

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

**23rd ANNUAL REPORT
2008-2009**

V. B. Desai Financial Services Limited

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

AUDITORS

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

BANKERS

HDFC Bank Ltd.
Kapol Co-op. Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt. Ltd.
33, Printing House,
28-D, Police Court Lane,
Behind Old Handloom House,
Fort, Mumbai – 400 001.

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NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Third Annual General Meeting of the Members of V. B Desai Financial Services Limited will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001 on Monday, the 7th September, 2009 at 10.30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive and adopt the Profit and Loss Account for the year ended on 31st March, 2009 and the Balance Sheet as on that date and the reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Khurshid Shaikh who retires by rotation and offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) The form of proxy should be deposited at the registered office of the Company not less than 48 hours before commencement of meeting.
- c) The Register of members and Share Transfer Books of the Company will be closed from 4th September 2009 to 7th September 2009 (both days inclusive)
- d) Members are requested to please bring their copies of the Annual Report to the Meeting.

For and on behalf of the Board of Directors

PRADIP R. SHROFF
Managing Director

REGISTERED OFFICE

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

DATED: 12th August 2009

DIRECTORS' REPORT

The Directors present their 23rd Annual Report on the business and operations of the Company and the financial accounts for the year ended on 31st March, 2009.

FINANCIAL RESULTS

(Rs. In lac)

Particulars	For the year ended on 31/03/2009	For the previous year ended on 31.03.2008
Gross Income	82.58	138.11
Gross Profit (before interest, depreciation & taxation)	45.61	98.56
Financial charges	0.28	0.02
Depreciation	1.06	0.84
Net profit	44.27	97.72
Provision for taxation	5.05	10.50
Prior period expenses	0.14	10.00
Income Tax of earlier years	0.30	-
Profit after adjustments	38.78	77.22
Add: Opening balance of Profit & Loss account	(572.97)	(650.18)
Loss carried to Balance Sheet	(534.19)	(572.97)
APPROPRIATIONS / TRANSFERS		
Profit/(loss) carried to Balance Sheet	(534.19)	(572.97)

DIVIDEND

Your Directors do not recommend any dividend on equity shares in view of the carry forward loss incurred by the Company.

OPERATION AND FUTURE OUTLOOK

In the month of August 2008, the Company has registered as Category I Merchant Banker by Securities and Exchange Board of India, to carry out merchant banking activities. With the existing fee based income activities, viz. consultancy, and corporate advisory services and the revival of primary capital market and secondary market, the Company hopes to do better results in the coming years.

DIRECTORATE :

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

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and developments

The Financial Year 2008-09 is considered one of the worst years for the capital market. The year has seen with US sub-prime crisis and one of the biggest corporate scam hitting Indian stock market, all these attributed to eroding of investor confidence in capital market. The rapid economic slowdown has prompted Reserve Bank of India to cut key rates and the recession in world economy particularly the liquidity crunch affected Indian Companies. There has been an outflow of liquidity from the equity markets and Indian companies have found it difficult to access fund for expansion. This has adversely impacted sentiment in the Indian stock market.

Opportunities and Threats

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

Outlook

The Company looks forward in view of the reposed confidence of Investors in the capital market started in the second quarter of 2009. The political stability restored the confidence of Investors and FIIs which would result in substantial increase of activities primary market and the secondary market.

Internal control system

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

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors of your Company confirms that:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORBTION ETC.

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

PARTICULARS OF EMPLOYEES

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

FIXED DEPOSITS

Fixed Deposits and unsecured non-convertible debentures amounting to Rs.9.54 lacs in the aggregate remained unclaimed as on 31st March, 2009.

CORPORATE GOVERNANCE

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

AUDITORS & AUDITOR'S REPORT

The Company's Auditors M/s. A. N. Damania & Co, Chartered Accountants, will retire at the forthcoming annual General Meeting and is eligible for re-appointment. Members are requested to re-appoint M/s. A. N. Damania & Co., as Auditors of the Company and fix their remunerations.

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

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

PLACE: MUMBAI
DATE : 12th August 2009

PRADIP R. SHROFF
Managing Director

REPORT ON CORPORATE GOVERNANCE

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

1. BOARD OF DIRECTORS

The present strength of Board consist 4 Directors comprising 1 Executive and 3 non-executive Directors.

During the financial year ended on 31.3.2009, 6 board meetings were held. The attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and number of other Directorship and Membership/Chairmanship of Committee are as follows:

Name of the Director	Attendance Particulars		No. of directorship/and Committee Membership / Chairmanship in other Companies			
	Board Meetings	Last AGM	Directorship in private Companies	Directorship in public Companies	Committee Memberships	Committee Chairmanships
Mr. Pradip Shroff	6	Yes	6	9	1	1
Mr. Manoj Shroff	6	Yes	9	9	Nil	Nil
Mr. AshokKumar Singh	4	Nil	Nil	Nil	Nil	Nil
Mr. Khurshid Shaikh	6	Yes	1	Nil	Nil	Nil

2. REAPPOINTMENT OF DIRECTOR

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

Mr. Khurshid Shaikh is aged 45 years is a graduate in Commence. He is having over 20 years of Investment Banking and broking related business.

3. REMUNERATION OF DIRECTORS

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

Sitting fees paid to Independent Directors are as follows :

	Board Meeting	Transfer Committee	Audit Committee	TOTAL
Mr. Manoj Shroff	6,000	12,000	5,000	23,000
Mr. Ashok Kumar Singh	4,000	--	---	4,000
Mr. Khurshid Shaikh	6,000	--	5,000	11,000
TOTAL				38,000

4. AUDIT COMMITTEE

The Audit Committee has 2 Independent Directors and 1 Executive Director. During the financial year under review, 5 meetings were held on 29.04.2008, 11.07.2008, 30.07.2008, 29.10.2008 & 30.01.2009.

5. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

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

6. GENERAL BODY MEETINGS

Date	AGM / EGM	Venue	Time	No. of Special Resolution
14.08.2008	AGM	M.C.Ghia Hall Bhogilal Hargovindas Bldg. 2 nd Flr, 18/20, K.Dubash Marg Mumbai – 400 001	11.30 a.m.	1
19.09.2007	AGM	Kilachand Conference Room Indian Merchant Chambers, 2 nd Floor, IMC Marg, Churchgate, Mumbai - 400020	11.30 a.m.	1
27.09.2006	AGM	Registered Office at Cama Building, 1 st Floor, 24/26, Dalal Street, Fort Mumbai – 400 001	10.00 a.m.	2

During the last year, the following business that had been conducted through postal ballot and for which Special Resolution was passed.

The Main Object Clause of the Company i.e. III A of the Memorandum of Association of the Company altered to include the following:

To carry on the business of Merchant Banking, Consultancy and capital market related services, advise and assist in investment and related matters.

Details of voting received on the special resolution passed through postal ballot.

Sr. No.	Particulars	No. of postal ballot forms	No. of shares	% of total votes cast
1	Total valid postal ballot forms received and scrutinized	36	21,56,765	100%
2	Postal ballot forms with assent for the Special Resolution	36	21,56,765	100%

7. GENERAL INFORMATION FOR SHAREHOLDERS

- i) AGM : Date, Time & Venue : 07th September, 2009 at 10.30 a. m.
M.C.Ghia Hall, Bhogilal Hargovindas Bldg. 2nd Flr,
18/20, K.Dubash Marg, Mumbai – 400 001
- ii) Financial Year : 1st April 2008 - 31st March, 2009
- iii) Book closure : 04.09.2009 to 07.09.2009
- iv) Dividend payment date : No dividend recommended.
- v) Listing on Stock Exchange : The Bombay Stock Exchange (BSE)
The Delhi Stock Exchange Association (DSE)
- vi) Dematerialisation of shares : As on 12.08.2009, 77.97% of total paid-up equity capital is dematerialized.
- vii) ISIN of the Company for dematerialisation : INE848D01018
- viii) Registrar & Share Transfer Agent : Purva Sharegistry (I) Pvt. Ltd.
33, Printing House, 28-D, Police Court Lane,
B/h. Old Handloom Lane, Fort, Mumbai – 400 001

8. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2009

No. of Equity Shares Held	No. of Shareholders	No. of Shares	% Total
1 - 500	4,714	7,19,640	15.89
501 - 1000	254	1,95,637	4.32
1001 - 2000	105	1,55,974	3.44
2001 - 3000	49	1,24,826	2.76
3001 - 4000	28	99,522	2.20
4001 - 5000	17	79,374	1.75
5001 - 10000	43	3,02,582	6.68
10001 and above	51	28,50,335	62.95
TOTAL	5,261	45,27,890	100.00

SHAREHOLDING PATTERN AS ON 31.03.2009 IS AS FOLLOWS :

SR. NO	CATEGORY	NO.OF SHARES HELD	% OF SHARE - HOLDING
1.	Promoters Holding		
2.	- Indian Promoters and Persons	21,61,892	47.75
3.	Acting in concert	--	--
4.	- Foreign Promoters	--	--
5.	Mutual Funds & UTI	200	0.00
6.	Banks & Financial Institutions	5,37,994	11.88
	Private Corporate Bodies	11,683	0.26
	NRIs/OCBs	18,16,121	40.11
	Indian Public		
	TOTAL	45,27,890	100.00

On behalf of the Board of Directors

MUMBAI
DATED : 12th August 2009

PRADIP R. SHROFF
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

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

We have examined the compliance of the conditions of Corporate Governance by V.B.Desai Financial Services Ltd. (the Company) during the period from 1st April, 2008 to 31st March, 2009, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

For **A. N. DAMANIA & CO.**
CHARTERED ACCOUNTANTS

ASHVIN N. DAMANIA
Proprietor
Membership No. 40166

MUMBAI
DATED : 12th August, 2009

Auditors' Report

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

1. We have audited the attached Balance Sheet of V. B. DESAI FINANCIAL SERVICES LIMITED as at 31st March, 2009, and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and cash-flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company's accumulated losses as on 31st March, 2009 have eroded the entire share capital and a portion of the reserves. The accounts are continued to be prepared on "going concern" basis.
4. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-sections (4A) of section 227 of the Companies Act, 1956, (the Act) and on the basis of such checks, as we considered appropriate, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable; except regarding provision of Gratuity / Leave encashment not being provided on actuarial basis, therefore we are unable to quantify the effect, if any, on the profits of the company for the year ended 31st March 2009. (Refer Note no. 5 of Schedule 14).
 - e) On the basis of written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that two directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon and in particular Note No. 4 in Schedule No. 14 regarding receipt of professional fees and subject to 5(d) above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2009,
 - ii) In the case of the Profit and Loss account, of the profit for the year ended on that date.
 - iii) In the case of cash flow statement, of the cash flow, for the year ended on that date.

**For A. N. DAMANIA & CO.
CHARTERED ACCOUNTANTS**

ASHVIN N. DAMANIA
PROPRIETOR
Membership No. 40166

Place : Mumbai
Dated : 12th August 2009

ANNEXURE TO THE AUDITORS' REPORT

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

Referred to in Paragraph 4 of our report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management during the year. As explained to us no discrepancies were noticed on such verification.
2. (a) The inventories of shares/stock lying in physical forms have been verified by the management. In our opinion, the frequency of verification is reasonable;
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business;
(c) The Company is maintaining proper records of inventories. No material discrepancy was noticed between physical verification of stocks and book records.
3. (a) According to the information and explanation given to us the Company has granted interest free unsecured loans / advances to 9 parties covered in the register mentioned under Section 301 of the Companies Act, 1956 amounting to Rs. 36.50 lac. The year end balance of loans given to such parties are Rs. 36.50 lac.
(b) Unsecured loans / advances given to 9 parties as stated in (a) above are prima facie prejudicial to the interest of the Company.
(c) There is no stipulation as to the receipts of principal amount of loans / advances given.
(d) According to the information and explanations given to us the Company has not taken any loans secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the aforesaid internal control procedures.
5. Based on the audit procedures applied by us, and according to the information and explanations given to us, there are no contracts that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public during the year and hence the directives issued by the Reserve Bank of India and the provisions 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, are not applicable to the Company.
7. The Company is yet to introduce a system of internal audit.
8. We are informed that the Central Government has not prescribed maintenance of cost records u/s.209(1)(d) of the Companies Act, 1956.
9. (a) There were no undisputed amounts payable in respect of Income Tax, Provident Fund, ESIC, Service Tax, Profession Tax, Sales-tax, Wealth-tax, Custom duty, Excise, Cess, etc. were outstanding as at 31st March 2009 for a period of more than six months from the date of becoming payable.
(b) According to the information and explanations given to us by the Management and the records of the Company examined by us there were no disputed dues of Sales Tax, Wealth Tax etc. which have not been deposited as at 31st March 2009. In respect of Income Tax disputed dues as at 31st March 2009, are as given below:

Assessment Year	Amount - Rs.	Forum where dispute is pending
2003-2004	14,77,845/-	Appellate Tribunal, Mumbai
2005-2006	6,65,155/-	C.I.T (Appellate), Mumbai
10. The accumulated losses of the Company as at 31st March 2009 are not more than 50% of its net worth. It has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

11. As per the books and records of the company examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. Clause 13 of the order is not applicable as the Company is not a Chit Fund company or nidhi /mutual benefit fund/society.
13. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the company in its own name.
14. As informed to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
15. On the basis of our review and related information and explanation as made available to us the company has not taken any term loans during the year.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
17. The Company has not made any preferential allotment of shares during the year and therefore, paragraph 4(18) of the Order is not applicable.
18. The Company has not issued any debentures during the year and therefore paragraph 4(19) of the Order is not applicable.
19. The Company has not raised any money by way of public issue during the year and therefore paragraph 4(20) of the Order is no applicable.
20. According to the information to and explanations given to us, no fraud on or by the company has been noticed or reported during the course of the audit.

For **A. N. DAMANIA & CO.**
CHARTERED ACCOUNTANTS

ASHVIN N. DAMANIA
PROPRIETOR
Membership No. 40166

Place : MUMBAI
DATED : 12th August, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rupees	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	45381316		45381316
Reserves and Surplus	2	69316090		69316090
TOTAL			114697406	114697406
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	3	1544015		1520373
Less : Depreciation		1070710		965050
Net Block		473305		555323
Add Capital Work in progress		2181546		1754011
			2654851	2309334
CURRENT ASSETS, LOANS & ADVANCES				
Stock-in-trade	4	46415430		46639958
Sundry Debtors	5	5694900		6017934
Cash & Bank Balances	6	4470370		5351924
Loans & Advances	7	7672735		1982316
		64253435		59992132
LESS : CURRENT LIABILITIES AND PROVISIONS				
Liabilities	8	4721758		4092219
Provisions	9	908015		808953
		5629773		4901172
NET CURRENT ASSETS			58623662	55090960
Profit & Loss Account			53418893	57297112
TOTAL			114697406	114697406
Accounting Policies & Notes forming part of Accounts	14			

As per our attached report of even date

For and on behalf of Board of Directors

For A. N. DAMANIA & CO.
CHARTERED ACCOUNTANTS

Pradip R. Shroff - Managing Director

(ASHVIN N. DAMANIA)
PROPRIETOR
Membership No: 40166.

Manoj T. Shroff - Director

Khurshid Shaikh - Director

PLACE : MUMBAI
DATED : 12th August, 2009

PLACE : MUMBAI
DATED : 12th August, 2009.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Rupees	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME				
Professional and Consultancy Fees	10		8257538	9320711
Other Income	11		303678	4490227
TOTAL			8561216	13810938
EXPENDITURE				
Administrative & Other Expenses	12	3820340		3953030
Finance Charges (Interest & Discount)	13	27760		1,947
Depreciation		105660		84506
Loss arising out of dealing in shares, investments, etc		180102		-
			4133862	4039483
Profit for the year			4427354	9771455
Provision for Taxation				
Current Tax			475000	1010000
Fringe benefit Tax			30000	40000
Profit after tax before prior year adjustments			3922354	8721455
Prior Period Expenses			14353	999931
Short Provision for tax			29782	-
Profit/(loss) after prior year adjustments			3878219	7721524
Balance brought forward from Previous Year			(57297112)	(65018636)
TOTAL			(53418893)	(57297112)
APPROPRIATIONS				
Balance carried to Balance Sheet			(53418893)	(57297112)
TOTAL			(53418893)	(57297112)
Accounting Policies & Notes forming part of Accounts	14			

As per our attached report of even date

For A. N. DAMANIA & CO.
CHARTERED ACCOUNTANTS

(ASHVIN N. DAMANIA)
PROPRIETOR
Membership No: 40166.

PLACE : MUMBAI
DATED : 12th August, 2009

For and on behalf of Board of Directors

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

PLACE : MUMBAI
DATED : 12th August, 2009.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
SCHEDULE - 1		
AUTHORISED SHARE CAPITAL		
50,00,000 Equity shares of Rs.10/- each	50000000	50000000
ISSUED AND SUBSCRIBED		
45,27,890 shares of Rs.10/- each fully paid-up.	45278900	45278900
Add : Shares Forfeited	102416	102416
TOTAL	45381316	45381316
SCHEDULE - 2		
RESERVES & SURPLUS		
SHARE PREMIUM ACCOUNT		
On 24,77,890 Equity Shares @ Rs.15/- each and on 8,00,000 Equity Shares @ Rs.40/- each	69316090	69316090
TOTAL	69316090	69316090

**SCHEDULE - 3
FIXED ASSETS**

ASSETS	GROSS BLOCK				Depreciation				NET BLOCK		
	As on 31.03.08	Addition during the year	Deduction during the year	As on 31.03.09	As on 31.03.08	For the year	Deduc- tion	As on 31.03.09	As On 31.03.09	As On 31.03.08	
Furniture & Fixture	56161	-	-	56161	39953	1876	-	41829	14332	16208	
Office Equipments	1183149	23642	-	1206791	644034	103784	-	747818	458973	539115	
Motor Vehicle	281063	-	-	281063	281063	-	-	281063	-	-	
Total	1520373	23642	-	1544015	965050	105660	-	1070710	473305	555323	
Previous Year	1304233	216140	-	1520373	880544	84506	-	965050	555323		
Capital work in progress in respect of office premises. (including advances)									2181546	1754011	

**SCHEDULE - 4
STOCK IN TRADE**

Name of the Script	Face Value	No. of Shares	Rupees	As at 31.03.2008	
				No. of Shares	Rupees
ABG Shipyard Ltd.	10	100	8285	-	-
Bajaj Auto Ltd	10	100	57526	90	52199
Bajaj Financial Services Ltd.	5	200	33810	90	50545
Bajaj Holding & Inv. Ltd.	10	100	29790	90	62230
Bodh Gaya Ceramics	10	500	1	500	1
Bombay Burma Trading Corp. Ltd.	10	200	27120	200	73500
Caim India Ltd.	10	500	65525	500	65525
Chokani Securities Ltd	10	248	1500	248	3200

Name of the Script	Face Value	No. of Shares	Rupees	As at 31.03.2008	
				No. of Shares	Rupees
Coromandal Fertilisers Ltd	2	7	560	7	560
Dupont Sportswear	10	42	1	42	1
Duropack Ltd	10	13400	1	13400	1
Enso Secutrack Ltd.	10	1000	18950	1000	44550
Essar Steel Ltd.	10	500	25900	500	25900
Essar Steel Ltd. (Pref.)	10	172	258	172	258
Etiam Emedia	10	3200	400000	3200	400000
Fairgrowth Fin. Ser. Ltd.	10	80000	1	80000	1
Fairgrowth Home Finan. Ltd.,	10	20000	1	20000	1
Gujarat State Fin. Co. Ltd.	10	-	-	5000	33450
Hindustan Copper Ltd.	10	100	11080	100	23065
Indag Products Ltd.,	10	9500	1	9500	1
Infosys Technology Ltd.	5	25	33097	25	35975
Larsen & Toubro Ltd.	2	100	67139	50	87226
Mafatlal Spg. & Wvg. Co.Ltd.	10	1	1	1	1
Mahimna Mercantile Credits Ltd.	10	500000	5478419	500000	5478419
Motorol (I) Ltd.	10	688	1	688	1
Nandan Exim Ltd.	1	5000	4500	5000	16000
Neptune Steel Strips Ltd.	10	256000	6400000	256000	6400000
Niwas Spinning Mills Ltd.	10	72440	1	72440	1
Orient Paper Ltd.	1	1000	24350	-	-
Panchmahal Cement Co. Ltd.	10	800	1	800	1
Pearl Housing Finan. Ltd.	10	500000	5478419	500000	5478419
Penar Steel Ltd.	10	2500	2500	2500	2500
Petronet LNG Ltd.	10	1000	38850	1000	61600
Rajinder Steel Ltd.	10	640	1	640	1
Reliance Indus. Infrastructure Ltd.	10	20	5803	20	18271
Reliance Industries Ltd.	10	25	38119	25	42824
Reliance Natural Resources Ltd.	5	500	13350	500	13350
Rinki Hydro Carbons Ltd.	10	2000	1	2000	1
Sakthi Finance Ltd.	10	10000	53900	10000	110600
Serentronics Ltd.	10	200	1	200	1
Setco Auto Ltd.	10	2000	276000	2000	389000
Shriyam Auto Fin. Ltd.	10	500000	5478419	500000	5478419
Sika Interplant System Ltd.	10	5000	68250	5000	210750
SM Dyechem Ltd.	10	201	1	201	1
Suchitra Tubes Ltd.	10	31880	1	31880	1
Sumex Chemicals Ltd	10	7050	1	7050	1
Sunpharma Advance Research Ltd.	1	750	39600	750	62813
Sunraj Diamond Ltd	10	500	2750	500	2750
Superforging & Steel Ltd.	10	80	1	80	1
Traitrya Construction Fin.Ltd.	10	500000	5478419	500000	5478419
V B Desai Indl.Fin.Ltd.	10	500000	5478419	500000	5478419
V B Desai Securities & Fin.Ltd.	10	500000	5478419	500000	5478419
Vishvakarma Equipment Fin.Ltd.	10	500000	5478429	500000	5478429
Yokogawa Ltd	10	5	2357	5	2357
			46099830		46639958
ICICI Bank Ltd. 9.8% Bonds	10000	35	315600	-	-
			46415430	-	46639958

	As at 31/03/2009 Rupees	As at 31/03/2008 Rupees
SCHEDULE - 5		
SUNDRY DEBTORS		
(Unsecured considered good)		
Debts outstanding for a period exceeding six months	4939727	4929712
Other debts	755173	1088222
TOTAL	<u>5694900</u>	<u>6017934</u>
(Dues from Debtors include Rs.9,85,716/- (Rs.1787676/-) where Directors are interested)		
NOTES :		
Considered good	3112136	3460170
Considered doubtful	2582764	2557764
	<u>5694900</u>	<u>6017934</u>
SCHEDULE - 6		
CASH AND BANK BALANCES		
Cash on Hand	456193	232317
Bank Balances with Scheduled Banks		
in Current Accounts	614177	619607
In Deposit Accounts	3400000	4500000
TOTAL	<u>4470370</u>	<u>5351924</u>
SCHEDULE - 7		
LOANS AND ADVANCES (Unsecured)		
1) Advances recoverable in cash or in kind or for value to be received	6745709	1598981
(Advances include Loans to Companies Rs.10,55,586/- (Rs.105625/-) where directors are interested)		
3) Advance payment of taxes etc (Net off Provisions)	927026	383335
TOTAL	<u>7672735</u>	<u>1982316</u>
NOTE : LOANS AND ADVANCES INCLUDES		
Considered good	7386222	1695803
Considered doubtful	286513	286513
TOTAL	<u>7672735</u>	<u>1982316</u>
SCHEDULE - 8		
CURRENT LIABILITIES		
Sundry Creditors (Other than SSI)	4721758	4092219
TOTAL	<u>4721758</u>	<u>4092219</u>
SCHEDULE - 9		
PROVISIONS		
Provision for Gratuity	908015	808953
TOTAL	<u>908015</u>	<u>808953</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED 31STMARCH, 2009**

		For the year ended 31/03/2009 Rupees	For the year ended 31/03/2008 Rupees
SCHEDULE - 10			
PROFESSIONAL AND CONSULTANCY FEES			
Professional Fees		8257538	9320711
(Tax deducted at source Rs.9,95,427/-, Previous year Rs.1070205/-)			
TOTAL		<u>8257538</u>	<u>9320711</u>
 SCHEDULE - 11			
OTHER INCOME			
Income from investments (other Investments)			
Dividend (Gross)		28174	11970
Interest (Gross)		275504	2487917
(Tax deducted at source Rs.56,453/-, Previous Year Rs.279261/-)			
TOTAL		303678	2499887
Profit/Loss on sale of shares/securities (Net)		-	1837792
Miscellaneous Income		-	152548
TOTAL		<u>303678</u>	<u>4490227</u>

	Rupees	For the year ended 31/03/2009 Rupees	For the year ended 31/03/2008 Rupees
SCHEDULE - 12			
ADMINISTRATIVE AND OTHER EXPENSES			
Payment to and provisions for employees			
Directors Remuneration	227500		-
Salaries and Bonus	623120		551220
Contribution to Provident and Other Funds	99319		69809
Gratuity	177239		242908
Staff Welfare Expenses	77066		109796
		1204244	973733
Rent, Rates & Taxes		4828	8010
Printing and Stationery		168240	122051
Audit Fees		25000	25000
Legal and Professional Fees		1282286	1417120
Postage and Telephone charges		108690	96505
Membership and subscription		5000	-
Business promotion		18828	195912
Electricity charges		270523	174185
Motor car expenses		47417	90484
Repairs & maintenance		68973	133370
Registration Fees		208653	-
Travelling & Conveyance		147048	226991
Water Charges		47220	36480
Miscellaneous Expenses		175390	399189
Directors Fees		38000	54000
TOTAL		3820340	3953030
Note : Miscellaneous expenses includes demat charges, office expenses etc.			
SCHEDULE - 13			
FINANCE CHARGES			
Interest and Bank charges		27760	1,947
TOTAL		27760	1,947

SCHEDULE - 14

1. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements are prepared as a going concern on historical cost convention and on accrual method of accounting in accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the company.

(b) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

(c) DEPRECIATION

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

(d) INVESTMENTS

Investments in shares are shown as stock-in-trade and valued at Cost or Market Price whichever is lower.

(e) RETIREMENT BENEFITS

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

(f) REVENUE RECOGNITION

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

(g) TAXES ON INCOME

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

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

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

Provision for Fringe Benefits Tax is made in accordance with Chapter XII-H of the Income Tax Act, 1961.

(h) CONTINGENT LIABILITIES

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

NOTES ON ACCOUNT

2. CONTINGENT LIABILITIES IN RESPECT OF:

Income Tax demands disputed in appeal:

The Company has filed appeal against Income Tax demand for the

Assessment Years 2003-04 & 2005-06
Rs. 21.43 lac

3. PAYMENT TO AUDITORS

Statutory Auditors – Audit Fees
Rs. 0.25 lac

4. PROFESSIONAL FEES

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

5. EMPLOYEES BENEFIT

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

6. LOANS AND ADVANCES

Rs. 15.54 lac (Previous Year Rs.1.05 lac) due from a Company where directors of the company are interested. Rs.2.87 lac (Previous year Rs.2.87 lac) is considered doubtful of recovery. No provision in the accounts is made for the same.

7. SUNDRY DEBTORS

Rs.25.83 lac (Previous Year Rs.25.58 lac) is considered doubtful of recovery. No provision is made for the same. Apart, Rs.9.89 lac (previous year Rs.17.88 lac) is due from the private companies where the directors are interested.

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

9. Managerial Remuneration

(Rs. In lac)

Particulars	For the year ended on	
	31.03.2009	31.03.2008
Salary	2.28	0
Employer's contribution to provident fund	0.27	0
Total	2.55	0

The Managerial remuneration paid to Mr. Pradip R. Shroff, Managing Director, for the year ended 31st March 2009 is under the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and is within the limits envisaged under Part B of clause 1 of Section II of Part II of the said Schedule XIII.

10. INVESTMENT HELD UNDER STOCK IN TRADE

(a) The Investments are shown as Stock-in-Trade and valued at cost or market /realization value whichever is lower. The Book Value of quoted and un-quoted investments are Rs.12.64 lac, Rs.451.52 lac, respectively (previous year Rs.14.88 lac, Rs.451.52 lac). The Market/realisable value of quoted and un-quoted investments are Rs.13.36 lac and Rs.451.52 lac respectively. Loss of Rs.6.74 lac has been provided on account of fall in market price of quoted investments.

(b) The realizable value of un-traded, un-quoted and un-listed investments in Companies where directors are interested are taken at cost price as certified by the by the Board of Directors of the Company.

V. B. Desai Financial Services Limited

11. Amount due to SME

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

12. RELATED PARTY DISCLOSURE

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

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

i) Companies	Opening balance	Debit	Credit	Closing balance
Arodyne Chemicals Limited	0.01	17.60	0	17.61
Aum Financial Consultants	0	6.50	0	6.50
Avdhoot Finance & Investment Pvt. Ltd.	0.11	1.04	1.00	0.15
Citi Securities & Financial Services Pvt. Ltd.	0.39	0.08	0.09	0.36
Govardhan Holding & Trading Co. Pvt. Ltd.	0.49 (cr)	10.00	0	9.51
Mahim Holding & Trading Co. Pvt. Ltd.	0.17	0	0.22	0.05 (cr)
Saundarayya Investment & Trading Co. Pvt. Ltd.	0.06	0.09	0.72	0.57 (cr)
ii) Substantial interest in voting power: Desai Investments Pvt. Ltd.	1.45	0.47	1.72	0.19
iii) Key Management Personnel				
a) Mr. Pradip R. Shroff	0.60	0.45	0	1.05
iv) Relatives of Key Management Personnel				
a) Mr. Raj Shroff	1.25 (cr)	2.50	1.30	0.05 (cr)
b) Mr. Satyam Shroff	0.40 (cr)	0.03		

v) Consultancy fee paid

(Rs. In lac)

	For the year ended 31.03.2009
a. Mr. Thakorlal R. Shroff	0.40
b. Mr. Jitendra R. Shroff	2.00
c. Mr. Girish R. Shroff	0.40

13. Earnings per Share

Net Profit attributable to equity shareholders	Rs. 44,27,354
Weighted Average no. of shares	45,27,890
Basic and diluted E.P.S.	Rs. 0.98
Face Value of Equity Shares	Rs. 10

14. Figures for previous period have been regrouped wherever found necessary to do so.

As per our attached report of even date

For and on behalf of Board of Directors

For A. N. DAMANIA & CO.
CHARTERED ACCOUNTANTS

(ASHVIN N. DAMANIA)

PROPRIETOR

Membership No: 40166.

PLACE : MUMBAI

DATED : 12th August, 2009

Pradip R.Shroff - Managing Director

Manoj T. Shroff - Director

Khurshid Shaikh - Director

PLACE : MUMBAI

DATED : 12th August, 2009.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	Registration details			
	Registration No.	37218	State Code	11
	Balance Sheet Date	31.03.2009		
II	Capital raised during the year (Amount in Rs. Thousands)			
	Public Issue	Nil	Rights Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III	Position of mobilisation and deployment of funds (Amount in Rs. Thousands)			
	Total Liabilities	114697	Total Assets	114697
	Sources of funds			
	Paid up Capital	45381	Reserves & Surplus	69316
	Secured Loans	Nil	Unsecured Loans	Nil
	Application of Funds			
	Net Fixed Assets/Capital work in progress	2655	Stock in trade	46415
	Net Current Assets	12208	Accumulated Loss	(53419)
IV	Performance of Company (Amount in Rs. Thousands)			
	Turnover	8561	Total Expenditure	4134
	+ - Profit/Loss Before Tax	4427	+ - Profit/Loss After Tax	3922
V	Generic Names of three Principal Products /Services of Company			
	Item Code No.(ITC Code)	NA	Product Designation	Consultancy Services

As per our attached report of even date

For A. N. DAMANIA & CO.
CHARTERED ACCOUNTANTS

(ASHVIN N. DAMANIA)
PROPRIETOR
Membership No: 40166.

PLACE : MUMBAI
DATED : 12th August, 2009

For and on behalf of Board of Directors

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

PLACE : MUMBAI
DATED : 12th August, 2009.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

A CASH FLOW OPERATING ACTIVITIES		(Rs. in lacs)	
	NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		44.27
	Adjustments for :		
	Depreciation	1.06	
	Reduction in value of Investments	6.74	
	Provision for taxation/Fringe benefit tax	(5.05)	
	Prior period expenses	(0.44)	2.31
			46.58
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
	Adjustments for :		
	Decrease in Sundry Debtors	3.23	
	Increase in Loans and Advances	(56.91)	
	Increase(Decrease) in Bank Deposits	11.00	
	Increase(Decrease) in Current Liabilities	7.29	(35.39)
	Net Cash flow from operating activities		11.19
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(4.51)	
	Purchase of Investments/Stock in trade	(11.65)	
	Cost of Investments sold	7.15	(9.01)
	NET INCREASE IN CASH AND EQUIVALENTS (A+B)		2.18
	Opening Balance of Cash		8.52
	Closing Balance of Cash		10.7

For V. B. DESAI FINANCIAL SERVICES LTD

Pradip R. Shroff
Managing Director

PLACE : MUMBAI

DATED : 12th August, 2009

We have examined the attached Cash Flow Statement of V.B.Desai Financial Services Limited, for the period ended 31st March 2009. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the listing agreement with the Stock Exchange and is based on and derived from the audited accounts of the Company for the period ended 31st March 2009.

For A. N. DAMANIA & CO.
Chartered Accountants

ASHVIN DAMANIA
Proprietor

PLACE : MUMBAI

DATED : 12th August 2009

V. B. DESAI FINANCIAL SERVICES LIMITED

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

23rd Annual General Meeting on 07th September, 2009 at 10.30 a.m.

ATTENDANCE SLIP

Joint Shareholders may obtain additional Attendances Slips on request.

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

I hereby record my presence at the 23rd Annual General meeting of Members of the Company at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikushroo Dubash Marg, Mumbai - 400 001 on 07th September 2009.

Note

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

V. B. DESAI FINANCIAL SERVICES LIMITED

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

PROXY

L. F. NO./ Client ID

No. of Shares

DP Name

I/We

of _____ being a member/members of V. B. DESAI FINANCIAL SERVICES LTD
appoint _____ of _____ or failing him/her _____
of _____ as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual
General Meeting of the Company to be held at 10.30 a.m. on Monday, the 07th September 2009 and
at any adjournment, thereof.

As witness my/our hand(s) this _____ day of _____ 2009.

Affix
Re.1
Revenue
Stamp

(Signature of the shareholder)

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

BOOK - POST

To,

If undelivered please return to:

V.B.DESAI FINANCIAL SERVICES LIMITED

Cama Building, 1st floor,

24/26, Dalal Street. Fort

Mumbai - 400 001