analysis Report forms part of this Report.

### Foreign Exchange Earnings and Outgo

During the year ended March 31, 2019 the Company has earned Rs. 20.67 lakhs and spent Rs. Nil in foreign currency.

### 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. The percentage increase in remuneration of each Key Managerial Person (KMP) during the financial year 2018-19 and ratio of the remuneration of each KMP to the median remuneration of the employees of the Company for the financial year 2018-19 are given in Annexure B.

### 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 : May 29, 2019.

**Annexure A of Directors Report  
Form No. MR-3**

**SECRETARIAL AUDIT REPORT for the financial year ended 31st March 2019**

[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's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 1st April 2018 to 31st March, 2019 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 2019, according to the provisions as applicable to the Company:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009/2018;

- (d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014; (Not applicable during the year)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable during the year)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable during the year)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable during the year)
- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

I further report that the Compliance by the Company of the undermentioned Acts and Rules have not been reviewed and I have relied on the representations made by the Company, its Officers and Reports issued by the Statutory Auditors.

- a) Applicable Financial laws like Direct and Indirect tax laws, GST and others detailed under Tax Legislations
- b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- c) Employees State Insurance Act, 1948
- d) Payment of Bonus Act, 1965 and the payment of Bonus Rules, 1965
- e) Payment of Gratuity Act, 1972;
- f) Contract Labor (Regulation and Abolition) Central Rules, 1971
- g) Income Tax 1961 and Rules made thereunder
- h) Service Tax Act, 1994 and Rules made thereunder
- i) Shops and Establishment Act of Maharashtra.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## V. B. Desai Financial Services Limited

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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:

Observations / audit qualification, reservation or remarks:

- a) As per the provisions of Section 203 of the Companies Act, 2013 read with Rule 8A of Companies (Appointment and Remuneration) Rule, 2014, the Company has filed form for appointment of CFO on 13th November 2018.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

As per the minutes of the Board duly recorded and signed by Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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 except as stated above 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: Navi Mumbai  
Date: June 19, 2019

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

### Annexure A to Secretarial Audit Report

To the Members,  
V.B. Desai Financial Services Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I 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 regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards are 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: Navi Mumbai  
Date: June 19, 2019

**Annexure B**

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of the remuneration of Managing Director to the median remuneration of the employees of the Company for the financial year:

Name of the Director	Designation	Ratio to median remuneration of the employees*
Mr. Pradip R. Shroff	Managing Director	1 : 1.3

- ii. The % increase in remuneration of Managing Director, Chief Financial Officer & Company Secretary in the financial year:

Name of the Director	Designation	Ratio to median remuneration of the employees*
Mr. Pradip R. Shroff	Managing Director	60%
Mr. Shashank S. Vijayakar	Chief Financial Officer	10%
Mr. Kamlesh M. Gagavani	Company Secretary	10%

- iii. The % increase in the median remuneration of employees in the financial year : 10%
- iv. The number of permanent employees on the rolls of the Company : 5
- v. 1. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year. 10%
2. Average percentage increase in the managerial remuneration in the last financial year: 60%
- The increase in the managerial remuneration was approved by the Shareholders on re-appointment of Managing Director at the Annual General Meeting held on 22<sup>nd</sup> September 2018.
- vi. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

Samir R. Dedhia  
Chairman

Place: Mumbai  
Date: May 29, 2019

**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 lead to the satisfaction and transparency to the shareholders. Company’s philosophy is concerned with ethics, values, morals and social responsibility of the Company. The Company remains accountable to shareholders and other beneficiaries for their actions. The Company conducts its activities in a manner that is fair and transparent and perceived to be such by others. The Board of Directors of the Company has adopted the Code of Conduct for its members and senior management executives.

**2. BOARD OF DIRECTORS**

**a) Composition**

Name	Category	Designation
Mr. Samir R. Dedhia	Independent	Chairman
Mr. Pradip R. Shroff	Executive-Non Independent	Managing Director
Mr. Manoj T. Shroff	Non-Independent	Director
Mr. Khurshid Shaikh (upto 23-04-2019)	Independent	Director
Mr. Hemendra J. Shroff	Non-Independent	Director
Mrs. Rachana S. Vijayakar	Non-Independent	Director
Mr. Nilesh R. Doshi (w.e.f. 23-04-2019)	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 are sent well in advance to all the Directors. During the financial year ended on 31/3/2019, five board meetings were held on 30/05/2018, 13/08/2018, 22/09/2018, 13/11/2018 & 05/02/2019.

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. 20000
Mr. Pradip Shroff	5	Yes	1	8	0	0	Rs. 0
Mr. Manoj Shroff	5	Yes	4	3	0	0	Rs. 14000
Mr. Khurshid Shaikh	5	Yes	1	0	0	0	Rs. 20000
Mr. Hemendra J. Shroff	5	Yes	8	2	0	0	Rs. 12000
Mrs. Rachana S. Vijayakar	5	Yes	2	3	0	0	Rs. 16000
Total							Rs. 82000

**c) Brief Note on the Directors seeking appointment/ re-appointment at the 33rd Annual General Meeting:**

In Compliance with and provisions of Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, brief resume, expertise and details of other directorship, membership in committees of Directors of other companies and shareholding in the Company of the Directors proposed to be re-appointed are given in the Annexure A of forming part of Notice.

**c) Remuneration of Directors**

The Company has during the year paid Rs. 3.76 lakhs 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.



**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 30/05/2018, 13/08/2018, 13/11/2018 & 05/02/2019.

**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 during the financial year 2018-19.

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 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 2 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 SEBI Listing Regulations, 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
22.09.2018	AGM	Registered Office at Cama Building, 1 <sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001	11.00 a.m	1
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

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.

## V. B. Desai Financial Services Limited

- 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.

f) **Details of utilization of funds**

During the year under review, there were no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations.

g) **Fees paid to Statutory Auditors**

The total fees incurred by the Bank and its subsidiaries on a consolidated basis, for services rendered by Statutory auditors and its affiliates entities, is given below:

Audit fees Rs. 60,000

Statutory Certificates fees Rs. Nil

### 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](http://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	07 <sup>th</sup> September, 2019 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 2018 - 31 <sup>st</sup> March, 2019
iii	Date of Book closure	02.09.2019 to 06.09.2019
iv	Dividend payment date	No dividend recommended.
v	Listing on Stock Exchange	BSE Limited (BSE) Annual Listing fees have been paid to the Stock Exchanges for the year 2019-20
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 2018 -2019 on BSE Limited

Month	High – Rs.	Low – Rs.	BSE Sensex
April 2018	13.04	10.49	35160.36
May 2018	12.07	10.33	35322.38
June 2018	11.80	9.22	35423.48
July 2018	11.49	9.54	37606.58
August 2018	12.00	10.83	38645.07
September 2018	11.45	11.45	36227.14
October 2018	11.35	10.79	34442.05
November 2018	10.90	7.66	36194.3
December 2018	9.35	8.08	36068.33
January 2019	9.81	9.32	36256.69
February 2019	8.86	7.09	35867.44
March 2019	8.58	6.25	38672.91

**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: support@purvashare.com; 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 2019**

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,083	625128	13.81
501 - 1000	273	212735	4.70
1001 - 2000	133	195622	4.32
2001 - 3000	43	110665	2.44
3001 - 4000	39	138190	3.05
4001 - 5000	17	80819	1.78
5001 - 10000	51	366580	8.10
10001 and above	48	2798151	61.80
<b>TOTAL</b>	<b>4,687</b>	<b>4527890</b>	<b>100.00</b>

**Shareholding pattern as on 31<sup>st</sup> March 2019**

SR. NO	CATEGORY	NO. OF SHARES HELD	% OF SHARE-HOLDING
1.	Promoters Holding -Indian Promoters and Persons Acting in concert	1904165	42.05
2.	Mutual Funds	--	--
3.	Banks & Financial Institutions/FPI	50316	1.11
4.	Bodies Corporates/LLP	163454	3.61
5.	NRIs/OCBs	8670	0.19
6.	Clearing Members	28896	0.64
7.	Hindu Undivided Family	92825	2.05
8.	Indian Public	2279564	50.35
	<b>TOTAL</b>	<b>4527890</b>	<b>100.00</b>

**Dematerialization of shares**

As on 31<sup>st</sup> March 2019, 91.22% of the Company's total shares represented by 41,30,138 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, 2019.

Mumbai  
Dated: May 29, 2019

Pradip R. Shroff  
Managing Director

### 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                      Shashank S. Vijayakar  
Managing Director                      Chief Financial Officer

Date: May 29, 2019

**Practicing Company Secretary's Certificate on Compliance of Conditions of Corporate Governance**

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

I have examined the compliance of conditions of Corporate Governance by V.B. Desai Financial Services Limited (the Company), for the financial year ended on 31st March 2019, as stipulated under the relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors & the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

N. HARIHARAN  
Practicing Company Secretary  
Membership No. 559  
Certificate of Practice No. 7119

Place: MUMBAI

Date: May 29, 2019.

**Practicing Company Secretary's Certificate Under Sub-Para 10(i) of Part C of Schedule V of SEBI (LODR), Regulations, 2015**

To the Members of V.B. Desai Financial Services Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of V.B. Desai Financial Services Limited having CIN: L74120MH1985PLC037218 and having registered office at Cama Building, 1<sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001, Maharashtra (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Sr. No.	Name of the Director	DIN	Date of appointment
1.	Mr. Samir Ramjibhai Dedhia	06864567	30-05-2014
2.	Mr. Pradip Ratilal Shroff	00286291	28-06-2008
3.	Mr. Manoj Thakorlal Shroff	00330560	01-06-2004
4.	Mr. Hemendra Jitendra Shroff	00286509	07-05-2014
5.	Mr. Khurshid Atharali Shaikh*	01450745	26-12-2005
6.	Mrs. Rachna Shashank Vijayakar	03317373	30-05-2014

- Mr. Khurshid Shaikh resigned with effect from 23-04-2019.

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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: May 29, 2019

### 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 Company Share Valuation, ESOP Valuation, ESOP Advisory, merger and acquisition, to act as Manager in Buy back of shares and in Acquisition, Takeover of Listed Companies and in 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, ESOP Advisory, merger and acquisition, to act as Manager in Buy back of shares and in Acquisition, Takeover of Listed Companies and in Initial Public Offerings and in other capital market activities. 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)(viib). 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

PLACE: MUMBAI

Samir R. Dedhia

DATE : May 29, 2019

Chairman

## INDEPENDENT AUDITOR'S REPORT

### To the Members of V. B. Desai Financial Services Limited

#### Report on the Financial Statements

##### Opinion

We have audited the accompanying financial statements of **V. B. Desai Financial Services Limited** (“the Company”) which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the *Indian Accounting Standards* (Ind AS) specified under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and Profit including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. Based on the circumstances and facts of the Audit, there are no key audit matters to be reported.

##### Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information

comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive Income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

##### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

## V. B. Desai Financial Services Limited

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material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, based on our audit 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 financial statements dealt with by this report are in agreement with the books of accounts.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Company as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".
  - g. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the



provision of and limits laid down under Section 197 read with Schedule V to the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company does not have any pending litigations which would impact its financial position.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term

contracts. We are informed that the company did not have any pending derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For N S Shetty & Co.**  
Chartered Accountants  
FRNo. : 0110101W

N. S. Shetty  
Partner

Place : Mumbai  
Date : 29<sup>th</sup> May, 2019

M. No. 035083

## **ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, 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) 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 within the meaning from section 73 to 76 of the Act and the companies (Acceptance of Deposit) Rules 2014 (as amended) during the year. 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 31st March, 2019 for a period of more than six months from the date they became payable except GST of Rs.1.52 lakh.
- (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.

## V. B. Desai Financial Services Limited

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- (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 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 N S Shetty & Co.**  
Chartered Accountants  
FRNo. : 0110101W

Place : Mumbai  
Date : 29<sup>th</sup> May, 2019

N. S. Shetty  
Partner  
M. No. 035083

### Annexure - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in Para 2(f) under "Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### **Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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. 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 respective 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 internal

financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**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, to the best of our information and according to the explanations given to us, 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 March 31, 2019, 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 N S Shetty & Co.**  
Chartered Accountants  
FRNo. : 0110101W

Place : Mumbai  
Date : 29<sup>th</sup> May, 2019

N. S. Shetty  
Partner  
M. No. 035083

# V. B. Desai Financial Services Limited

## Balance Sheet As At 31st March, 2019

Particulars	Note No.	As at 31st March, 2019		As at 31st March, 2018	
		₹	₹	₹	₹
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Property, Plant & Equipment	1	457,028		748,626	
(b) Financial Assets					
(i) Investments	2	79,192,538		54,420,643	
(ii) Loans	3	10,519,850		141,769	
(iii) Other Financial Assets	4	4,659,167		36,163,167	
(c) Deferred Tax Assets (Net)	5	1,087,359		733,286	
(d) Other Non-Current Assets	6	715,589		310,482	
<b>Total Non-Current Assets</b>			<b>96,631,531</b>		<b>92,517,973</b>
<b>Current Assets</b>					
(a) Inventories	7	234,606		301,790	
(b) Financial Assets					
(i) Trade Receivables	8	1,590,626		1,184,960	
(ii) Cash and Cash Equivalents	9	1,225,196		612,871	
(iii) Bank Balances other than (ii) above	10	66,600		66,600	
(iv) Other Financial Assets	4	1,532,208		1,438,912	
(c) Other Current Assets	6	244,927		491,530	
<b>Total Current Assets</b>			<b>4,894,163</b>		<b>4,096,663</b>
<b>Total Assets</b>			<b>101,525,694</b>		<b>96,614,636</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share Capital	11	45,381,316		45,381,316	
(b) Other Equity	12	50,292,019		46,641,197	
<b>Total Equity</b>			<b>95,673,335</b>		<b>92,022,513</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
(a) Provisions	13	2,791,653		1,950,923	
<b>Total Non-Current Liabilities</b>			<b>2,791,653</b>		<b>1,950,923</b>
<b>Current Liabilities</b>					
(a) Financial Liabilities					
(i) Trade Payables	14	1,452,401		935,811	
(b) Other Current Liabilities	15	751,072		1,179,939	
(c) Provisions	13	857,233		525,450	
<b>Total Current Liabilities</b>			<b>3,060,706</b>		<b>2,641,200</b>
<b>Total Equity and Liabilities</b>			<b>101,525,694</b>		<b>96,614,636</b>
<b>See accompanying notes forming part of the financial statements</b>	23 to 28				

As Per Our Attached Report Of Even Date

**For N. S. Shetty & Co.**  
Chartered Accountants  
Firm Reg. No. 110101W

N. S. Shetty  
Partner  
Membership No. 035083

Place : Mumbai  
Date : May 29, 2019

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

Samir R. Dedhia  
Chairman  
06864567

Hemendra Shroff  
Director  
00286509

Kamlesh M Gagavani  
Company Secretary

Place : Mumbai  
Date : May 29, 2019

Pradip R Shroff  
Managing Director  
00286291

Shashank S. Vijayakar  
Chief Financial Officer

**Statement of Profit and Loss for the period ended 31st March, 2019**

Particulars	Note No.	For the year ended 31st March, 2019 ₹	For the year ended 31st March, 2018 ₹
Revenue From Operations	16	21,248,565	12,256,083
Other Income	17	698,664	2,289,978
<b>Total Income</b>		<b>21,947,229</b>	<b>14,546,061</b>
<b>EXPENSES</b>			
Employee Benefits Expense	18	3,624,473	3,005,531
Finance Costs	19	-	10,084
Depreciation	20	348,097	337,478
Other Expenses	21	12,795,582	9,023,247
<b>Total Expenses</b>		<b>16,768,152</b>	<b>12,376,340</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>5,179,077</b>	<b>2,169,721</b>
Exceptional Items		-	-
<b>Profit before tax</b>		<b>5,179,077</b>	<b>2,169,721</b>
<b>Tax Expenses</b>			
(i) Current Tax	22	994,671	1,512,316
(ii) Deferred Tax		(354,073)	(119,120)
<b>Profit/(Loss) for the year after Tax</b>		<b>4,538,479</b>	<b>776,525</b>
<b>Other comprehensive income</b>			
<b>Items that may not be reclassified to the statement Profit or Loss</b>			
Remeasurement of defined benefit plan		(887,657)	16,946
Income Tax relating to items that may not be reclassified to the statement of Profit & Loss		-	-
Total other Comprehensive Income, net of Tax		(887,657)	16,946
<b>Total comprehensive income for the year</b>		<b>3,650,822</b>	<b>793,471</b>
<b>(XVI) Earnings per equity share (for continuing operation)</b>			
(i) Basic		1.00	0.17
(ii) Diluted			
<b>See accompanying notes forming part of the financial statements</b>	23 to 28		

As Per Our Attached Report Of Even Date

**For N. S. Shetty & Co.**  
Chartered Accountants  
Firm Reg. No. 110101W

N. S. Shetty  
Partner  
Membership No. 035083

Place : Mumbai  
Date : May 29, 2019

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

Samir R. Dedhia  
Chairman  
06864567

Hemendra Shroff  
Director  
00286509

Kamlesh M Gagavani  
Company Secretary

Place : Mumbai  
Date : May 29, 2019

Pradip R Shroff  
Managing Director  
00286291

Shashank S. Vijayakar  
Chief Financial Officer

## V. B. Desai Financial Services Limited

### Cash Flow Statement for the year ended 31st March, 2019

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	₹	₹	₹	₹
<b>A Cash Flow from Operating Activities</b>				
Net Profit before Tax		5,179,077		2,169,721
<b>Adjustments for :</b>				
Depreciation	348,097		337,478	
Provision/(Reversal) for Gratuity	284,856		680,800	
Interest on Income Tax Refund	-		(20,163)	
Dividend Income	(10,453)		(6,035)	
Interest paid	-		10,084	
Profit on Sale of Investments	(2,760,712)		(388,070)	
		(2,138,212)		614,094
Operating Profit before Working Capital Changes		3,040,865		2,783,815
<b>Adjustments for :</b>				
(Increase)/Decrease in Trade Receivables	(405,666)		62,650	
(Increase)/Decrease in Loans and Advances & Other Current and Non-Current Assets	21,399,046		15,939,312	
Increase/(Decrease) in Liabilities & Provisions	1,260,236		584,822	
		22,253,616		16,586,784
		25,294,481		19,370,599
Income Tax Refund		1,830		356,280
Interest on Income Tax Refund		-		20,163
Income Tax Paid		(1,813,939)		(2,027,239)
Dividend Income		10,453		6,035
<b>Net Cash flow from Operating Activities (A)</b>		<b>23,492,825</b>		<b>17,725,838</b>
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets		(56,500)		-
Purchase of Investments/Stock in trade		(32,500,000)		(22,675,000)
Sale of Investments		9,676,000		2,793,819
<b>Net Cash flow from Investing Activities (B)</b>		<b>(22,880,500)</b>		<b>(19,881,181)</b>
<b>C Cash Flow from Financing Activities</b>				
Interest paid		-		(10,084)
<b>Net Cash flow from Financing Activities (C)</b>		<b>-</b>		<b>(10,084)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>612,325</b>		<b>(2,165,427)</b>
Cash & Cash Equivalents at the beginning of the year		679,471		2,844,898
Cash & Cash Equivalents at the end of the year		1,291,796		679,471

As Per Our Attached Report Of Even Date

**For N. S. Shetty & Co.**

Chartered Accountants  
Firm Reg. No. 110101W

N. S. Shetty  
Partner  
Membership No. 035083

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

Samir R. Dedhia  
Chairman  
06864567

Pradip R Shroff  
Managing Director  
00286291

Hemendra Shroff  
Director  
00286509

Shashank S. Vijayakar  
Chief Financial Officer

Kamlesh M Gagavani  
Company Secretary

Place : Mumbai  
Date : May 29, 2019

Place : Mumbai  
Date : May 29, 2019

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**  
**(Also refer Note 12)**

A <b>Equity Share Capital (also refer note 11)</b>		Amount ₹
Particulars	<b>Total Equity share capital</b>	
As at April 1, 2017	45,381,316	
Changes in equity share capital	-	
As at March 31, 2018	45,381,316	
Changes in equity share capital	-	
As at March 31, 2019	45,381,316	

B <b>Other Equity (also refer note 12)</b>		<b>Reserves and Surplus</b>		
Particulars	<b>Securities Premium Account</b>	<b>Surplus/(Deficit) in Statement of Profit and Loss</b>	<b>Total</b>	
Balance as at April 1, 2017	21,290,975	24,856,098	46,147,073	
Profit for the year	-	776,525	776,525	
Other Comprehensive income/(loss) for the year, net of tax	-	16,946	16,946	
Transfer to retained earnings	-	-	-	
Balance as at March 31, 2018	21,290,975	25,350,222	46,641,197	
Changes during the year	-	-	-	
Premium on shares issued during the year	-	-	-	
Profit for the year	-	4,538,479	4,538,479	
Other Comprehensive income/(loss) for the year, net of tax	-	(887,657)	(887,657)	
Balance as at March 31, 2019	21,290,975	29,001,044	50,292,019	

As per our attached report of even date

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

**For N. S. Shetty & Co.**  
Chartered Accountants  
Firm Reg. No. 110101W

Samir R. Dedhia  
Chairman  
06864567

Pradip R Shroff  
Managing Director  
00286291

N. S. Shetty  
Partner  
Membership No. 035083

Hemendra Shroff  
Director  
00286509

Shashank S. Vijayakar  
Chief Financial Officer

Kamlesh M Gagavani  
Company Secretary

Place : Mumbai  
Date : May 29, 2019

Place : Mumbai  
Date : May 29, 2019

### 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, 2019

##### 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

##### 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 on 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 or at fair market value.

##### 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 March 31, 2019.

## V. B. Desai Financial Services Limited

### Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2019

#### 1. Property, Plant & Equipments

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2019: `

##### Tangible Assets (Owned Assets)

All amounts in ₹

Particulars	Plant & Machinery	Office Equipment	Vehicle	Furniture & Fixture	Computer	Total
<b>GROSS BLOCK</b>						
As at March 31, 2017	194,126	24,609	-	1,032,294	16,871	1,267,900
Additions	-	-	-	-	132,000	132,000
Deletions	-	-	-	-	-	-
As at March 31, 2018	194,126	24,609	-	1,032,294	148,871	1,399,900
Additions	-	-	-	-	56,500	56,500
Deletions	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>194,126</b>	<b>24,609</b>	<b>-</b>	<b>1,032,294</b>	<b>205,371</b>	<b>1,456,400</b>
<b>ACCUMULATED DEPRECIATION</b>						
As at March 31, 2017	18,035	4,309	-	283,563	7,888	313,795
Charge for the year	18,035	4,309	-	283,563	31,571	337,478
Deductions	-	-	-	-	-	-
As at March 31, 2018	36,070	8,618	-	567,126	39,459	651,273
Charge for the year	18,035	2,323	-	283,563	44,176	348,097
Deductions	-	-	-	-	-	-
<b>As at March 31, 2019</b>	<b>54,105</b>	<b>10,941</b>	<b>-</b>	<b>850,689</b>	<b>83,635</b>	<b>999,370</b>
<b>NET BLOCK</b>						
As at March 31, 2018	158,056	15,991	-	465,168	109,412	748,626
<b>As at March 31, 2019</b>	<b>140,021</b>	<b>13,668</b>	<b>-</b>	<b>181,605</b>	<b>121,736</b>	<b>457,028</b>

#### 2. Investments

Name of the Scrip	Face Value	As at 31st March 2019		As at 31st March 2018	
		No. of Shares	Value of shares	No. of Shares	Value of shares
		Rs.	Rs.	Rs.	Rs.
<b>Quoted</b>					
<b>Equity Shares of Other Companies</b>					
<b>Measured at FVTPL</b>					
TechNvision Ventures Ltd. (Solix Technologies Ltd.)	10	9,080	1,198,560	9,080	90,800
<b>Total of Quoted Equity Shares</b>			1,198,560		90,800
<b>Unquoted</b>					
<b>Equity Shares of Other Companies</b>					
<b>Measured at FVTPL</b>					
Arodyne Chemicals Ltd	10	1,250	-	1,250	1,750,000
Bluechip Leasing & Finance Ltd	10	50,000	402,000	50,000	500,000
Bodh Gaya Ceramics	10	500	1	500	1
Citi Securities & Financial Services Pvt. Ltd.	10	20,200	129,280	20,200	202,000
Desai Investments Pvt. Ltd.	10	50,000	2,516,000	50,000	2,600,000
Essar Steel Ltd.	10	172	-	172	258
Etiam Emedia	10	3,200	26,880	3,200	400,000
Fairgrowth Financial Services Ltd.	10	80,000	1	80,000	1
Fairgrowth Home Finance Ltd.	10	20,000	1	20,000	1
Imperial Spirits Ltd.	10	24,900	-	62,900	14,996,000
Indag Products Ltd.	10	9,500	1	9,500	1
Merican Funds Ltd	10	6,535	60,383	6,535	261,400
Motorol (I) Ltd.	10	688	1	688	1

Notes forming part of the financial statements for the year ended 31st March, 2019

Name of the Scrip	Face Value	As at 31st March 2019		As at 31st March 2018	
		No. of Shares	Value of shares	No. of Shares	Value of shares
		Rs.	Rs.	Rs.	Rs.
Neptune Steel Strips Ltd.	10	256,000	6,297,600	256,000	6,400,000
Panchmahal Cement Co. Ltd.	10	800	1	800	1
Rajinder Steel Ltd.	10	640	1	640	1
Rinki Hydro Carbons Ltd.	10	2,000	1	2,000	1
Serentronics Ltd.	10	200	1	200	1
Suchitra Tubes Ltd.	10	31,880	1	31,880	1
Traitrya Construction Finance Ltd.	10	721,700	16,383,490	721,700	16,600,000
Valuecorp Securities & Fin. Ltd.	10	351,658	8,152,150	351,658	4,028,419
Vishvakarma Equipment Fin. (I) Ltd.	10	500,000	11,503,429	500,000	5,728,429
<b>Total of Unquoted Equity Shares</b>			45,471,222		53,466,516
<b>Mutual Funds</b>		No. of Units			
UTI Master Share (Measured at Cost)		566	14,133	566	14,133
HDFC Cash Management (FVTPL)		220.397	8,623	23,688	849,194
<b>Total of Unquoted Mutual Funds</b>			22,756		863,327
<b>Un-Quoted Preference Shares of Other Companies Measured at Cost</b>					
Deep Industrial Finance Ltd.	1,000	12,500	12,500,000	-	-
Traitrya Construction Finance Ltd.	1,000	5,700	5,700,000	-	-
Valuecorp Securities & Fin. Ltd.	1,000	5,700	5,700,000	-	-
Vishvakarma Equipment Fin. (I) Ltd.	1,000	1,700	1,700,000	-	-
Pearl Housing Finance Ltd.	1,000	1,200	1,200,000	-	-
Shriyam Auto-Fin Ltd.	1,000	5,700	5,700,000	-	-
<b>Total of Unquoted Preference Shares</b>			32,500,000		-
<b>Total of Unquoted Securities</b>			79,192,538		54,420,643

Particulars	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>3. Loans</b>		
<b>(Unsecured, Considered Good)</b>		
<b>(i) Non-current</b>		
Security Deposits	95,000	85,569
<b>Other Loans</b>		
Loans to Employees	20,000	20,000
Inter Corporate Deposit	10,368,650	-
To Others	36,200	36,200
<b>Total</b>	<b>10,519,850</b>	<b>141,769</b>
<b>(ii) Current</b>		
<b>(Unsecured, Considered Good)</b>		
Loans and Advances to Employees	-	-
To Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## V. B. Desai Financial Services Limited

### Notes forming part of the financial statements for the year ended 31st March, 2019

Particulars	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>4. Other Financial Assets</b>		
<b>(i) Non-current</b>		
<b>(Unsecured, Considered Good)</b>		
Interest Accrued on Deposits	-	5,821,072
Receivable on Sale of Non-Current Investments	4,659,167	30,342,095
<b>Total</b>	<u>4,659,167</u>	<u>36,163,167</u>
<b>(ii) Current</b>		
<b>(Unsecured, Considered Good)</b>		
Interest Accrued on Deposits	187,927	998,223
Contractually Reimbursable Expenses	344,281	440,689
In Deposit Account with maturity of more than 12 months	1,000,000	-
<b>Total</b>	<u>1,532,208</u>	<u>1,438,912</u>
<b>5. Deferred Tax Assets</b>		
Provision for Gratuity	948,710	643,857
Related to Fixed Assets	138,649	89,429
<b>Deferred Tax Liability</b>	-	-
<b>Total</b>	<u>1,087,359</u>	<u>733,286</u>
<b>6. Other Assets</b>		
<b>(i) Non-current</b>		
<b>(Unsecured, Considered Good)</b>		
Advance Income Tax (Net of Provisions)	700,875	175,948
<b>Other Advances</b>		
Prepaid Expenses	14,714	134,534
<b>Total</b>	<u>715,589</u>	<u>310,482</u>
<b>(ii) Current</b>		
<b>(Unsecured, Considered Good)</b>		
<b>Other Advances</b>		
Prepaid Expenses	149,979	339,737
Balances with Govt. Authorities (GST)	94,948	151,793
<b>Total</b>	<u>244,927</u>	<u>491,530</u>
<b>7. Inventories (Securities)</b>		
Equity Shares	206,542	271,591
Mutual Funds	28,064	30,199
<b>Total</b>	<u>234,606</u>	<u>301,790</u>
<b>8. Trade Receivables</b>		
<b>Current</b>		
<b>Unsecured</b>		
Considered Good	1,590,626	1,184,960
Considered Doubtful	1,750,592	1,750,592
Less: Provision for Doubtful Trade Receivables	(1,750,592)	(1,750,592)
<b>Total</b>	<u>1,590,626</u>	<u>1,184,960</u>

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, 2019

Particulars	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>9. Cash And Cash Equivalents</b>		
Cash on Hand	364,450	364,223
Balances with Banks in Current Accounts	860,746	248,648
<b>Total</b>	<b>1,225,196</b>	<b>612,871</b>
<b>10. Other Bank Balances</b>		
in Margin Accounts against Bank Guarantee	66,600	66,600
<b>Total</b>	<b>66,600</b>	<b>66,600</b>
<b>11. Equity Share Capital</b>		
<b>Authorised</b>		
50,00,000 (50,00,000) Equity Shares of ₹10/- each with voting rights	50,000,000	50,000,000
<b>Total</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued</b>		
45,46,200 (45,46,200) Equity Shares of ₹10/- each fully paid up with voting rights	45,462,000	45,462,000
<b>Total</b>	<b>45,462,000</b>	<b>45,462,000</b>
<b>Subscribed &amp; Paid up</b>		
45,27,890 (45,27,890) Equity Shares of ₹10/- each fully paid up with voting rights	45,278,900	45,278,900
Add: 18,310 (18,310) Forfeited Equity Shares	102,416	102,416
<b>Total</b>	<b>45,381,316</b>	<b>45,381,316</b>
<b>Details of Forfeited Shares :</b>		
<b>Amount originally paid up</b>	Rs.	Rs.
<b>Class of Shares</b>		
18,310 (18,310) Equity Shares	102,416	102,416
	<b>102,416</b>	<b>102,416</b>

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

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	4,527,890	4,527,890
Add : Shares issued	-	-
Less : Shares Bought Back	-	-
Equity Shares at the end of the year	<b>4,527,890</b>	<b>4,527,890</b>

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

Name of the Shareholder	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	% held	No. of Shares	% held
Desai Investments Pvt. Ltd.	771,607	17.04	771,607	17.04
Mrs. Dharati J. Shroff	261,041	5.77	261,041	5.77

**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.

**Notes forming part of the financial statements for the year ended 31st March, 2019**

Particulars	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<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	<u>21,290,975</u>	<u>21,290,975</u>
	<u>21,290,975</u>	<u>21,290,975</u>
Retained Earnings		
Balance as per last Balance Sheet	<u>29,001,044</u>	<u>25,350,222</u>
	<u>29,001,044</u>	<u>25,350,222</u>
<b>Total</b>	<u><u>50,292,019</u></u>	<u><u>46,641,197</u></u>
<b>13. Provisions</b>		
<b>Non-Current</b>		
<b>Provision for employee benefits</b>		
Provision for Gratuity	<u>2,791,653</u>	<u>1,950,923</u>
<b>Total</b>	<u><u>2,791,653</u></u>	<u><u>1,950,923</u></u>
<b>Current</b>		
<b>Provision for employee benefits</b>		
Provision for Gratuity	<u>857,233</u>	<u>525,450</u>
<b>Total</b>	<u><u>857,233</u></u>	<u><u>525,450</u></u>
<b>14. Trade Payable</b>		
Others	<u>1,452,401</u>	<u>935,811</u>
(Refer Note below)		
<b>Total</b>	<u><u>1,452,401</u></u>	<u><u>935,811</u></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	<u>725,072</u>	<u>513,168</u>
Advance from Customer	<u>26,000</u>	<u>666,771</u>
<b>Total</b>	<u><u>751,072</u></u>	<u><u>1,179,939</u></u>

Notes forming part of the financial statements for the year ended 31st March, 2019

Particulars	For the Year Ended 31st March, 2019 Rs.	For the Year Ended 31st March, 2018 Rs.
<b>16. Revenue from Operations</b>		
(a) Sale of Services	18,487,853	11,802,581
(b) Other Operating Revenues		
Change in fair value of Investments	2,209,320	318,088
Exchange Fluctuation	-	65,432
Net Gain on Sale of Shares	551,392	69,982
<b>Total</b>	<b>21,248,565</b>	<b>12,256,083</b>
<b>17. Other Income</b>		
(a) Interest on Income Tax Refund	-	20,163
(b) Interest	678,780	998,223
(c) Dividend	10,453	6,035
(d) Miscellaneous Income	-	1,265,557
(e) Change in Fair value of Deposit through Amortised Cost	9,431	-
<b>Total</b>	<b>698,664</b>	<b>2,289,978</b>
<b>18. Employee Benefits Expense</b>		
Salaries	2,761,300	1,989,381
Contribution to Provident & Other Funds	289,656	227,124
Gratuity	284,856	680,800
Staff Welfare Expenses	288,661	108,226
<b>Total</b>	<b>3,624,473</b>	<b>3,005,531</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, 2019 Rs.	As at 31st March, 2018 Rs.
Contribution to Employees' Provident and other Funds	244,656	183,824
<b>Total</b>	<b>244,656</b>	<b>183,824</b>
Defined benefits plans:		
Gratuity		
Non-Funded status of the plan		
Present value of unfunded obligations	3,648,886	2,476,373
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Net Liability (Asset)	3,648,886	2,476,373
Profit and loss account for current period		
Service cost:		
Current service cost	99,128	20,803

## V. B. Desai Financial Services Limited

### Notes forming part of the financial statements for the year ended 31st March, 2019

Particulars	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
Past service cost and loss/(gain) on curtailments and settlement	-	535,839
Net interest cost	<b>185,728</b>	124,158
Total included in 'Employee Benefit Expense'	<b>284,856</b>	680,800
Other Comprehensive Income for the current period		
Components of actuarial gains/losses on obligations		
Due to Change in financial assumptions	<b>53,670</b>	(57,102)
Due to change in demographic assumption	-	-
Due to experience adjustments	<b>833,987</b>	40,156
Return on plan assets excluding amounts included in interest income	-	-
Amounts recognized in Other Comprehensive Income	<b>887,657</b>	(16,946)
Reconciliation of defined benefit obligation		
Particulars		
Opening Defined Benefit Obligation	<b>2,476,373</b>	1,812,519
Transfer in/(out) obligation	-	-
Current service cost	<b>99,128</b>	20,803
Interest cost	<b>185,728</b>	124,158
Actuarial loss/(gain) due to change in financial assumptions	<b>53,670</b>	(57,102)
Actuarial loss/(gain) due to change in demographic assumption	-	-
Actuarial loss/ (gain) due to experience	<b>833,987</b>	40,156
Past service cost	-	535,839
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing Defined Benefit Obligation	<b>3,648,886</b>	2,476,373
Reconciliation of net defined benefit liability		
Particulars		
Net opening provision in books of accounts	<b>2,476,373</b>	1,812,519
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense	<b>284,856</b>	680,800
Amounts recognized in Other Comprehensive Income	<b>887,657</b>	(16,946)
	-	-
Benefits paid by the Company	-	-
Contributions to plan assets	-	-
Closing provision in books of accounts	<b>3,648,886</b>	2,476,373
Bifurcation of liability as per schedule III		
Particulars		
Current Liability*	<b>857,233</b>	525,450
Non-Current Liability	<b>2,791,653</b>	1,950,923
Net Liability	<b>3,648,886</b>	2,476,373

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



Notes forming part of the financial statements for the year ended 31st March, 2019

Particulars	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
Principle actuarial assumptions		
Particulars		
Discount Rate	6.96%	7.50%
Salary Growth Rate	10%	10%
Expected benefit payments		
Particulars	Year As at 31st March	Cashflows Rs.
	2020	857,233
	2021	79,480
	2022	86,989
	2023	96,495
	2024	3,286,439
	2025 to 2029	72,083
The future accrual is not considered in arriving at the above cash-flows.		
<b>19. Finance Costs</b>		
Interest	-	10,084
<b>Total</b>	<u>-</u>	<u>10,084</u>
<b>20. Depreciation and Amortisation Expenses</b>		
Depreciation	348,097	337,478
<b>Total</b>	<u>348,097</u>	<u>337,478</u>
<b>21. Other Expenses</b>		
Power & Fuel	55,430	222,483
Repairs and maintenance - Others	185,868	73,041
Rates & Taxes	342,949	158,205
Communication	235,339	98,854
Travelling and Conveyance	78,631	83,836
Printing and Stationery	124,587	101,372
Advertisement Expenses	40,801	37,391
Donations	-	5,000
Business Service Charges	626,482	142,973
Office Expenses	34,480	27,311
Legal and Professional	9,722,540	6,813,729
Brokerage and Commission	442,500	-
Payments to Auditors (Refer Note below)	60,000	60,000
Registration Fees	300,000	300,000
Listing Fees	250,000	251,250
Miscellaneous Expenses	295,975	647,802
<b>Total</b>	<u>12,795,582</u>	<u>9,023,247</u>
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	60,000	60,000
<b>Total</b>	<u>60,000</u>	<u>60,000</u>
<b>22. Income Tax Recognised in Profit or Loss</b>		
Current Tax	996,500	779,100
Adjustments in respect of Current Income Tax of Prior Years	(1,829)	733,216
<b>Total</b>	<u>994,671</u>	<u>1,512,316</u>

## V. B. Desai Financial Services Limited

### Notes forming part of the financial statements for the year ended 31st March, 2019

Particulars	For the Year Ended 31st March, 2019 Rs.	For the Year Ended 31st March, 2018 Rs.
<b>23. Earnings per share</b>		
<u>Basic</u>		
Net profit for the year (₹)	4,538,479	776,525
Weighted average number of equity shares (Nos.)	4,527,890	4,527,890
Par value per share (₹)	10	10
Earnings per share (₹)	1.00	0.17

#### 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	Names of related parties
Key Management Personnel (KMP)	Mr. Pradip R. Shroff Mr. Manoj T. Shroff Mr. Hemendra J. Shroff Mr. Kamlesh M. Gagavani Mr. Shashank Vijayakar
Enterprise in which KMP/ Relatives of KMP can exercise significant influence	Deep Industrial Finance Ltd. Desai Investments Pvt. Ltd. Traityra Construction Finance Ltd. Valuecorp Securities and Finance Ltd. Vishvakarma Equipment Finance Ltd. Pearl Housing Finance Ltd. Shriyam Auto-Fin Ltd.
Son of a Director	Raj Pradip Shroff

Note: Related parties have been identified by the Management.

##### Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019:

	KMP	Enterprise in which KMP/ Relatives of KMP can exercise significant influence	Relatives of Directors	Total
	Rs.	Rs.	Rs.	Rs.
Net Loans and Advances given/(returned)	-	3,368,650	-	3,368,650
	-	<i>(16,600,000)</i>	-	<i>(16,600,000)</i>
Remuneration	1,270,500	-	-	1,270,500
	<i>300,000</i>	-	-	<i>300,000</i>
Interest received	-	162,185	-	162,185
	-	<i>996,000</i>	-	<i>996,000</i>
Purchase of Investments	-	32,500,000	-	32,500,000
	-	-	-	-
Brokerage Paid	-	-	442,500	442,500
<u>Balances outstanding at the end of the year</u>				
Net Loans and Advances given/(returned)	-	3,368,650	-	3,368,650
	-	-	-	-

Note: Figures in italics relates to the previous year

Notes forming part of the financial statements for the year ended 31st March, 2019

25. Earnings in Foreign Exchange

Particulars	For the Year Ended	For the Year Ended
	31st March, 2019	31st March, 2018
	Rs.	Rs.
Professional Fees	2,067,107	5,324,878

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 credit worthiness 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 2015-16 to 2017-18. 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.17,50,592/-. As there is adequate provision pre-existing in the books, it is not required to make any additional 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, 2019	31st March, 2018
	Rs.	Rs.
Investments - Non Current (Note 2)	79,192,538	54,420,643
Loans - Non Current (Note 3)	10,519,850	141,769
Other financial assets- Non Current (Note 4)	4,659,167	36,163,167
Trade Receivable - Current (Note 8)	1,590,626	1,184,960
Other financial assets- Current (Note 4)	1,532,208	1,438,912
Cash and Cash Equivalents (Note 9)	1,225,196	612,871
Bank Balances other than above (Note 10)	66,600	66,600
Total	98,786,185	94,028,922

**Notes forming part of the financial statements for the year ended 31st March, 2019**

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

Particulars	As at	As at
	31st March, 2019	31st March, 2018
	Rs.	Rs.
Upto 6 months (Note 3)	1,590,626	1,184,960
Total	1,590,626	1,184,960

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.48,94,163/- as on March 2019 (as on March 2018 is Rs.40,96,663/-). The Company has liabilities which are expected to mature within 12 months Rs.30,60,706/- as on March 2019 (as on March 2018 is Rs.26,41,200/-). Hence Company had a working capital of Rs.18,33,457/- as on March 2019 (as on March 2018 is Rs.14,55,463/-).

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, 2019

Unquoted/Quoted equity investment	-	79,192,538
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Financial instrument at FVTPL as at March 31, 2018

Unquoted/Quoted equity investment	-	54,420,643
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Financial assets and liabilities measured at amortised cost for which fair values are disclosed

Particulars	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)

Financial Assets

Deposit- As at March 31, 2019		10,463,650
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Financial Assets

Deposit- As at March 31, 2018		85,569
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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 33<sup>rd</sup> Annual General Meeting of the Company, to be held on 07<sup>th</sup> September 2019 at 11.00 am 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 2019.
2	Re-appointment of Mr. Hemendra J. Shroff, who retires by rotation.
3	Re-appointment of Mr. Manoj T. Shroff, who retires by rotation.
	<b>Special Resolution</b>
4	To re-appoint Mr. Samir R. Dedhia as Independent Director for 5 years.
5	To appoint Mr. Nilesh R. Doshi as Independent Director for 5 years.
6	To approve related party transaction as per resolution.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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  
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## ATTENDANCE SLIP

33rd Annual General Meeting on Saturday, 07th September 2019

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 33<sup>rd</sup> Annual General Meeting of the Company held at the Registered Office at Cama Building, 1<sup>st</sup> Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001, at 11.00 am on Saturday, 07<sup>th</sup> September 2019.

\_\_\_\_\_  
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.

ROUTE MAP TO THE VENUE OF THE AGM





*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