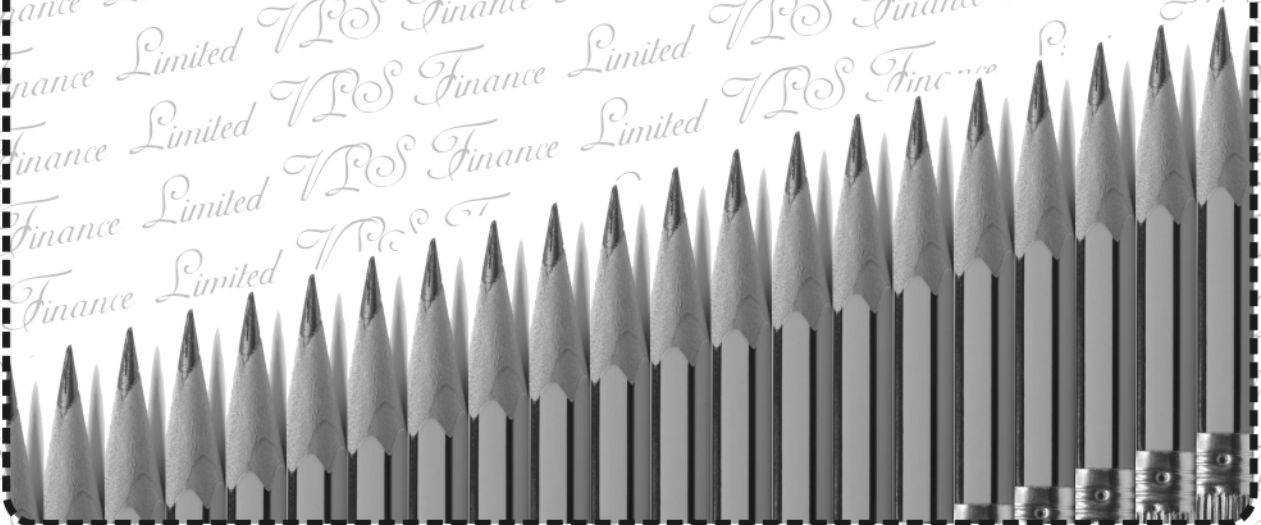




# **XXV ANNUAL REPORT 2011-2012**

## **VLS FINANCE LTD.**

**Registered Office :  
2nd Floor, 13, Sant Nagar,  
East of Kailash, New Delhi-110 065  
Phone : 011-46656666 Fax : 011-46656699**



### NOTICE

#### 25<sup>TH</sup> ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY WILL BE HELD AT

The Auditorium, Sri Sathya Sai International Centre,  
Institutional Area, Lodhi Road  
Pragati Vihar, New Delhi - 110 003  
at 3.30 P.M.  
on Friday,  
the 28<sup>th</sup> day of September, 2012

#### SHARE TRANSFER & INVESTOR SERVICES

M/s RCMC Share Registry Pvt. Ltd.  
Unit: VLS Finance Ltd.  
B-106, Sector-2, Noida, U.P. - 201301

Our e-mail address :

- ✉ For investor services : [hconsul@vlsfinance.com](mailto:hconsul@vlsfinance.com)
- ✉ Other than above : [vls@vsnl.com](mailto:vls@vsnl.com)  
visit us at [www.vlsfinance.com](http://www.vlsfinance.com)

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#### Attention Members

In order to improve investor services, we request you to update/register your postal and email address with Company in case of holding in physical form. The holders in demat (electronic) form may register the same with concerned depository participant.

#### BOARD OF DIRECTORS :

Shri Ajit Kumar                      Chairman  
Shri S.K. Agarwal                  Managing Director  
Shri M.P. Mehrotra  
Shri Somesh Mehrotra  
Shri M.G. Diwan  
Shri A.K. Puri  
Dr. S. Ramesh  
Shri B.M. Oza  
Shri B.B. Tandon  
Shri Gian Vijeshwar

#### COMPANY SECRETARY

Shri H. Consul

#### AUDITORS

M/s. Agiwal & Associates  
Chartered Accountants,  
3830, Lal Kothi, 2<sup>nd</sup> Floor,  
Pataudi House Road,  
Above Bank of Baroda,  
Darya Ganj, New Delhi-110002

#### BANKERS

HDFC Bank  
UCO Bank

#### EQUITY SHARES LISTED AT :

#### THE NATIONAL STOCK EXCHANGE OF INDIA LTD.

Exchange Plaza, 5th Floor, Plot No. C/1,  
G Block, Bandra Kurla Complex,  
Bandra (E), Mumbai-400051.

#### BSE LTD. (formerly THE BOMBAY STOCK EXCHANGE),

25, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.

#### THE MADRAS STOCK EXCHANGE LTD.

Exchange Building, Post Box No. 183,  
11, Second Line Beach, Chennai-600 001.

#### THE CALCUTTA STOCK EXCHANGE LTD.

7, Lyons Range, Kolkata-700 001.

N.B. : Members/Proxy are requested to bring their copy of Annual Report at the Meeting as extra copies have not been printed due to high cost of paper.

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of **VLS FINANCE LTD.** will be held at The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003 on Friday, 28<sup>th</sup> day of September, 2012 at 3.30 p.m. to transact the following business: -

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012, the statement of Profit & Loss for the year ended on that date and the consolidated Financial Statements for the said period together with the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri M. P. Mehrotra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A. K. Puri who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri M. G. Diwan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act, 1956 M/s. Agiwal & Associates, Chartered Accountants, the present Statutory Auditors of the Company be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting of the Company and at such remuneration as may be determined by the Board of Directors of the Company / Committee of the Board and that the remuneration may be paid on a progressive billing basis if so agreed between the Auditors and Audit Committee or such other officer of Company as may be approved by the Audit Committee/ Board.”

By Order of the Board  
For **VLS Finance Ltd.**  
H. Consul  
Company Secretary

Place: New Delhi  
Date : 6/8/2012

### **NOTES: -**

1. A Member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. The appointment of proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, in the form enclosed hereto, duly filled and authenticated. A proxy may not vote except on a poll.
2. The submission of form of proxy by a member does not preclude such member from attending and voting at the meeting. The proxy in such event shall not be eligible to attend the meeting. Only bonafide members of the Company whose names appear on the Register of Members/ Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
3. In the case of joint holders, the vote of the senior shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members. Corporate Members intending to send their authorized

representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

4. The Register of Members of the Company shall remain closed from **21/09/2012 to 28/09/2012** (both days inclusive).
5. The Company has retained M/s RCMC Share Registry Pvt. Ltd., (“Registrar & Transfer Agent”) at *B-106, Sector- 2, Noida, U.P. 201301 (Phone Nos. 0120 - 4015880, 4015886)* w.e.f. 01/04/2003 for entire shareholder services. All correspondence, therefore, may be addressed to the said Registrar & Transfer Agent. However, for any further assistance in said matters, queries may be addressed to the Company Secretary at Registered Office at 2<sup>nd</sup> Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065 Phone No. 46656666 (100 lines), Fax: 46656699. Dedicated Investor Services e-mail: [hconsul@vlsfinance.com](mailto:hconsul@vlsfinance.com).
6. SEBI vide circular ref. no. MRD/DoP/Cir-05/2009 dated May 20, 2009 has clarified that providing the PAN information will be mandatory for transactions in securities in physical form as well. Amongst others, all transactions involving transfer of shares in physical form of listed companies, whether off market or not will require copy of PAN card of transferee(s) be furnished to the Company/RTAs for transfer of shares. This is for information of all investors.
7. Members are requested to intimate the change in address, if any, to the Company’s Registrar or the Company at its Registered Office for shares held in physical mode. Members can avail the facility of nomination in respect of shares held by them in physical form, in accordance with the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in prescribed form no. 2B duly filled in, to the Registrar & Transfer Agent of Company. Members holding shares in demat (Electronic) form are requested to notify any change in address, mandate/bank details/nominations to their respective Depository Participants. The changes effected by depository participants will automatically be reflected in Company’s records upon updation of beneficiary owners list provided by Depositories.
8. The shares of the Company are traded in demat segment only w.e.f. 28<sup>th</sup> August, 2000 for all categories of investors. Members who still hold the shares of Company in physical form are advised to contact their depository participant for dematerialization of their holdings in their own interest. **The ISIN No. allotted to Company is INE709A01018** for both the Depositories viz. The National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting except on Saturdays, Sundays and other Holidays.
10. Member/Proxies are requested to bring their copies of the Annual Report to the meeting and the attendance slip duly filled in, for attending the meeting. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
11. The Unpaid/unclaimed dividends up to 31/03/95 had been transferred to General Revenue Account of Central Government and can be claimed from the Central Government in prescribed form. Pursuant to Section 205A of the Companies Act, 1956 (“the Act”) all unclaimed/unpaid dividends after 31/03/95 up to the financial year 1997-99 (18 months) has been credited to Investor Education & Protection Fund (‘IEPF’). Please note that once unclaimed dividend is transferred to IEPF of the Central Government in accordance with the regulations, no claim shall lie against the Company or IEPF in respect thereof. No dividend is pending for transfer to IEPF in terms of the provisions of Section 205C of the Companies Act, 1956.

12. Information regarding Directors

(A) Retiring by rotation and seeking re-appointment :

S No.	Name of the Director	Date of Birth	Date of Appointment	Qualifications and Expertise in specific functional areas	List of Companies in which Directorship held as on 31/07/2012	Chairman/Members of the Committees of other companies as on 31/07/2012.	Whether qualified u/s 274(1)(g) of the Companies Act, 1956.
1.	Shri M.P. Mehrotra	26/09/1937	31/01/2007	B. Com., LL.B., FCA He is a Chartered Accountant by profession and a Law graduate with over 50 years of rich experience in areas of taxation, administration and financial services.	a) Baroda Pioneer Asset Management Co. Ltd. b) South Asian Enterprises Ltd. c) Dhampur Sugar Mills Ltd.  d) Empee Sugars & Chemicals Ltd.  e) Empee Distilleries Ltd. f) India Securities Ltd. g) Delton Cables Ltd. h) Maxim Infracon Pvt. Ltd. i) VLS Commodities Pvt. Ltd. j) Riskpro India Ventures (P) Ltd. k) Moonrock Hospitality Pvt. Ltd. l) SBICAP Securities Ltd. m) Superior Industrial Enterprises Ltd. n) Jinbhuvish Power Generations (P) Ltd. o) Mehrotra & Mehrotra, Chartered Accountants – Senior Partner p) Karta- M. P. Mehrotra (HUF)	- Remuneration Committee-Member NIL a) Audit Committee-Chairman b) Remuneration Committee-Chairman  - Audit Committee-Member  - Audit Committee-Member - Audit Committee-Chairman NIL NIL NIL NIL NIL NIL Audit Committee- Chairman NIL  NIL  N.A.  N.A.	Yes
2.	Shri A. K. Puri	03/08/1935	07/05/1998	M.Sc., LL. B., C.A.I.I.B. He is former Deputy Managing Director of State Bank of India and Ex-Member of the Board for Industrial Finance & Reconstruction, Ministry of Finance, Government of India. He has over 50 years experience in the field of Banking, Finance and Administration.	NIL	NIL	Yes
3.	Shri M.G. Diwan	14/11/1931	17/03/1994	M.Sc., F.I.A., F.A.S.I., F.I.I.I. He is former Chairman of LIC of India having experience of more than 55 years in the field of Insurance, Actuarial Services, Finance, Investments and administration.	a) G.M. Breweries Ltd.  b) Marketing Research Corporation of India Ltd. c) Sriram Chits (Maharashtra) Ltd. d) GDA Trustee & Consultancy Pvt. Ltd. e) Indian Institute of Public Opinion Pvt. Ltd. f) D. S. Actuarial Education Services Pvt. Ltd. g) M/s. K. A. Pandit Consultants & Acturial-Partner	i) Audit Committee- Member ii) Remuneration Committee- Member  NIL  NIL  NIL  NIL  NIL  N.A.	Yes

(B) Shareholding of above stated Directors As on 31/03/2012

S. No.	Name of Directors	No. of Equity Shares held in Company	Percentage
1.	Shri M.P. Mehrotra	285	0.0007
2.	Shri A. K. Puri	Nil	Nil
3.	Shri M. G. Diwan	Nil	Nil

By Order of the Board  
For VLS Finance Ltd.

Place: New Delhi  
Date: 6/8/2012

H. Consul  
Company Secretary

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty Fifth Annual Report of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2012.

### 1. Financial Results (Rs. in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011*
<b>Gross Receipts</b>	<b>213661.45</b>	60100.22
Profit before Interest & Depreciation	422.21	830.90
Less: Interest & Finance Charges	66.53	59.00
Profit before depreciation	355.68	771.90
Less: Depreciation	171.69	45.91
Profit before Tax	183.99	725.99
Less: Provision for Taxation/(credits)	(31.01)	222.73
Profit after Tax	215.00	503.26
Surplus brought forward from previous year	1953.25	1547.50
Previous year adjustments/other adjustment	220	3.14
Available for Appropriation	2170.45	2053.90
<b>Appropriations:</b>		
To General Reserve	000	0.00
To Statutory Reserve (under RBI Act, 1934)	43.00	100.65
Total Appropriations	43.00	100.65
Surplus c/f	2127.45	1953.25

\* (Figures have been regrouped/recast to conform to current year's methodology)

### 2. Management Discussion and Analysis

#### Financial Review

During the year under review, the gross receipts increased to Rs. 213661.45 lacs from Rs. 60153.05 lacs in the previous year. The profit after tax for the year was Rs. 215.00 lacs as compared to profit after tax of Rs. 503.26 lacs of the previous year.

#### Industry Structure and Development

The financial year 2011-12 was a difficult one for the Indian economy. As reported in the Economic survey of 2011-12, GDP grew by 6.9% in 2011-12 as compared to 8.4% in 2010-11. The inflation (WPI) at 9.1% in Financial Year 2011-12 led to consistent interest rate hikes, affecting demand adversely. The Reserve Bank of India hiked the repo rate 13 times between March 2010 to January 2012 cumulatively by 375 basis points to tame the inflation. Resultantly, the financial resources became dearer for borrowers and liquidity position tightened. This led to lower consumption and deferment of expansion plans by both corporate and government entities in industrial and services segments. The fragile economic recovery in the US and Europe and moderately subdued expectations at home affected the growth of the industrial sector in the current year. The stock markets continued to exhibit volatility responding to global happenings and consequent impact on Indian economy during 2011-12, the slowed growth on many occasions made stock markets tail spinning abruptly and consequently lowering investor confidence. However, with sustained, though slow recovery, the overall situation is expected to improve.

#### Outlook, Risks and Concerns

The Company's operation during the year under review, as in earlier

years, continued to be capital/commodity market centric. Your Company has been making a judicious use of risk hedging tools for generating revenues in a risk neutral environment.

Your Company's performance is closely linked to those of the stock and commodities markets. Consequently, the growth prospects for 2012-13 are likely to be broadly reflective of those trends. In the projected scenario of low to moderate growth, continuing inflation and high interest rates, your Company will continue to strive for meaningful growth, focusing as always on a balanced portfolio mix and efficient cost management, in order to sustain profitability.

The Company is exposed to normal industry risks such as credit, interest rate, economic, political, market and operational risks. The Company views risk management as integral to its business for creating and maintaining best practices in business operations and administration. Your Company has been consistently following a conservative investment policy over the years.

#### Opportunities and Threats

The infrastructure sector and allied areas are expected to give good returns and it is intended to invest in these areas through joint ventures, corporate advisory services, investment appraisal and syndication. The Company is carefully gauging each opportunity in terms of risks and rewards involved and hopes to tie up successful ventures in the near future.

Your Company is also making efforts to strengthen its subsidiary companies.

#### Adequacy of Internal Control Systems

The Company has proper and adequate system of internal controls to monitor proper recording of transactions according to policies and procedures laid down by the Company and RBI regulations. The Company ensures that the regulatory guidelines are complied with at various levels. The internal audit reports are regularly monitored by the Audit Committee.

#### Segment wise Performance

The Company being an NBFC is mainly engaged in finance business. Therefore, there are no separate segments for reporting as per the Accounting Standard AS-17 issued by The Institute of Chartered Accountants of India.

#### Cautionary Statement

The statements in the above analysis, describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable security laws and regulations. The actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations, include changes in government regulations, tax regimes, economic developments within the country and abroad, and other related factors.

### 3. Dividend

With a view to conserve resources, no dividend is recommended.

### 4. Directors

Shri M. P. Mehrotra, Shri A.K. Puri and Shri M.G. Diwan - Directors would retire by rotation at the forthcoming Annual General Meeting and all, being eligible, offer themselves for reappointment. To enable the Company to obtain their continued valuable direction, guidance and assistance in conduct of the affairs of your Company, it is recommended that their reappointment be approved.

## 5. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- that they have 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 of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that they have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2012 on a 'going concern' basis.

## 6. Corporate Governance and Compliance Certificate

We have reported in Annexure-1 to this report, the extent of compliance of Corporate Governance practices in accordance with clause 49 of listing agreement.

## 7. Auditors

The Auditors, M/s. Agiwal & Associates, Chartered Accountants, will retire at the forthcoming Annual General Meeting. The Company has received a certificate from the Auditors that they are qualified under section 224 (1B) of the Companies Act, 1956 to act as the Auditors of the Company, if appointed. Concurring to the recommendation of the Audit Committee, the Board of Directors recommends their appointment. The Board may also be authorised to fix their remuneration.

## 8. Auditors' Report

The observations made by the Auditors with reference to notes on accounts for the year under report have been adequately dealt with, in the relevant Notes forming part of financial statements and need no further comments from Directors.

## 9. Statutory Information

Not being a manufacturing Company, your Company is advised that Form A prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy and Technology Absorption, is not applicable to it. It is informed that during the year under review, the Company did not absorb any new technology or carried out any R&D related activity for this purpose. However, use of energy efficient devices, wherever possible, in conducting business of Company is part of administration policies. Details of foreign exchange earnings and outgo are given below:

Foreign Exchange earnings	:	Nil
Foreign Exchange outgo	:	Rs. 5,57,986/-

The shares of the Company are presently listed at BSE Ltd. (formerly, The Stock Exchange, Mumbai), The National Stock Exchange of India Ltd., Mumbai, The Calcutta Stock Exchange Ltd., Kolkata and The Madras Stock Exchange Ltd., Chennai.

The Company has paid the Annual Listing fees for the year 2012-2013 to all the aforesaid Stock Exchanges.

## 10. Fixed Deposits

The Company has not accepted any fixed deposit during the year under review. The Company has no plans to accept any deposits from the public in the current year.

## 11. Human Resource

Employee relations continued to be cordial during the year. The number of employees stood at 20. The Directors place on record their appreciation for the devoted service of the employees at all levels. In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, there was no employee during the year drawing remuneration more than the stipulated amount in the said rules.

## 12. Subsidiary Companies

Statement pursuant to Section 212(1) (e) read with sub-section (3) of the said section of the Companies Act, 1956 for the financial year ended 31/3/2012 in respect of the subsidiary companies, is enclosed with Annual Accounts of the Company.

## 13. Consolidated Financial Statements

In compliance of Clause 41 of the Listing agreement, the Consolidated Financial statements in accordance with the prescribed accounting standards, are annexed to the Audited Annual Accounts for the year under review.

## 14. Group

The SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 had been promulgated w.e.f. 23/9/2011 repealing SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. The new regulations do not prescribe disclosure requirement of 'group' in Annual Report of target Company as stipulated in earlier regulations, hence dispensed with in this report.

## 15. Acknowledgements

Your Directors wish to place on record their sincere appreciation and gratitude to the Company's business associates, customers, Bankers, and the Reserve Bank of India for their continued support and assistance and also to the esteemed shareholders of the Company, for their valuable support and patronage.

For and on behalf of the Board

Place : New Delhi  
Date : 6/8/2012

M. P. MEHROTRA  
Director

S. K. AGARWAL  
Managing Director

**Annexure-1**
**REPORT ON CORPORATE GOVERNANCE**
**Our Mission:**

To be one of the top ranking NBFCs to achieve sustained growth of business and profitability in core areas of investments, private placements and securities related operations, fulfilling socio economic obligations, excellence in customer service through up-gradation of skills of staff, their effective participation and making use of state of art technology.

**Corporate Philosophy:**

Your Company is committed to good corporate governance. The philosophy of your Company is to enhance the long-term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices which not only ensures that the Company operates within the regulatory framework but also strive to achieve more transparency in management and institutional soundness.

**1. BOARD OF DIRECTORS**

- a) The total strength of the Board is 10 Directors all being non-executive, except the Managing Director. The Board of your Company consist of 2 (Two) Promoter Directors, 7 (Seven) Independent Directors and 1 (One) Non-Independent Director. With over two third members being independent Directors, the present constitution of Board adequately complies with present requirement of Clause-49 of Listing Agreement.

The attendance record of Directors for the year ended on 31/03/2012 and other information about them as required under listing agreement is as follows:

S.No.	Name of the Director	Whether Promoter/Executive or Non-Executive/Independent	No. of Board Meetings attended during 2011-2012	Whether attended AGM held on 29.09.2011	No. of Directorships in other Public Limited Companies as on 31/7/2012	No. of Committee positions held in other Public Limited Companies	
						Chairman	Member
1)	Shri Ajit Kumar (Chairman)	Non-Executive, Independent	4	NO	1	-	1
2)	Shri S. K. Agarwal (Managing Director)	Executive, Non-Independent	4	YES	3	1	-
3)	Shri Somesh Mehrotra	Non-Executive, Promoter	1	NO	2	-	-
4)	Shri N. C. Sundararajan*	Non-Executive, Independent	0	NO	-	-	-
5)	Shri A. K. Puri	Non-Executive, Independent	4	NO	-	-	-
6)	Shri M. G. Diwan	Non-Executive, Independent	3	NO	4	-	1
7)	Dr. S. Ramesh	Non-Executive, Independent	4	YES	3	1	2
8)	Shri B. M. Oza	Non-Executive, Independent	4	NO	-	-	-
9)	Shri M. P. Mehrotra	Non-Executive, Promoter	4	NO	9	3	2
10)	Shri Gian Vijeshwar	Non-Executive, Independent	0	NO	7	1	2
11)	Shri B. B. Tandon	Non-Executive, Independent	4	NO	13	1	7

\* Resigned w.e.f. 7/2/2012

None of the Directors is a member of more than 10 Board-level committees, namely the Audit Committee and the Shareholders/Investors Grievance Committee or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement. The Directorship in other companies excludes Directorships in any foreign Company, Private Company and Section 25 Company.

- b) During the year ended 31/03/2012, 4 (Four) Board Meetings were held with one meeting in every quarter on 30/05/2011, 12/08/2011, 9/11/2011 and 8/02/2012.
- c) There were no material transactions with the non-executive Directors during the year under review. For other related party transactions, necessary disclosures have been made under the head "Notes forming part of financial statement" in the Annual Accounts for the year under review.
- d) Information supplied to the Board:

The Board has unfettered and complete access to any information within the Company and to any employee of the Company. All other relevant information as and when required including those envisaged in Clause 49 of Listing Agreement was regularly provided to the Board and Committees thereof. The requisite CEO and CFO certification was also placed before the Board alongwith the Quarterly and Annual Accounts for the year under review as required under Clause 41 of Listing Agreement.

- e) Details of remuneration paid to the Directors during the year ended on 31.03.2012 :

S.No.	Name of the Director	Salary(In Rs.)	Perquisites (In Rs.)	Sitting fee (In Rs.)	Commission (In Rs.)	Total(In Rs.)
1)	Shri Ajit Kumar	N.A.	N.A.	40,000	N.A.	40,000
2)	Shri S.K. Agarwal	17,82,000	4,76,273	0	0	22,58,273
3)	Shri Somesh Mehrotra	N.A.	N.A.	20,000	N.A.	20,000
4)	Shri B.M. Oza	N.A.	N.A.	70,000	N.A.	70,000
5)	Dr. S. Ramesh	N.A.	N.A.	90,000	N.A.	90,000
6)	Shri A.K. Puri	N.A.	N.A.	90,000	N.A.	90,000
7)	Shri N.C. Sundararajan	N.A.	N.A.	0	N.A.	0
8)	Shri M.G. Diwan	N.A.	N.A.	30,000	N.A.	30,000
9)	Shri M. P. Mehrotra	N.A.	N.A.	80,000	N.A.	80,000
10)	Shri Gian Vijeshwar	N.A.	N.A.	0	N.A.	0
11)	Shri B. B. Tandon	N.A.	N.A.	1,04,000	N.A.	1,04,000

**Notes:**

- i) Currently, the Company does not have any stock option scheme.
- ii) No other remuneration, except sitting fee is paid to non-executive directors.
- iii) Shri M. P. Mehrotra and Shri Somesh Mehrotra and Shri N.C.Sundararajan held 285 and 4,04,106 equity shares of the Company respectively as on 31.03.2012. No other director held any shares of the Company on that date for self or for others on beneficial basis. None of the Directors except Shri M.P. Mehrotra and Shri Somesh Mehrotra are related to each other.
- iv) The service contract in case of Managing Director is 3 years with notice period of 3 months. All the Non-Executive Directors are liable to retire by rotation.

**f) Code of Conduct**

The Code of Conduct is applicable on all Directors and Senior Managerial personnel of the Company with certain provisions applicable to all employees e.g. Insider Trading etc. The Code of Conduct is available on the Company's Website. The declaration from Managing Director that all Board Members and other concerned have complied with the code is appended to and forms part of this Report.

**Declaration under Clause 49 I (D)  
for compliance with the Code of Conduct**

Pursuant to Clause 49 (1) (D) of the listing agreement entered into with Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with Code of Conduct from all the Board Members and Senior Management personnel of the Company for the period under review, which ended on 31/03/2012.

**Date: 6/8/2012**

**Place: New Delhi**

**S. K. Agarwal**

**Managing Director**

**g) Disclosures regarding appointment or re-appointment of Directors**

The relevant information about Directors retiring by rotation has been furnished in notice convening the ensuing Annual General Meeting.

**2. AUDIT COMMITTEE**

**a) Composition**

As on 1/4/2011 the Audit Committee consisted of Dr. S. Ramesh (Chairman of the Committee) with Shri N. C. Sundararajan, Shri A.K. Puri, Shri M. P. Mehrotra and Shri B. B. Tandon as members. The Board, in its meeting held on 8/02/2012, accepted the resignation of Shri N. C. Sundararajan as Director of Company. Consequently, he has also ceased to be member of the Audit Committee. The majority of the members are independent Directors including chairman of the committee. All the members of committee are financially literate in terms of relevant stipulation under Clause- 49 of the listing agreement and two members have extensive experience in areas of finance, taxation and other financial services.

**b) Terms of reference**

The role, terms of reference, authority and powers of the Committee are in conformity with the listing agreement read with Section 292A of the Companies Act, 1956. The Audit Committee inter-alia advises the management on areas where systems, processes, measures for controlling and monitoring revenue, internal audit and risk management can be improved. The Company Secretary is the Secretary of the Committee. The Statutory Auditor is regularly invited for meetings of the Committee. The Internal Auditor, the Managing Director and other Executives are also invited to committee's meetings, whenever required. The minutes of Audit committee meetings are regularly placed before the Board. The Board had accepted all the recommendations made by Audit Committee during the year under review.

**C) Meetings and attendance**

During the year ended on 31/03/2012, 4 (Four) Audit Committee Meetings were held on 30/05/2011, 12/08/2011, 9/11/2011 and 8/02/2012. The summary of attendance of members is as under:

Name	Shri A.K. Puri	Shri N. C. Sundararajan	Shri M.P. Mehrotra	Dr. S. Ramesh	Shri B.B. Tandon
Attendance in Four Meetings	4	0	4	4	4

**3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

**a) Composition and terms of reference**

The Committee consists of Shri B.M. Oza as Chairman with Shri B.B. Tandon and Shri S. K. Agarwal as members. Apart from approval of share transfer and related aspects the Committee is vested with the requisite powers and authority to specifically look into the redressal of the shareholders and investor's grievances. The Company Secretary is the Compliance Officer and Secretary of the Committee.

As a step towards providing better services to its shareholders, individual members regularly approve the requests for dematerialization of shares received during the intervening period between two committee meetings in exercise of authority delegated by committee. Thus, the time gap between the demat approvals on an average is less than 15 days. The summary of demat requests approved by members is regularly placed before Committee. The minutes of the Committee meetings are regularly placed before the Board.

**b) Meetings and attendance**

During the year under review, 12 (Twelve) meetings of Shareholders/ Investors Grievance Committee were held on 29/04/2011, 30/05/2011, 29/06/2011, 29/07/2011, 26/08/2011, 22/09/2011, 28/10/2011, 30/11/2011, 29/12/2011, 27/01/2012, 29/02/2012, and 29/03/2012.

The summary of meetings attended by members of Committee is as under.

Name	Shri B.M. Oza	Shri S. K. Agarwal	Shri B. B. Tandon
Attendance in 12 meetings	10	12	12

**c) Shareholders Complaints**

The Company had received 4 complaints during the financial year ended 31<sup>st</sup> March, 2012. All the complaints whether received through SEBI, Stock Exchange or individual members during the year were redressed to the satisfaction of investors and none remained outstanding at the end of the year



under report. The nature wise summary of complaints received and redressed during the year is as under:

<b>Nature of Complaints**</b>	<b>Received</b>	<b>Redressed</b>
Non-receipt of Dividend	0	0
Non-receipt of shares after transfer	0	0
Non-receipt of Annual Report	4	4
Non-receipt of Bonus Shares	0	0
Non-receipt of Name change sticker	0	0
Loss of shares/for duplicate shares	0	0
Non- receipt of share certificate after Rejection of Demat request	0	0
<b>Total</b>	<b>4</b>	<b>4</b>

\*\* Complaint received from multiple sources e.g. from SEBI, Stock Exchange etc. has been treated as one complaint but a complaint, if sent again by SEBI/ Stock Exchange has been treated as a fresh complaint.

General correspondence e.g. change of address, enquiry on dividend for the year, ISIN No. of the Company etc. have been excluded from above.

#### 4. GENERAL BODY MEETINGS

##### a) Details of the last three Annual General Meetings

<b>Financial year ended</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
March 31, 2011	September 29, 2011	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2010	September 21, 2010	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2009	August 31, 2009	3.00 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

##### b) Special resolution passed in the previous 3 Annual General Meetings (AGM)

- In the AGM held on 29.9.2011, no agenda item was required to be approved by special resolution.
- In the AGM held on 21.9.2010, a Special Resolution was passed for approval of raising funds under section 81(1A) of the Companies Act, 1956.
- In the AGM held on 31.8.2009, no agenda item was required to be approved by special resolution.

##### c) Postal ballots

During the year under review, no item was proposed for approval of members through Postal Ballot.

#### 5. DISCLOSURES

##### a) Related party transactions

There were no transactions with promoters, Directors and related persons that were materially significant, having conflict with the interest of Company at large, during the financial year under review. However, necessary disclosure has been made in Audited Financial Accounts for the year under review under the head 'Notes forming part of financial statements'.

##### b) Statutory compliance, penalties and strictures

The Company has complied with all applicable requirements of Stock Exchange, SEBI and other statutory authorities on all matters related to capital market during the year under review. The details of penalties/strictures on the Company in last three years are as under:

The adjudicating officer SEBI, vide letter dated 31/03/2003 had imposed a penalty of Rs.5 lakhs on Company for alleged violation of regulation 10 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 in the matter of transfer of 3,44,658 shares of Trackparts of India Ltd. The Company had preferred an appeal against the said order vide appeal no. 61/2003 before Hon'ble Securities Appellate Tribunal, Mumbai (SAT), but the appeal was dismissed by said Tribunal vide order dated 17.11.2005. The Company had appealed before the Hon'ble Supreme Court against decision of Hon'ble tribunal. In the mean time, the Company was advised that in order to settle the issue, the Company may approach SEBI for a consent order in the matter. The requisite application was made by the Company vide application dated 10<sup>th</sup> June, 2008 which has been accepted by SEBI and the Company has paid Rs.10,97,280/- towards settlement charges on 09/02/2010. Subsequently the Supreme Court on 16/07/2010 heard the matter and disposed off the case in terms of aforesaid settlement made according to SEBI's guidelines for consent order.

##### c) Legal Proceedings

There are certain pending cases relating to disputes between investors over title to equity shares of the Company, in which the Company has been made a party. However, these cases are not material in nature.

##### d) Compliance of Non-mandatory requirements

- i) The Company does not maintain separate office for the Non-Executive Chairman. However, he may claim reimbursement of expenses incurred for performance of duties as chairman. No expenses on this account have been claimed during the year under review.
- ii) Remuneration Committee
 

The Remuneration Committee as on 01/04/2011 comprised Shri B.M. Oza - Chairman of the Committee with Shri Somesh Mehrotra, Dr. S. Ramesh and Shri A. K. Puri as Members. The company secretary acts as secretary of the committee. The Committee formulates the remuneration package for managerial personnel including Executive Director(s) for approval of the Board and performs other roles detailed out in the listing agreement executed with the Stock Exchanges or as assigned by the Board from time to time. During the year under review one meeting of remuneration committee was held on 12/08/2011.
- iii) The Company does not have a documented Whistle blower policy at present, but no person is denied access to Audit Committee. Further, the existing working setup also provides unfettered approach to management by the employees in reporting any matter envisaged to be covered in the whistle blower policy.

- iv) The Board has so far not adopted Peer group evaluation of Directors and restricting the tenure of Independent Directors to nine years in aggregate as recommended in listing agreement. The individual contribution of Directors in fulfilling their responsibilities as Director interalia in strategic management of Company forms basis of internal evaluation by the Board.
- v) There was no qualification in the Auditor's Report on the Annual Accounts of the Company for the year under review.
- vi) The Company has adhered to applicable directions of Reserve Bank of India (RBI) for Non Banking Finance Companies.

## 6. COMMUNICATION TO SHAREHOLDERS

- a) The Company does not send newsletter to shareholders on quarterly or half yearly basis. The Company publishes un-audited quarterly results and annual audited results in prescribed format, in two newspapers viz. The Financial Express and Jansatta regularly. The said results are also made available on the Company's website <http://www.vlsfinance.com> and [www.corpfiling.co.in](http://www.corpfiling.co.in) in terms of clause 52 & 54 of Listing Agreement. Further, disclosures pursuant to the listing agreement are promptly communicated to the concerned Stock Exchanges. The documents filed by the Company with Registrar of Companies can be inspected at MCA's website namely [www.mca.gov.in](http://www.mca.gov.in) and the Company identification number (CIN) of Company is **L65910DL1986PLC023129**.
- b) The official news releases and presentations made to analysts/ institutional investors shall also be posted on the website as and when made. No presentation was, however, made by Company to Analysts etc during the year under review.
- c) The Management Discussion and Analysis forms part of Annual Report for the year under review. The Company, however, assumes no responsibility in respect of forward looking statements, which may be amended or modified in future on the basis of subsequent developments or events.
- d) The Company also dedicated an e-mail ID exclusively for redressal of Investor Complaints in compliance of Clause 47 (f) of listing agreement namely [hconsul@vlsfinance.com](mailto:hconsul@vlsfinance.com) which is also displayed on the Company's website [www.vlsfinance.com](http://www.vlsfinance.com) under heading 'contact us'.

## 7. SHAREHOLDERS INFORMATION

### a) Annual General Meeting

- Date and time	:	Friday, 28 <sup>th</sup> September, 2012 at 3.30 PM
- Venue	:	The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003
- Financial Year	:	April to March
- Book Closure	:	From 21-09-2012 to 28-09-2012 (both days inclusive)
- Buy back of shares	:	During the year under review, there was no proposal by the Company to buy back its shares.
- Dividend payment date	:	Not Applicable as no dividend has been recommended.

### b) Listing at Stock Exchanges

The equity shares of the Company are listed at following Stock Exchanges:

1. BSE Limited (formerly The Bombay Stock Exchange), Mumbai. (Code:511333)
2. The National Stock Exchange of India Ltd., Mumbai. (Code: VLSFINAC)
3. The Calcutta Stock Exchange Ltd., Kolkata.
4. The Madras Stock Exchange Ltd., Chennai.

The annual listing fee has been paid to all the Stock Exchanges as mentioned above up to the year 2012-2013. However, de-listing confirmation is yet to be received from the Calcutta Stock Exchange Ltd. and the Madras Stock Exchange Ltd.

### c) Stock Market data

(Source: Metastock)

Monthly highs, lows and trading volume for the Financial Year 2011-2012:

Months	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr-11	21.25	14.90	892834	21.15	14.90	713995
May-11	17.35	13.20	303024	17.20	14.35	164652
Jun-11	16.45	12.80	426411	16.60	13.15	377272
Jul-11	16.00	13.40	266481	15.00	13.36	207199
Aug-11	14.20	9.35	573661	13.95	9.51	440889
Sep-11	12.60	10.25	224567	12.40	10.78	226443
Oct-11	12.35	9.00	215294	12.30	10.25	198701
Nov-11	12.00	9.20	228086	12.00	9.20	156011
Dec-11	10.75	8.20	258449	11.00	9.05	177171
Jan-12	14.50	9.90	464442	13.05	9.90	280686
Feb-12	20.20	12.30	1781652	20.25	12.50	1642119
Mar-12	22.90	11.90	2176783	21.60	12.00	933133
<b>Total</b>			7811684			5518271

**Graphical representation of Shares Price in NSE and BSE vis-à-vis Index Movement:**

**NSE Graph of VLS Finance Ltd.**



**Nifty**



**BSE Graph of VLS Finance Ltd.**



**Sensex :**



**d) Registrar and Transfer Agents and Share Transfer System**

The Company has retained M/s RCMC Share Registry Pvt. Ltd., as its Registrar & Transfer Agents for further period of one year w.e.f. 01/04/2012 for entire shareholder services viz. processing request for transfer, other shareholder services, dematerialisation of holding, providing connectivity services with depositories in compliance of SEBI's circular No.D&CC/F/TTC/CIR-15/2002 dated 27/12/2002.

**e) Investors Correspondence**

For any query relating to transfer/transmission of shares, dematerialisation, change of address etc. please write to M/s. RCMC Share Registry Pvt. Ltd., (the "Registrar") at B-106, Sector -2, Noida, U.P. 201301 (Phone Nos. 0120 - 4015880, 4015886). For any further assistance in said matters, queries may be addressed to the Company Secretary at the Registered office of the Company.

**f) Distribution of shareholding as on March 31, 2012**

Slab of Share holdings (No. of Shares)	No. of share holders	%age	Nominal Value of Shares held (Rs.)	%age
1-500	14587	51.6738	33153900	8.3312
501-1000	10172	36.0339	67452860	16.9501
1001-2000	1999	7.0814	29184070	7.3336
2001-3000	530	1.8775	13745070	3.4540
3001-4000	230	0.8148	8354710	2.0994
4001-5000	194	0.6872	9236600	2.3210
5001-10000	294	1.0415	21729680	5.4604
10001 and above	223	0.7900	215093110	54.0503
<b>Total</b>	<b>28229</b>	<b>100</b>	<b>397950000</b>	<b>100</b>

**According to categories of shareholders as on March 31, 2012**

Sl. No.	Categories	No. of shares	Amount in Rs.	Percentage of shareholding
1	Promoters, Directors and Relatives	15508032	155080320	38.96980023
2	Financial Institution and Banks	9500	95000	0.023872346
3	Mutual Fund	100	1000	0.000251288
4	FII's	300	3000	0.000753864
5	Corporate Bodies	2769695	27696950	6.959907023
6	Clearing Members	243671	2436710	0.612315618
7	Indian Public	20923021	209230210	52.57700967
8	Trust	30000	300000	0.075386355
9	NRI/OCBs/FN	310681	3106810	0.780703606
	<b>Grand Total</b>	<b>39795000</b>	<b>397950000</b>	<b>100</b>

**g) Dematerialisation of Shares and liquidity**

89.50% of the total share capital of Company was held in dematerialized form as on 31/03/2012. The shares of Company are actively traded in BSE Ltd. and The National Stock Exchange of India Ltd.. The shares of the Company are traded only in demat segment w.e.f. 28<sup>th</sup> August 2000.

**h)** There were no ADRs/ GDRs/ Warrants or other convertible instruments out standing as on 31/03/2012.

**i) Reconciliation of capital**

The requisite certificate by a Practicing Company Secretary was duly submitted to the Stock Exchanges where the securities of the Company are listed at the end of each quarter, within prescribed time.

**j) Financial Calendar (Tentative)**

Quarter ending June 30, 2012	Mid of August, 2012
Quarter ending September 30, 2012	Mid of November, 2012
Quarter ending December 31, 2012	Mid of February, 2013
Year ending March 31, 2013 #	End of May, 2013
Annual General Meeting for the year ended March 31, 2012	28 <sup>th</sup> September, 2012

# For the quarter ending 31/03/2013 un-audited results may not be published and only audited results will be published, unless decided otherwise.

**k) Subsidiary Companies**

The Company does not have a material non-listed Indian subsidiary in terms of clause 49 of the listing agreement with Stock Exchanges, as per financial results of the period under review, i.e. Financial Year 2011-12.

**l) Plant Location**

Not applicable since the company is not into manufacturing or similar activity.

**Auditors' Certificate on Corporate Governance**

As required by Clause 49 of the Listing Agreement, the Auditors Certificate is annexed hereto.

**CERTIFICATE**

To the Members of  
VLS Finance Ltd.

We have examined the compliance of conditions of Corporate Governance by VLS Finance Ltd., for the year ended on 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Share transfer & investors' relation committee.

We further state that such compliance 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.

For and on behalf of  
Agiwal & Associates  
(Firm Registration No: 000181N)  
Chartered Accountants  
(P.C. Agiwal)  
(Partner)  
Membership No. 80475

Date: 6/8/2012  
Place: New Delhi

**AUDITORS' REPORT**

To,

The Members

VLS Finance Ltd.  
New Delhi

We have audited the attached Balance Sheet of VLS Finance Ltd. as at 31<sup>st</sup> March 2012 and also Profit and Loss Account of the Company for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date annexed thereto. 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.

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.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph one 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 purpose 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, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts;
- d) In our opinion the Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2012, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the companies Act 1956;

In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with significant accounting policies and notes to accounts thereon 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;

- 1) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012 and;
- 2) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
- 3) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Agiwal & Associates  
(Firm Registration No: 000181N)  
Chartered Accountants  
(P.C.Agiwal)  
Partner  
(M. No. 80475)

Place: New Delhi  
Date: 29<sup>th</sup> May, 2012

**ANNEXURE TO AUDITORS REPORT**
**REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE  
Re: VLS Finance Ltd. for the year ended 31st March 2012**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets *except assets on lease, which are in the possession of the lessee*, have been physically verified by the management at the reasonable interval. No material discrepancies were noticed on such verification as informed to us.
- (c) In our opinion and according to information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The securities held as stock-in-trade have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock-in-trade followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and book records which are not material in relation to the Company, have been properly dealt with in the books of accounts.
- (iii) (a) The Company has granted interest free unsecured loan to the subsidiary company listed in the register maintained under section 301 of the Companies Act, 1956 and the amount outstanding from one subsidiary company as on 31.03.2012 is Rs.9,17,551/-.
- (b) In our opinion the terms and conditions of such unsecured loan given by the Company are prima facie not prejudicial to interest of the Company.
- (c) As per information given to us, the aforesaid loan given to the subsidiary company is payable on demand and there is no overdue amount at the year end.
- (d) 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 Act. Accordingly, the provisions of clause (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of its business, for the purchase of fixed assets and for purchase/sale of securities. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system during the year.
- (v) (a) To the best of our knowledge and belief and according to information and explanations given to us, the transactions that needed to be entered into the register maintained in pursuance to section 301 of the Companies Act, 1956, have been so entered.
- (b) According to information and explanation given to us, the transaction, made in pursuance of contracts or arrangements entered into Register(s) maintained under section 301 of the Companies Act, 1956 as aggregating to Rs. 5,00,000/- (Rs. Five Lacs only) or more in respect of each party have been made during the period at the rates which are reasonable having regard to prevailing market rates.
- (vi) The Company has not accepted any deposits from the public during the year. Hence provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and rules of Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system, commensurate with its size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, maintenance of cost records as prescribed by the Central Govt. under section 209(1) (d) of the Act, is not required as the Company is not in the manufacturing activity.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax and any other statutory dues with the appropriate authorities. There was no outstanding against any undisputed statutory dues as on 31.03.2012.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2012.
- (x) The Company neither have accumulated losses at the end of the year, nor incurred cash losses during the current financial year or in the immediately preceding Financial Year.
- (xi) On the basis of the verification of records and information and explanations given to us, the Company does not owe any dues to financial institutions or banks. The Company has not issued any debentures during the year.
- (xii) The Company has maintained proper record for dealing and trading in shares, securities, debentures and timely entries have been made therein. The shares, securities and debentures and other investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Act.
- (xiii) In our opinion and according to information and explanations given to us, the Company has not given any Guarantee for loans taken by others from Banks or Financial Institutions.
- (xiv) The Company has not raised any Term Loan during the year.
- (xv) According to the cash flow statement and other records examined by us and the information and explanations given to us, on overall basis, the funds raised on short-term basis have not been used during the year for long-term investments.
- (xvi) The Company has not made any preferential allotment of shares to any party covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xvii) To the best of our knowledge and information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

The Para Nos. 4 (xii), (xiii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For Agiwal & Associates  
(Firm Registration No: 000181N)  
Chartered Accountants

Place: New Delhi  
Date: 29th May, 2012

(P.C. Agiwal)  
Partner  
(M.No. 80475)

**BALANCE SHEET AS AT 31st March, 2012**

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	39,91,72,250	39,91,72,250
(b) Reserves & Surplus	3	160,39,96,327	158,22,76,782
<b>(2) Non-current liabilities</b>			
(a) Other Long Term Liabilities	4	0	1,31,81,588
(b) Long Term Provisions	5	20,04,32,398	20,04,07,188
<b>(3) Current liabilities</b>			
(a) Short-Term borrowings	6	0	14,92,54,188
(b) Trade payables	7	4,49,461	10,30,500
(c) Other Current Liabilities	8	8,25,31,060	13,19,91,484
(d) Short Term Provisions	9	2,74,136	2,39,069
<b>Total</b>		<b>228,68,55,632</b>	<b>247,75,53,049</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
- Tangible Assets	10	7,46,51,276	9,09,81,222
- Intangible Assets	10	1,43,846	2,39,745
(b) Non-current Investments	11	100,06,28,186	113,06,37,460
(c) Deferred tax assets (Net)	12	3,08,93,799	2,42,50,284
(d) Long-term loans and advances	13	13,75,97,376	13,05,19,161
<b>(2) Current assets</b>			
(a) Inventories- Share stock-in-trade	14	1,14,82,712	2,09,97,199
(b) Trade receivables	15	84,41,23,880	44,23,28,855
(c) Cash and cash equivalents	16	69,73,762	23,99,93,292
(d) Short-term loans and advances	17	18,03,48,545	39,14,85,754
(e) Other current assets	18	12,250	61,20,077
<b>Total</b>		<b>228,68,55,632</b>	<b>247,75,53,049</b>
<b>Significant Accounting Policies</b>	1		

As per our report of even date  
 For Agiwal & Associates  
 Chartered Accountants  
 (Firm Registration No: 000181N)

For and behalf of the Board

P. C. Agiwal  
 Partner  
 M.No:80475

S.K.Agarwal  
 Managing Director

M.P. Mehrotra  
 Director

May 29, 2012  
 New Delhi

K.K.Soni  
 Executive Director & CFO

H.Consul  
 Company Secretary

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2012**

(Amount in Rupees)

	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>I Revenue from operations</b>	<b>19</b>	<b>2135,25,91,665</b>	600,96,84,526
<b>II Other Income</b>		<b>1,35,53,548</b>	3,37,108
<b>III Total Revenue ( I+II)</b>		<b><u>2136,61,45,213</u></b>	<u>601,00,21,634</u>
<b>IV Expenses</b>			
Purchase of Shares/Securities/Commodities		<b>2126,60,01,784</b>	588,20,18,429
Change in stock of shares	<b>20</b>	<b>95,14,487</b>	(5,283,658)
Employee benefits expenses	<b>21</b>	<b>1,20,71,194</b>	94,50,580
Finance cost	<b>22</b>	<b>66,52,908</b>	59,00,472
Depreciation	<b>10</b>	<b>1,71,68,971</b>	45,90,503
Administrative & Other Expenses	<b>23</b>	<b>3,63,36,728</b>	4,07,46,105
<b>V. Total Expenses</b>		<b><u>2134,77,46,072</u></b>	<u>593,74,22,431</u>
<b>VI. Profit before tax (IV-V)</b>		<b>1,83,99,141</b>	7,25,99,203
<b>VII. Less: Tax Expenses</b>			
Current Tax - MAT		<b>35,42,667</b>	1,44,58,671
Deferred Tax		<b>(6,643,515)</b>	78,14,238
<b>VIII. Profit for the year (VI-VII)</b>		<b><u>2,14,99,989</u></b>	<u>5,03,26,294</u>
<b>EARNING PER SHARE</b>			
Basic and Diluted Earning per Share (Rs.)		<b>0.54</b>	1.26
Face Value per Share (Rs.)		<b>10.00</b>	10.00
<b>Significant Accounting Policies</b>	<b>1</b>		

As per our report of even date  
For Agiwal & Associates  
Chartered Accountants  
(Firm Registration No: 000181N)

For and behalf of the Board

P. C. Agiwal  
Partner  
M.No:80475

S.K.Agarwal  
Managing Director

M.P. Mehrotra  
Director

May 29, 2012  
New Delhi

K.K.Soni  
Executive Director & CFO

H.Consul  
Company Secretary

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**1 Significant Accounting Policies for the year ended on 31<sup>st</sup> March 2012**
**I. SIGNIFICANT ACCOUNTING POLICIES:-**
**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

**B. REVENUE RECOGNITION**

- The Company adopts accrual basis of accounting.
- Income from Hire Purchase transactions is calculated following *Sum of Digits* method.
- Installments of Leasing and Hire Purchase Loans are received one month in advance. Thus, the Installments collected in the last month of the accounting year include a portion of the income of the next accounting year. However, this portion is not accounted as income received in advance, as the method is consistently followed and the amount involved is not material considering the total receipts of the Company and its "set-off effect" on the accounts.
- Profit arising on commodities sale transaction entered into through commodities stock exchange is recognized in the books in the year when the pay-out takes place. However, the sale is accounted for in the books at cost value on pay-in date as per contract. In the case of loss on such commodities sale transaction, the necessary provision equivalent to loss is made and charged to the Profit & Loss Account in the year of sale.

**C. FIXED ASSETS**

- Assets under Lease and Hire Purchase are accounted in the books at invoice value and the difference between the invoice price and disbursed amount is accounted as Security Deposits, grouped under Adjustable Deposits (shown under Schedule 4 Unsecured Loans) and the same is adjusted to the respective asset account on the expiry of the term of lease/hire purchase.
- Assets for own use are accounted for in the books at Cost including incidental charges less accumulated depreciation, if any.
- Depreciation is provided as under:

**a) On Own Assets:**

On Written Down Value Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.

**b) On Leased Assets:**

100% of the cost of asset is depreciated over the primary lease period applying interest rate implicit in the lease on the outstanding investment on lease to calculate the finance earnings for the period and the difference between the lease rental and finance earnings is charged as depreciation. This method is being consistently followed by the Company and effect of this method is similar to the method recommended by the Institute of Chartered Accountants of India.

- The Company follows a procedure of writing off all capital expenses which do not exceed Rs.1000/- in each case.

**D. SHARE - STOCK IN TRADE**

- Shares are valued at cost or market value whichever is lower.
- The Company deals/hedges/arbitrages the securities in the capital market and futures and options securities in the derivative segment. Therefore, the purchase and sales figures of both the segments are shown in the financial statements at their gross value.

**E. INVESTMENTS**

- Investments are classified into long-term investments and current investments.
- Long-term investments are valued at cost. Provision for diminution in value of investment is made scrip-wise to recognize a decline other than temporary in nature.
- Current investments are valued, scrip wise, at cost or market price, whichever is lower.
- The Company follows ("FIFO Method") for calculating the cost of each

investment sold by the Company for arriving at the profit/loss.

**F. DEFERRED REVENUE EXPENDITURE**

Deferred Revenue Expenditure is written off equally over a period of ten years.

**G. PROVISION FOR RETIREMENT BENEFITS**

- Defined Contribution Plans

Gratuity liability of the Company is met through the Group Gratuity Scheme of Life Insurance Corporation of India. The contribution made to the said scheme has been charged to the Profit & Loss Account.

- Defined Benefit Plans

Leave Encashment – Provision for unavailed leave benefit payable to employees as per the scheme of the Company is made on the basis of actuarial valuation.

- Short Term Employees Benefits

Short Term Employees Benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

**H. TAXATION**

- Provision for Taxation is made on the basis of the taxable profits computed for the current accounting year in accordance with the Income Tax Act, 1961.
- Deferred Tax resulting from timing difference are expected to crystallize in case of deferred tax liabilities with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized. Deferred Tax Assets in respect of brought forward losses/unabsorbed depreciation is recognized based on income tax returns filed by the Company.

**I. FOREIGN EXCHANGE TRANSLATIONS**

- Investments in foreign entities are recorded at the exchange rates prevailing on the date of making the investments.
- Transactions in foreign currencies are recorded at the rates prevailing on the date of transaction.
- Monetary items denominated in foreign currency are restated at the rate prevailing on Balance Sheet date.
- Exchange gains/losses on conversion of monetary items denominated in foreign currency at the year end are dealt with in the profit and loss account.

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15,00,00,000 Equity Shares of Rs.10/- each	<u>150,00,00,000</u>	<u>150,00,00,000</u>
(Previous year 15,00,00,000 Equity shares of Rs.10/-each)		
<b>ISSUED CAPITAL</b>		
4,02,62,500 Equity Shares of Rs.10/- each	<u>40,26,25,000</u>	<u>40,26,25,000</u>
(Previous year 4,02,62,500 Equity shares of Rs.10/-each)		
<b>SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
3,97,95,000 Equity Shares of Rs.10/- each fully paid up for cash	<u>39,79,50,000</u>	<u>39,79,50,000</u>
(Previous year 3,97,95,000 Equity Shares of Rs.10/- each)		
Add: Amount forfeited on 4,67,500 equity shares (Previous year 4,67,500 equity shares)	<u>12,22,250</u>	<u>12,22,250</u>
	<u><b>39,91,72,250</b></u>	<u><b>39,91,72,250</b></u>

(Of the above, 3,31,62,500 equity shares, fully paid up have been issued as bonus shares by way of capitalisation of share premium)

**(a) Reconciliation of Number of Shares at the beginning and at the end of the reporting period**

	No. of Equity Shares	
Outstanding as at 1st April 2011 / 1st April 2010	3,97,95,000	3,97,95,000
Outstanding as at 31st March 2012 / 31st March 2011	3,97,95,000	3,97,95,000



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

(Amount in Rupees)

**(b) List of shareholders holding more than 5% of the total number of shares issued by the Company**

Name of the Shareholder	As at 31st March 2012		As at 31st March 2011	
	No of share held	% of Holding	No. of share held	% of Holding
VLS Capital Limited	1,23,26,339	30.97	1,19,08,200	29.92

The Company has issued only one class of equity shares having a par value of Rs. 10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

	As at 31st March, 2012	As at 31st March, 2011
<b>3 RESERVES &amp; SURPLUS</b>		
<b>a) GENERAL RESERVE</b>		
As per last Balance Sheet	<u>29,68,83,930</u>	<u>29,68,83,930</u>
Total (a)	<u>29,68,83,930</u>	<u>29,68,83,930</u>
<b>b) STATUTORY RESERVE</b>		
Opening Balance	<u>12,22,21,479</u>	<u>11,21,56,220</u>
Add: Transfer from surplus in the Statement of Profit & Loss	<u>42,99,998</u>	<u>1,00,65,259</u>
Closing Balance	<u>12,65,21,477</u>	<u>12,22,21,479</u>
<b>c) SECURITY PREMIUM RESERVE ACCOUNT</b>		
As per last Balance Sheet	<u>96,78,46,235</u>	<u>96,78,46,235</u>
Total (c)	<u>96,78,46,235</u>	<u>96,78,46,235</u>
<i>Of the above amount of Rs.96,78,46,235/-, an amount of Rs.4,74,33,750 is relating to share premium received on forfeited shares</i>		
<b>d) SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>		
Opening Balance	<u>19,53,25,138</u>	<u>15,47,49,931</u>
Add: Transfer from statement of Profit and loss	<u>2,14,99,989</u>	<u>5,03,26,294</u>
Add: Prior year tax provisions and adjustments	<u>2,19,556</u>	<u>3,14,172</u>
	<u>21,70,44,683</u>	<u>20,53,90,397</u>

	As at 31st March, 2012	As at 31st March, 2011
<b>Less: Appropriations</b>		
-Statutory Reserve u/s 45IC of the RBI Act, 1934	<u>42,99,998</u>	<u>1,00,65,259</u>
Closing Balance	<u>21,27,44,685</u>	<u>19,53,25,138</u>
<b>Grand Total (a) to (d)</b>	<u>160,39,96,327</u>	<u>158,22,76,782</u>
<b>4 Other Long-Term liabilities</b>		
<b>Others</b>		
- Adjustable deposits	<u>0</u>	<u>1,31,81,588</u>
Total	<u>0</u>	<u>1,31,81,588</u>
<b>5 Long-Term provisions</b>		
(a) Provision for Employee benefits	<u>2,16,773</u>	<u>1,89,063</u>
(b) Provision for diminution in value of assets	<u>20,00,00,000</u>	<u>20,00,00,000</u>
(c) Contingent Provisions against Standard Assets	<u>2,15,625</u>	<u>2,18,125</u>
	<u>20,04,32,398</u>	<u>20,04,07,188</u>
<b>6 Short-Term borrowings</b>		
<b>Secured Borrowings</b>		
Overdraft Facility from Bank (Secured by pledge of Fixed Deposits of the Company)	<u>0</u>	<u>14,92,54,188</u>
	<u>0</u>	<u>14,92,54,188</u>
<b>7 Trade payables</b>		
(a) Micro, Small and Medium Enterprises	<u>0</u>	<u>0</u>
(b) Other trade payables	<u>4,49,461</u>	<u>10,30,500</u>
	<u>4,49,461</u>	<u>10,30,500</u>
<b>8 Other current liabilities</b>		
(a) Statutory liabilities	<u>25,31,060</u>	<u>9,91,484</u>
(b) Others	<u>8,00,00,000</u>	<u>13,10,00,000</u>
	<u>8,25,31,060</u>	<u>13,19,91,484</u>
<b>9 Short-Term provisions</b>		
Provision for Employee benefits	<u>2,74,136</u>	<u>2,39,069</u>
	<u>2,74,136</u>	<u>2,39,069</u>

**10 FIXED ASSETS**

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2011	Additions during the year	Sales/ Adjust-ments	Cost As at 31-03-2012	Upto 31.03.2011	For the year	Sales/ Adjust-ments	Upto 31-03-2012	As at 31-03-2012	As at 31.03.2011
<b>1 TANGIBLE ASSETS</b>											
<b>Assets for own use:</b>											
A Buildings	9,78,64,951	0	0	9,78,64,951	2,23,88,769	37,73,809	0	2,61,62,578	7,17,02,373	7,54,76,182	
B Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1	
C Vehicles	25,64,507	4,15,000	0	29,79,507	19,96,747	2,17,888	0	22,14,635	7,64,872	5,67,760	
D Office Equipments	8,88,845	1,22,376	0	10,11,221	4,91,655	66,082	0	5,57,737	4,53,484	3,97,190	
E Furniture & Fixtures	8,75,623	0	0	8,75,623	6,81,249	35,181	0	7,16,430	1,59,193	1,94,374	
F Air Conditioners	10,28,892	0	0	10,28,892	3,87,143	89,267	0	4,76,410	5,52,482	6,41,749	
G Computers	18,23,555	2,05,750	0	20,29,305	13,67,366	2,00,050	0	15,67,416	4,61,889	4,56,188	
H Electrical Installations	2,44,954	0	0	2,44,954	2,22,205	3,165	0	2,25,370	19,584	22,749	
I Generator	4,30,905	0	0	4,30,905	3,87,464	6,043	0	3,93,507	37,398	43,441	
<b>2 Assets on Lease</b>	120,66,66,568	0	0	120,66,66,568	119,34,84,980	1,26,81,588	0	120,61,66,568	5,00,000	1,31,81,588	
	<u>131,30,77,535</u>	<u>7,43,126</u>	<u>0</u>	<u>131,38,20,661</u>	<u>122,20,96,312</u>	<u>1,70,73,073</u>	<u>0</u>	<u>123,91,69,385</u>	<u>7,46,51,276</u>	<u>9,09,81,222</u>	
<b>INTANGIBLE ASSETS</b>											
Computer Software	3,04,000	0	0	3,04,000	64,256	95,898	0	1,60,154	1,43,846	2,39,745	
Grand Total	<u>131,33,81,535</u>	<u>7,43,126</u>	<u>0</u>	<u>131,41,24,661</u>	<u>122,21,60,568</u>	<u>1,71,68,971</u>	<u>0</u>	<u>123,93,29,539</u>	<u>7,47,95,122</u>	<u>9,12,20,967</u>	
Previous Year	131,49,23,854	8,07,625	23,49,944	131,33,81,535	121,96,65,946	45,90,503	20,95,881	122,21,60,568	9,12,20,967	9,52,57,908	

**11. NON-CURRENT INVESTMENTS (at cost)**

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>A. IN EQUITY SHARES</b>					
<b>1. Un-quoted &amp; Fully Paid</b>					
Hotline Electronics Ltd	10	0	20,00,000	0	2,00,75,000
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000
Anchal Fintrade P.Ltd	100	35,000	35,000	35,00,000	35,00,000
Alok Fintrade P.Ltd	100	5,000	5,000	5,00,000	5,00,000
BSTraders P.Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P.Ltd	100	10,000	10,000	10,00,000	10,00,000
Kanoria Properties P.Ltd	100	80,000	80,000	80,00,000	80,00,000
Generatio Next Medical Services CoPvtLtd	100	42,000	42,000	42,00,000	42,00,000
Pranjal Investments P.Ltd	100	56,000	56,000	56,00,000	56,00,000
Sunair Hotels Ltd.	10	95,94,824	95,94,824	23,59,48,240	23,59,48,240
Appu Ghar Entertainment PvtLtd	10	2,77,100	4,77,100	13,85,50,000	23,85,50,000
VLS Capital Ltd	10	48,20,833	48,20,833	7,38,53,947	7,38,53,947
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
Runeecha Textiles Ltd	10	3,57,600	3,57,600	17,88,000	17,88,000
BMSIT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
Eha infrastructure P.Ltd	10	4,90,000	4,90,000	49,36,750	49,36,750
			<u>SUB-TOTAL (A-1)</u>	<u>76,35,96,937</u>	<u>88,36,71,937</u>

**NON-CURRENT INVESTMENTS (at cost)**

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
<b>2. Quoted &amp; Fully Paid</b>					
ICDS Ltd(+)	10	21,929	21,929	0	0
KASHIPUR SUGAR MILLS LTD	10	89,767	89,767	7,99,032	7,99,032
ARTSON ENGINEERING LTD	1	4,104	4,104	1,00,376	1,00,376
BANK OF BARODA	10	1	1	251	251
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813
GODAVARI POWER & ISPAT LTD	10	500	0	68,920	0
HIND OIL EXPLORATION LTD	10	1,200	1,200	3,76,253	3,76,253
INDRAPRASTHA MEDICAL	10	2,000	2,000	95,426	95,426
ITC LTD	1	500	0	97,020	0
IDFC LTD	10	500	0	59,675	0
JP ASSOCIATES LTD	2	750	750	84,337	84,337
USWENERGY	10	1,000	1,000	1,27,194	1,27,194
JK TYRE INDUSTRIES LTD	10	1,000	0	1,09,215	0
NTPC LTD	10	250	250	48,000	48,000
MERCATOR LINES LTD	1	3,000	3,000	87,440	87,440
NHPC LTD	10	5,000	5,000	1,61,730	1,61,730
NOIDA TOLL BRIDGE CO LTD	10	2,000	2,000	64,600	64,600
JAYASWAL NECO INDUSTRIES LTD	10	2,000	2,000	88,671	88,671
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828
RELAXO FOOTWEAR LTD	5	9,05,776	9,50,776	3,41,85,749	2,75,43,912
RELIANCE INDUSTRIES LTD	10	1,000	950	9,91,343	9,54,935
RELIANCE MEDIAWORKS	5	500	500	1,11,689	1,11,689
SHIVA TEXYARN	10	1,000	1,000	62,175	62,175

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

<b>NON-CURRENT INVESTMENTS (at cost)</b>					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
SUJANA METAL LTD	5	4,000	1,500	32,383	21,920
TATA STEEL	10	300	300	2,05,413	2,05,413
UFLEX LTD	10	1,400	1,200	2,12,700	1,70,513
TCI INDUSTRIES LTD	10	9,699	9,699	5,76,607	5,76,607
		SUB-TOTAL (A-2)		4,06,31,840	3,35,66,114
<b>B. IN PREFERENCE SHARES</b>					
<b>Un-quoted &amp; Fully Paid</b>					
Pan Parag India Ltd - 6% Non Cumulative Redeemable Non Convertible (*)					
	10	0	100	0	0
		SUB-TOTAL B		0	0
<b>C. IN EQUITY SHARES OF SUBSIDIARIES</b>					
<b>Un-quoted &amp; Fully Paid-up</b>					
VLS Securities Ltd.					
	10	1,49,50,000	1,36,50,000	14,95,00,000	13,65,00,000
VLS Asset Management Ltd.					
	10	70,100	70,100	7,01,000	7,01,000
		SUB-TOTAL C		15,02,01,000	13,72,01,000
<b>D. DEBENTURES &amp; BONDS</b>					
<b>Unquoted &amp; Fully Paid-up</b>					
Eha Infrastructure Pvt Ltd (0% optionally convertible debentures)					
	1,00,000	390	690	3,90,00,000	6,90,00,000
ICICI Bond (12%)					
	1,00,000	1	1	1,04,000	1,04,000
		SUB-TOTAL D		3,91,04,000	6,91,04,000
TOTAL D1 (A1+A2+B+C+D)				99,35,33,777	112,35,43,051
I. Aggregate value of quoted investments		At Cost		4,06,31,840	3,35,66,114
		Market Value		24,48,63,867	28,35,10,771
II. Aggregate value of un-quoted investments - In Subsidiaries		At Cost		15,02,01,000	13,72,01,000
		- Others		80,27,00,937	95,27,75,937
<b>E. INVESTMENT IN IMMOVABLE PROPERTIES:-</b>				70,94,409	70,94,409
TOTAL (E)				70,94,409	70,94,409
GRAND TOTAL (D1+E)				100,06,28,186	113,06,37,460
(+ ) Bonus Shares received, hence cost of acquisition is NIL					
(*) Preference shares received on allotment pursuant to the scheme of Arrangement between Kothari Products Ltd and Pan Parag India Ltd, hence cost of acquisition is NIL					
(Amount in Rupees)					
		As at		As at	
		31st March, 2012		31st March, 2011	
<b>12 Deferred tax</b>					
a) Deferred tax Assets					
i) Accumulated Losses		5,37,59,044		5,30,88,350	
ii) Employee Benefits		1,59,275		1,42,215	
Total (a)		5,39,18,319		5,32,30,565	
b) Deferred tax Liabilities					
i) Depreciation on Fixed Assets		2,30,24,520		2,89,80,281	
Total (b)		2,30,24,520		2,89,80,281	
Deferred tax assets (net)		Total (a-b)		3,08,93,799	
				2,42,50,284	
<b>13 Long Term Loans and advances</b>					
<b>A) Unsecured, considered good</b>					
i) Loans & Advances to Related Parties					
Loans to subsidiaries		9,17,551		9,16,531	
Total (i)		9,17,551		9,16,531	
ii) Loans & advances					
		8,00,00,000		8,00,00,000	
Total (ii)		8,00,00,000		8,00,00,000	
iii) Staff Loans and advances					
		3,24,461		2,35,588	
Total (iii)		3,24,461		2,35,588	
iv) Advances recoverable in cash or kind or for value to be received					
		14,79,093		8,000	
Total (iv)		14,79,093		8,000	
v) Security Deposit with Govt Department					
		1,500		1,500	
vi) Security Deposit with others					
		14,87,524		14,89,524	
vii) Advance Income Tax and Tax Deducted at Source					
		9,08,03,969		8,28,22,073	
Less: Tax Provisions		3,84,96,722		3,49,54,055	
Total (vii)		5,23,07,247		4,78,68,018	
<b>Total A (i+ii+iii+iv+v+vi+vii)</b>				13,65,17,376	13,05,19,161

**B) Doubtful**

i) Loans & advances	10,00,000	10,00,000
Less: Allowance for Non-performing assets	10,00,000	10,00,000
	0	0
ii) Advances recoverable in cash or kind or for value to be received-	84,48,340	62,88,340
Less: Allowance for Non-performing assets	73,68,340	62,88,340
	10,80,000	0
<b>Total B (i+ii)</b>	10,80,000	0
<b>Total (A+B)</b>	13,75,97,376	13,05,19,161

**14. INVENTORIES SHARE STOCK IN TRADE**
*(At Cost or market price, whichever is lower)*

Name of the Company	As on 31.03.2012		As on 31.03.2011	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Stock of Quoted Equity shares (Fully Paid)</b>				
ARIHANT COTSYN LTD	2,000	1	2,000	1
CENTRAL ROADLINES CORPORATION LTD	2,82,700	1	2,82,700	1
HINDUSTAN ADHESIVES LTD	1,000	13,000	1,000	13,000
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	4,072	10	3,792
SOUTHASIAN ENTERPRISES LTD	17,11,289	1,14,65,636	17,11,289	2,09,80,403
SWEDE INDIA LTD	200	1	200	1
<b>Total</b>	20,26,199	1,14,82,712	20,26,199	2,09,97,199

*(Amount in Rupees)*

		As at	As at
		31st March, 2012	31st March, 2011

**15 Trade Receivables**
**a) Unsecured-Considered good**
**Due from share brokers**

1. Due for more than six months	0	0
2. Others	84,41,23,880	44,23,28,855
<b>Total (a)</b>	84,41,23,880	44,23,28,855

**b) Doubtful**
**Instalments Receivable**

1. Due for more than six months	31,24,030	41,81,406
2. Others	0	0
Sub-total	31,24,030	41,81,406
Less: Allowance for Non-performing Assets	31,24,030	41,81,406
<b>Total (b)</b>	0	0
<b>Total (a+b)</b>	84,41,23,880	44,23,28,855

**16 Cash and Cash Equivalents**

a) Cash on Hand	25,90,496	18,97,261
b) Balances with banks		
1. In Current Accounts	32,99,682	6,01,031
2. In Deposit Accounts-less than 12 months maturity (Previous year Rs.2374.95 Lacs)	10,83,584	23,74,95,000
<b>Total (a+b)</b>	69,73,762	23,99,93,292

**17 Short Term Loans and advances**
**Unsecured, considered good**

i) Advances to Related Parties		
Receivables from subsidiaries	9,15,374	2,48,370
ii) Staff Loans and advances	4,60,096	6,99,884
iii) Advances Recoverable in cash or in kind or for value to be received	59,39,493	88,94,270
iv) Margin Money deposit with share brokers	17,29,00,000	38,15,00,000
v) Prepaid Expenses	1,33,582	1,43,230
<b>Total</b>	18,03,48,545	39,14,85,754

**18 Other Current Assets**

a) Interest Accrued but not due	250	61,20,077
b) Interest Receivables	12,000	0
<b>Total (a+b)</b>	12,250	61,20,077

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**
*(Amount In Rupees)*

	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of Shares/Securities/Commodities	2133,00,19,956	593,85,82,943
Income from Other credit operations	5,07,94,903	5,50,59,993
Income from Investments	(28,223,194)	1,60,41,590
<b>Total</b>	<b>2135,25,91,665</b>	<b>600,96,84,526</b>
<b>20 CHANGE IN STOCK OF SHARES</b>		
Closing Stock of Shares	1,14,82,712	2,09,97,199
Less: Opening Stock of Shares	2,09,97,199	1,57,13,541
(Increase) /Decrease in Stock of Shares	<b>9,514,487</b>	<b>(5283658)</b>
<b>21 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	91,33,590	82,43,850
Staff Amenities	4,93,257	4,38,037
Employer's Contribution to PF, ESI, Gratuity fund etc.	24,44,347	7,68,693
<b>Total</b>	<b>1,20,71,194</b>	<b>94,50,580</b>
<b>22 FINANCE COST</b>		
Bank / Finance Charges	16,003	7,496
Other borrowing costs	66,36,905	58,92,976
<b>Total</b>	<b>66,52,908</b>	<b>59,00,472</b>
<b>23 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement & Business Promotion	15,24,616	15,16,322
Consultancy, Legal & Service Charges	1,49,96,434	1,03,54,436
Communication Expenses	9,23,168	10,13,857
Electricity & Water Charges	3,52,429	3,14,952
Insurance	30,816	23,436
Office Expenses	22,83,387	14,12,726
Securities Transaction Tax	8,969	5,01,242
Shares Transaction Charges	6,203	19,794
Travelling Expenses & Conveyance	22,77,772	63,39,635
Rates & Taxes	18,60,579	71,36,839
Rent	42,00,000	42,12,000
Repairs & Maintenance		
— Others	13,99,710	10,95,989
Miscellaneous Expenses	54,33,337	40,98,219
Auditors' Remuneration		
a) Audit Fees	1,32,360	1,21,330
b) For Other Services		
— For Tax audit	55,150	44,120
— For certification	1,40,300	1,46,500
— Out of pocket expenses	30,000	52,175
Internal Auditors' Remuneration		
— Fees	50,000	50,000
— Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	5,24,000	5,54,000
Allowance for Non-performing assets (Net)	22,624	15,00,000
Contingent Provisions against Standard Assets	(2,500)	2,18,125
Bad debts written off	57,376	0
Loss on sale/written off of Fixed Assets	0	12,408
Prior year expenses	21,998	0
<b>Total</b>	<b>3,63,36,728</b>	<b>4,07,46,105</b>

**24. NOTES FORMING PART OF FINANCIAL STATEMENT**

- Contingent Liability:- NIL.
- In some cases balances in the accounts of Debtors, Loans and Advances, Other Current Assets and Creditors are subject to confirmation by the respective parties.
- Cash & Bank Balances include
  - Share Transfer Stamps of Rs. 1,416/- (Previous Year Rs.1,416/-).
  - Bank Deposits include fixed deposits of Rs.10,83,548/-(Previous Year – Rs.21,74,95,000/-) pledged with the banks as security for availing overdraft facilities.
- The Company has followed the applicable Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies regarding Capital Adequacy, Asset Classification, provisioning for and income recognition on non-performing assets.

- Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

Trading Items	Opening Stock in trade as on 01.04.2011		Purchases		Sales		Closing Stock in trade as on 31.03.2012	
	Qty. *	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.
Shares	2026199	20997199	160791	93898236	160791	93917027	2026199	11482712
(Previous year)	2026199	15713541	495922	617398615	495922	618593801	2026199	20997199
Commodities	Nil	Nil	208739	21171976186	208739	21235975527	Nil	Nil
(Previous year)	Nil	Nil	110675	5041546175	110675	5096969932	Nil	Nil
Currency (Derivatives)	Nil	Nil	2	127363	2	127402	Nil	Nil
(Previous year)	Nil	Nil	3956	223073639	3956	223019211	Nil	Nil

\* Quantity of Shares is in numbers and of Commodities and Currency derivatives is in lots.

- Income from investments include:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	9,83,063	18,64,123
Interest on Debentures and Bonds (Gross)	8,745	12,000
Tax Deducted at Source	Nil	Nil

- Interest Receipts (Gross) Rs.4,77,94,903/-(inclusive of interest of Rs.1,60,84,983/- on Fixed Deposits and of Rs.3,16,77,569/- on margin money with share brokers and other interest received of Rs.32,351/-) (Previous Year Rs. 5,25,59,993/-, inclusive of interest of Rs.1,31,65,975/- on Fixed Deposits and Rs.3,93,55,549/- on margin money with share brokers and other interest received of Rs.38,469/-) grouped under Income from Operations includes Tax Deducted at Source amounting to Rs.47,77,056/- (Previous Year Rs. 52,52,158/-).
- The Current Assets, Loans and advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- The term of lease agreements in respect of Leased Assets have expired and the assets continue in the possession of lessees. However, the said assets have been included in the block of fixed assets of the Company pending the transfer of titles.
- Related Party Disclosure

Followings are the related parties:-

Subsidiaries: - VLS Securities Ltd. (99.67%) and VLS Asset Management Ltd (99.15%),  
Key Managerial Personnel: - Shri S.K.Agarwal (Managing Director)  
Associates: - South Asian Enterprises Ltd.

Summary of transactions with the above related parties is as follows:-

(Amount in Rs.)

Particulars	Subsidiaries	Associates	Key Managerial Personnel	Others
Purchase of Securities	1,84,12,993 (Previous year. Rs. 21,06,31,852)			
Sale of Securities	3,17,32,775 (Previous year Rs.21,22,50,186)			
Purchase of Currency	1,27,363 (Previous year Rs.22,30,73,639)			
Sale of Currency	1,27,402 (Previous year Rs.22,30,19,211)			
Rent and other Charges received	1,20,000 (Previous year. Rs. 1,20,000)	6,011 (Previous year Rs.Nil)		
Other charges paid	21,84,172 (Previous year. Rs.18,13,848)			
Remuneration to Managing Director			22,58,273 (Previous year. Rs. 19,27,592)	
Due from Subsidiaries (outstanding balance as on 31.03.2012)	18,32,925 (Previous year. Rs. 11,64,901)			

**11. Managerial Remuneration**

Particulars	Paid to Shri S.K. Agarwal
Remuneration	Rs. 17,82,000/-(Previous Year – Rs. 15,60,000/-)
Perquisites	Rs. 4,76,273/-(Previous Year – Rs. 3,67,592/-)

The perquisite figure does not include contribution made by the Company for gratuity and group insurance scheme to the LIC and provision made for leave encashment.

**12. Earning Per Share**
**Calculation of EPS (Basic and Diluted)**

Particulars	Equivalent No. of Shares	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Basic and Diluted		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 2,14,99,989	Rs. 5,03,26,294
EPS	Rs. 0.54	Rs. 1.26



17 As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:-

#### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:-  
(in Rupees)

Particulars	2011-12	2010-11
Employer's Contribution to Provident Fund	5,96,453	4,88,114
Employer's Contribution to Pension Fund	1,12,522	1,16,319

#### Defined Benefit Plans

##### A) Disclosure required under Accounting Standard 15 - Employee Benefits.- Gratuity

(a) Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined contribution plan where annual contributions as demanded by the insurer are deposited.

##### I) Reconciliation of opening and closing balance of the present value of obligation

	As at March 31, 2012 (in Rupees)	As at March 31, 2011 (in Rupees)
<b>Change in present value of obligation</b>		
Present value of obligation as at the beginning of the year	16,88,046	19,09,695
Current service cost	1,35,573	1,20,718
Interest cost	1,35,044	1,52,776
Actuarial ( gain ) / loss	14,37,178	(325,527)
Benefits paid	0	(169,616)
Present value of obligation as at the end of the year	33,95,841	16,88,046

##### II) Reconciliation of opening and closing balance of the fair value of Plan Assets

	As at March 31, 2012 (in Rupees)	As at 31, 2011 (in Rupees)
<b>Change in present value of obligation</b>		
Fair Value of Plan Assets as at the beginning of the year	20,41,282	19,83,008
Expected return on plan assets	1,86,952	1,80,591
Contributions	16,22,440	47,299
Benefits paid	0	(169,616)
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair Value of Plan Assets as at the end of the year	38,50,674	20,41,282

##### Reconciliation of present value in "I" above and the fair value of Plan Assets in "II" above

	As at March 31, 2012 (in Rupees)	As at March 31, 2011 (in Rupees)
Present value of obligation as at the end of the year	33,95,841	16,88,046
Fair Value of Plan Assets as at the end of the year	38,50,674	20,41,282
Excess of Fair value of Plan Assets over present value of obligations	4,54,833	3,53,236

##### III) Expenses charged to Profit & Loss Account

	As at March 31, 2012 (in Rupees)	As at 31, 2011 (in Rupees)
Expenses charged to Profit & Loss Account	15,20,843	(232,624)
<b>Main actuarial assumptions</b>		
Discount rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

##### Disclosure required under Accounting Standard 15 - Employee Benefits.

The liability of Leave Encashment benefit is provided for on actuarial valuation using Projected Unit Credit method. The disclosure as required under AS 15 regarding the Company's

Leave encashment benefit plan is as follows:-

(in Rupees)

	As at March 31, 2012	As at March 31, 2011
<b>Change in present value of obligation</b>		
Present value of obligation as at the beginning of the year	4,28,132	3,35,885
Current service cost	47,090	44,557
Interest cost	37,462	28,472
Actuarial ( gain ) / loss	(21,775)	19,218
Benefits paid	0	0
Present value of obligation as at the end of the year	4,90,909	4,28,132
<b>Change in plan assets</b>	Not Applicable	Not Applicable
Plan assets at the beginning of the year		
Expected return on plan assets		
Contribution by the Company		
Benefits paid		
Actuarial ( gain ) / loss		
Plan assets at the end of the year		
<b>Liability recognised in the financial statement</b>		
Cost for the year		
Current service cost	47,090	44,557
Interest cost	37,462	28,472
Return on plan assets	0	0
Actuarial ( gain ) / loss	(21,774)	19,218
Net cost	62,778	92,247
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
<b>Present value of obligation as at the end of the year</b>		
Current Liability	2,74,136	Not Applicable
Non Current Liability	2,16,773	Not Applicable
Total	4,90,909	
<b>Main actuarial assumptions</b>		
Discount rate	8.75%	8.50%
Rate of increase in compensation levels	5.00%	5.00%

Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

- Allowance for Non-performing assets of Rs. 22,624/- is net off of Rs.10,57,376/- being excess allowance written back in the value of Non-performing assets. (Previous year: Allowance for Non-performing assets of Rs.15,00,000/- is net off of Rs.10,00,000/- being excess allowance written back in the value of Non-performing assets).
- In respect of office premise acquired earlier, for which possession has already been taken by the Company, the registration formalities are yet to take place.
- The Revised Schedule VI has become effective from 1<sup>st</sup> April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- Notes 1 to 24 form an integral part of financial statements.

As per our report of even date

For Agiwal & Associates  
(Firm Registration No: 000181N)  
Chartered Accountants  
(P.C.Agiwal)  
Partner  
M.No.80475

For and behalf of the Board  
S.K.Agarwal M.P.Mehrotra  
Managing Director Director

K.K.Soni  
Executive Director & CFO

May 29, 2012  
New Delhi

H.Consul  
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**
**A Domestic Subsidiaries**

1. Name of the Subsidiary Company	VLS Securities Ltd.	VLS Asset Management Ltd.
2. Financial Year of the Subsidiary Company ended on	31.03.2012	31.03.2012
3. i) No. of shares held by VLS Finance Ltd. and/or its nominees	1,49,50,000 equity shares of Rs.10 each	70,100 equity shares of Rs.10 each
ii) Extent of Holding Company's interest in the subsidiary as on 31.3.2012	99.67%	99.15%
1. Net Aggregate amount of the profits/losses of the subsidiary company so far as it concerns the members of VLS Finance Ltd.		
a) Not dealt within the accounts of VLS Finance Ltd.	Nil	Nil
i) For the subsidiary's financial year ended on 31.3.2012	Net Profit Rs.76,84,271	Net Loss Rs.1,011
ii) For the previous Financial Year	Net Profit Rs.6,60,991	Net Loss Rs.1,011
b) Dealt within the accounts of VLS Finance Ltd.		
i) For the subsidiary's Financial Year ended on 31.3.2012	NIL	NIL
ii) For the previous financial years	NIL	NIL

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2012**

(Rupees in lacs)

PARTICULARS	For the Year ended 31.03.2012	For the Year ended 31.03.2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	183.99	725.99
Add Interest & Finance Charges	66.53	59.00
Add Depreciation	171.69	45.91
Add Prior Year adjustments	2.20	3.39
	<b>424.41</b>	<b>834.29</b>
(Add) / Less Income from Investments	(282.23)	160.42
Operating Profit before Working Capital Changes	<b>706.64</b>	<b>673.87</b>
<b>Changes in Working Capital</b>		
Trade & Other Receivables	(1907.32)	(411.20)
Inventories	95.14	(52.83)
Trade & Other Payables	(464.38)	(84.01)
<b>Cash generated from operations</b>	<b>(1569.92)</b>	<b>125.83</b>
Income Tax Paid	79.82	172.71
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(1649.74)</b>	<b>(46.88)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Investments in Fixed Assets	(7.43)	(5.54)
Net proceeds from investments	1430.09	639.35
Investment in Subsidiaries	(130.00)	(615.00)
Income from Investments	(282.23)	160.42
<b>Net Cash used in Investing Activities (B)</b>	<b>1010.43</b>	<b>179.23</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(131.82)	0.00
Proceeds from Short Term Borrowings	(1492.54)	658.08
Interest Paid	(66.53)	(59.00)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(1690.89)</b>	<b>599.08</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2330.20)</b>	<b>731.43</b>
Cash & Cash Equivalents (Opening)	2399.93	1668.50
Cash & Cash Equivalents (Closing)	69.73	2399.93

Notes:-

1. Cash &amp; Cash Equivalents (Closing) includes deposits with banks amounting to Rs.10.84 lacs (Previous Year Rs.2174.95 lacs), which are pledged with them as security for overdraft facility.

2. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date

For Agiwal &amp; Associates

Chartered Accountants

(Firm Registration No: 000181N)

For and behalf of the Board

 P.C. Agiwal  
Partner  
M.No:80475

 S.K. Agarwal  
Managing Director

 M.P. Mehrotra  
Director

 K.K. Soni  
Executive Director & CFO

 May 29th, 2012  
New Delhi

 H. Consul  
Company Secretary

**VLS SECURITIES LIMITED**

**DIRECTORS' REPORT**

To

The Members of **VLS SECURITIES LIMITED**

Your Directors are pleased to present the 18<sup>th</sup> Annual Report of your Company together with the Balance Sheet as at 31<sup>st</sup> March, 2012 and the statement of Profit & Loss for the year ended on that date.

**Financial Results**

During the year under review, your Company generated gross revenue of Rs. 6874.50 lacs as against Rs. 636.17 lacs in the previous year. The profit before tax was Rs.92.69 lacs as compared to Rs. 6.50 Lacs in previous year.

The Company earned a post tax profit of Rs.77.08 lacs for the year under review as against Rs. 6.62 lacs earned in the preceding year.

**Dividend**

In order to conserve resources, no dividend has been recommended.

**Operations**

Your Company earned brokerage of Rs. 10.58 lacs during the year under review, as compared to Rs. 6.29 lacs earned during the previous year. The Company is continuing its efforts to increase its retail broking business.

The Company is also doing business as a trading member of Currency Derivatives segment of MCX Stock Exchange Limited ('MCX') and in Future & option segment as Trading Member of National Stock Exchange of India Limited ('NSE'). It is trading and clearing Member in cash segment of NSE as well. Further, the Company is registered with SEBI as category - I Merchant Banker and also for rendering Portfolio Management Services.

**Future Outlook**

During the year under review, the volatility maintained its visibility in stock market compelling particularly retail investors to tread carefully and there was subdued enthusiasm in active trading. The global scenario also portrayed instability particularly in view of anticipated crisis in Eurozone countries. With improvement perceived in global situation, the Indian markets are expected to perform better in current year.

The Merchant Banking Division of the Company is continuing to explore possibilities of making inroads on consultancy and similar fee based services. The activities of F & O segment and currency derivative segment are also expected to further the revenue generations of the Company. The Company is also exploring possibilities of Portfolio Management services to its clients.

**Directors**

There was no change in the Board of Directors during the year under review. During the year, 4 Board meetings were held on 26/05/2011, 26/07/2011, 26/12/2011 and 29/03/2012 respectively.

Shri K. K. Soni - Director shall be retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Your Directors recommend his re-appointment.

**Further Issue of Share capital**

During the financial year 2011-12, the Company had allotted 13,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 1,30,00,000/- (Rupees One Cores Thirty Lacs only) for cash, at par, to VLS Finance Ltd., the holding company on 26/07/2011 to facilitate the business activities of the Company. The total paidup capital of the Company is Rs. 15 crores as on date comprising of 1.5 crore equity shares of Rs.10/-each fully paid.

**Audit Committee**

During the year, 2 meetings of the Audit Committee were held on 26/05/2011 and 26/12/2011. There was no change in constitution of Audit Committee during the year. Shri S. K. Agarwal - Managing Director is Chairman of the Committee with Shri T. B. Gupta and Shri K. K. Soni as members. All the recommendations made by the Committee were accepted by the Board in entirety.

**Directors' Responsibility Statement**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed:

1. that in preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2012, the applicable accounting standards have been followed;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give 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;
3. that the Directors have taken proper and sufficient care for the maintenance of proper 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;
4. that the Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2012 on a going concern basis.

**Auditors**

The term of M/s. Agiwal & Associates, Chartered Accountants, the Statutory Auditors of the Company will conclude at the ensuing Annual General Meeting. They have furnished a Certificate confirming their eligibility under Section 224 (1B) of the Companies Act, 1956 to act as Auditors of the Company, if reappointed and have also given their consent to the re-appointment. In accordance with the recommendation of the Audit Committee, the Board further recommends their reappointment for the Financial Year 2012-2013. You are also requested to authorize the Board to fix their remuneration.

**Auditors Report**

The Auditors' report to the members on Annual Accounts for the year under review does not contain any qualification.

**Fixed Deposits**

During the year under review, the Company has not held any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

**Statutory Disclosures**

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 require the disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B, prescribed by the Rules. The Company not being a manufacturing company, Form A is not applicable to it. Further, since during the year under review, the Company did not absorb any new technology nor has carried out any R&D activity including conservation of Energy except as mandated for operational requirements by the National Stock Exchange of India Ltd. and MCX Stock Exchange Limited and applicable regulations. Therefore, head wise information envisaged in said forms has been dispensed with.

Details about Foreign Exchange Earnings and Outgo in (Rs.):

Foreign Exchange Earning : Nil  
Foreign Exchange Outgo : Nil

As none of the employees of the Company are in receipt of remuneration in excess of limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, there are no disclosures which are required to be made in this report, in terms of the aforesaid regulations.

The Company has complied with SEBI (Stock Brokers and Sub Brokers) Regulations 1992, SEBI (Merchant Bankers) Regulations 1992 and other applicable laws/ regulations, as amended. There was no proposal during the year under review for buy back of shares by the Company.

**Human Resources**

The relationship with the employees continued to be cordial during the year. The Directors place on record their sincere appreciation to the employees at all levels.

**Acknowledgements**

The Board takes this opportunity to place on record their sincere appreciation for all round co-operation and support from The National Stock Exchange of India Ltd., the MCX- Stock Exchange Ltd., the regulatory authorities, Clients, Bankers, Associates and Employees.

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

**Place : New Delhi**                      **S.K. Agarwal**                      **K.K. Soni**  
**Date : 26/05/2012**                      **Managing Director**                      **Director**

**AUDITORS' REPORT**

To

The Members  
VLS Securities Ltd.  
New Delhi

We have audited the attached Balance Sheet of VLS Securities Ltd. as at 31st March, 2012 and also Profit and Loss Account of the Company for the year ended on that date and the cash flow statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph one 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 purpose 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, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act 1956;
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2012, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of The Companies Act 1956;
  - f) In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contracts (Regulation) Rules, 1957 have been kept in so far as it appears from our examination of such books.
  - g) The stock broker has complied with the requirements of the stock exchange in so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the stock exchange.
  - h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes to accounts thereon 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;
    - 1) In the case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March 2012 and,
    - 2) In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.
    - 3) In the case of cash flow statement, of the cash flows for the year ended on that date.

For Agiwal & Associates  
(Firm Registration No.000181N)  
Chartered Accountants  
(P.C.Agiwal)  
Partner  
Membership No. 80475

Place: New Delhi  
Date: 26<sup>th</sup> May 2012

**ANNEXURE TO AUDITORS REPORT**
**REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE**
**Re: VLS Securities Ltd. for the year ended 31<sup>st</sup> March 2012**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management at the year-end. No material discrepancies were noticed on such verification as informed to us.
- (c) In our opinion and according to information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) This para is not applicable as the Company has not acquired any security under the stock-in-trade account during the year under review.
- (b) In view of (a) above, this para in relation to procedures of physical verification of stock-in-trade is not applicable to the Company.

- (c) Since the Company did not have any inventory during the year under review, this para is not applicable to it.
  - (iii) (a) The Company has not taken/granted any loans secured/unsecured from/to the Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - (b) As the Company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the clause related to rate of interest and other terms and conditions of loans taken and given by the Company, secured or unsecured, which are prima facie prejudicial to the interest of the Company is not applicable to the Company.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of its business, for the purchase of fixed assets and for purchase/sale of securities and currency derivatives. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
  - (v) (a) To the best of our knowledge and belief and according to information and explanations given to us, the transactions that needed to be entered into the register maintained in pursuance to Section 301 of the Companies Act, 1956, have been so entered.
  - (b) According to information and explanation given to us, the transaction, made in pursuance of contracts or arrangements entered into Register(s) maintained under section 301 of the Companies Act 1956 as aggregating during the year of Rs. 5,00,000/- (Rs. five lacs only) or more in respect of each party, have been made at the rates which are reasonable having regard to prevailing market rates.
  - (vi) The Company has not accepted any deposits from the public during the year. Hence provisions of Section 58A & 58AA or any other relevant provisions of the Companies Act 1956 and rules of Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company.
  - (vii) In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
  - (viii) In our opinion and according to the information and explanations given to us, maintenance of cost records as prescribed by the Central Govt. under section 209(1) (d) of the Act is not required as the Company is not in the manufacturing activity.
  - (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax and any other statutory dues with the appropriate authorities. There was no outstanding against any undisputed statutory dues as on 31-03-2012.
  - (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2012.
  - (x) The Company did not have accumulated losses at the end of the current financial year. However, it had accumulated losses at the end of the immediately preceding Financial Year. The Company did not incur cash losses in the current financial year or in the immediately preceding Financial Year.
  - (xi) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures or other securities.
  - (xii) The Company has maintained proper records for dealing and trading in shares, securities and currency derivatives, debentures and timely entries have been made therein. The shares, securities and currency derivatives, debentures and other investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Act.
  - (xiii) In our opinion and according to information and explanations given to us, the Company has not given any Guarantee for loans taken by others from Banks or Financial Institutions.
  - (xiv) The Company has not raised any Term Loan during the year.
  - (xv) According to the cash flow statement and other records examined by us and the information and explanations given to us, on overall basis, funds raised on short-term basis have not been used during the year for long-term investment.
  - (xvi) The Company has not made any preferential allotment of shares to any party covered in the register maintained under section 301 of the Act during the year.
  - (xvii) To the best of our knowledge and information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- The Para Nos. 4 (xi), (xiii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For Agiwal & Associates  
(Firm Registration No.000181N)  
Chartered Accountants  
(P.C.Agiwal)  
Partner  
Membership No. 80475

Place: New Delhi  
Date: 26<sup>th</sup> May 2012



**BALANCE SHEET AS AT 31st MARCH 2012**

Particulars	Note No	As at 31.3.2012	As at 31.3.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	15,00,00,000	13,70,00,000
(b) Reserves and Surplus	4	65,20,555	(1,189,416)
<b>Total 1</b>		<b>15,65,20,555</b>	<b>13,58,10,584</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Provisions	5	2,07,950	1,53,044
<b>Total 2</b>		<b>2,07,950</b>	<b>1,53,044</b>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	12,71,080	9,45,000
(b) Other Current Liabilities	7	3,84,887	2,72,476
(c) Short-Term Provision	8	6,240	4,592
<b>Total 3</b>		<b>16,62,207</b>	<b>12,22,068</b>
<b>Total (1+2+3)</b>		<b>15,83,90,712</b>	<b>13,71,85,696</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
<i>(a) Fixed Assets</i>			
Tangible Assets	9	68,371	95,418
Intangible Assets		20,568	34,280
(b) Non-Current Investments	10	9,75,09,666	7,56,61,459
(c) Deferred Tax Assets (Net)	11	51,831	29,242
(d) Long-Term Loans and Advances	12	90,77,971	98,19,708
<b>Total 4</b>		<b>10,67,28,407</b>	<b>8,56,40,107</b>
<b>(2) Current Assets</b>			
(a) Trade Receivables	13	12,06,665	11,89,428
(b) Cash and Cash Equivalents	14	1,29,05,100	1,28,69,150
(c) Short-Term Loans and Advances	15	3,66,04,290	3,71,86,898
(d) Other Current Assets	16	9,46,250	3,00,113
<b>Total 5</b>		<b>5,16,62,305</b>	<b>5,15,45,589</b>
<b>Total (4+5)</b>		<b>15,83,90,712</b>	<b>13,71,85,696</b>

See accompanying notes forming part of financial statements

1 to 30

As per our report of even date

For Agiwal & Associates  
(F. R. N. 000181N)  
Chartered Accountants

For and on behalf of the Board

P.C. Agiwal  
Partner  
Membership No. 80475  
Place : New Delhi  
Date : 26/05/2012

S.K. Agarwal  
Managing Director

K.K.Soni  
Director

T.B. Gupta  
Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012**

Particulars	Note No	Year Ended 31.3.2012	Year Ended 31.3.2011
<b>I. Revenue from Operations</b>	17	<b>67,44,10,921</b>	5,91,08,234
<b>II. Other Income</b>	18	<b>1,30,39,882</b>	45,09,362
<b>III. Total Revenue (I+II)</b>		<b>68,74,50,803</b>	<b>6,36,17,596</b>
<b>IV. Expenses:</b>			
Purchase (Securities & Currency Derivatives)		67,32,59,526	5,84,79,379
Operating Expenses	19	9,72,566	9,61,097
Employee Benefit Expense	20	27,76,682	18,12,544
Depreciation and Amortization Expense		40,460	55,004
Other Expenses	21	11,32,185	16,60,445
<b>Total Expenses (IV)</b>		<b>67,81,81,419</b>	<b>6,29,68,469</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>92,69,384</b>	<b>6,49,127</b>
<b>VI. Less: Tax Expenses</b>			
(1) Current Tax		15,82,000	-
(2) Deferred Tax		(22,587)	(12,468)
<b>VII. Profit After Tax</b>		<b>77,09,971</b>	6,61,595
Less: Adjustment of Tax Provision of Earlier Year		-	4,327
<b>VIII. Profit(Loss) For The Year (V-VI)</b>		<b>77,09,971</b>	<b>6,65,922</b>
<b>VIII. Earning Per Equity Share (of Rs.10/- each)</b>			
Basic and Diluted		1.76	0.29

See accompanying notes forming part of financial statements

1 to 30

As per our report of even date

For Agiwal & Associates  
(F. R. N. 000181N)  
Chartered Accountants

For and on behalf of the Board

P.C. Agiwal  
Partner  
Membership No. 80475  
Place : New Delhi  
Date : 26/05/2012

S.K. Agarwal  
Managing Director

K.K.Soni  
Director

T.B. Gupta  
Director

**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note 1**
**Corporate Overview**

VLS Securities Ltd., is a subsidiary of VLS Finance Ltd. incorporated in 1994. It is Category-I Merchant Banker and Portfolio Manager registered with Securities and Exchange Board of India. It is registered Stock Broker with National Stock Exchange of India Ltd., in Capital Market and Future & Options Segment. It is also holding Membership of Trading Member in Currency Derivative Segment of MCX-SX Exchange. Besides above providing consulting and advisory services are areas of activity of Company.

**Note 2**
**Significant Accounting Policies**
**a) Method of Accounting**

The Company is following accrual basis of accounting and accounts are prepared on historical cost basis in accordance with the generally accepted accounting practices.

**b) Revenue Recognition**

Income from brokerage activities is accounted for on accrual basis except for the settlement for which pay-in and payout falls in the next financial year.

**c) Fixed Assets and Depreciation**

i) Fixed assets are stated at cost less accumulated depreciation.

ii) Depreciation on fixed assets is provided on Written down Value Method at the rates (single shift basis) provided by Schedule-XIV of the Companies Act, 1956 on pro-rata basis.

**d) Miscellaneous Expenditures**

Deferred Revenue Expenditure / Share Issue Expenditure incurred before 01.04.1998 are being amortized over a period of ten years and incurred after 31.03.1998 are being amortized over a period of five years.

**e) Provision for Retirement Benefits**
**i) Defined Contribution Plans**

Gratuity liability of the Company is met through the Group Gratuity Scheme of Life Insurance Corporation of India. The contribution made to the said scheme has been charged to the Profit & Loss Account.

**ii) Defined Benefit Plans**

Leave Encashment- Provision for unavailed leave benefit payable to employees as per the scheme of the Company is made on the basis of actuarial valuation.

**iii) Short Term Employees Benefits**

i) Short Term Employees Benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

ii) The Company deals in Securities & Currency derivatives segment and the purchase and sale figures of the said segment have been shown in the financial statements at their gross value. Further, there was no outstanding position in derivatives at the year end.

**f) Investments**

i) Investments are classified into long-term investments and current investments.

ii) Long term investments are valued at cost. Provision for diminution in value of investments is made scrip-wise to recognize a decline other than temporary in nature. Current investments are valued scrip-wise, at cost or market price, whichever is lower.

(iii) The Company follows 'FIFO method' for calculating the cost of each investment sold by the Company for determining the profit/loss.

(iv) For quoted shares which are not traded in the stock exchanges, the total cost has been taken as Rs.1/-

**g) Taxation**

a) Provision for taxation is made on the basis of taxable profit in accordance with the Income Tax Act, 1961.

b) Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and law that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized only to the extent that there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized. The deferred tax liability is recognized on having a reasonable certainty for crystallization of the same.

Year ended 31.3.2012	Year ended 31.3.2011

**Note 3**
**Share Capital**

	17,50,00,000	17,50,00,000
Authorised		
1,75,00,000 Equity Shares (Previous Year		
1,75,00,000 Equity Shares) of Rs.10/- each	17,50,00,000	17,50,00,000
Issued, Subscribed & Paid up	15,00,00,000	13,70,00,000
1,50,00,000 Equity shares (Previous Year		
1,37,00,000 Equity shares) of Rs.10/- each,		
fully paid up in cash	15,00,00,000	13,70,00,000

**a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	31-Mar-12		31-Mar-11	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	1,37,00,000	13,70,00,000	1,37,00,000	13,70,00,000
Issued during the year	13,00,000	1,30,00,000	-	-
Outstanding at the end of the year	1,50,00,000	15,00,00,000	1,37,00,000	13,70,00,000

**NOTE FORMING PART OF FINANCIAL STATEMENTS**
**b. Terms/rights attached to equity shares**

The company has only one class of equity shares

**c. Shares held by holding company**

Out of equity shares issued by the company, shares held by its holding company

	31-Mar-12	31-Mar-11
VLS Finance Ltd.	1,49,49,400	1,36,49,400

**d. Details of shareholders holding more than 5% shares in the company**

	31-Mar-12		31-Mar-11	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	1,49,49,400	99.67	1,36,49,400	99.63

**Note 4**
**Reserves & Surplus**
**As per Last Balance Sheet**

Opening Balance	(1,189,416)	(1,855,338)
Add: Profit for the year	77,09,971	6,65,922
<b>Total</b>	<b>65,20,555</b>	<b>(1,189,416)</b>

**Note 9 FIXED ASSETS**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01/04/2011	Additions during the year	Deletion/ during the year	As at 31/03/2012	Upto 31/03/2011	For the year	Adjustments	Upto 31/03/2012	Up to 31/03/2012	As at 31/03/2011
<b>TANGIBLE ASSETS</b>										
Computers	38,57,809	-	-	38,57,809	38,05,181	21,051	-	38,26,232	31,577	52,628
Office Equipments	2,88,205	-	-	2,88,205	2,50,108	5,299	-	2,55,407	32,798	38,097
Furniture & Fixtures	71,112	-	-	71,112	66,718	398	-	67,116	3,996	4,394
Vehicles	28,013	-	28,013	-	27,714	-	27,714	-	-	299
<b>Sub-total (A)</b>	<b>42,45,139</b>	<b>-</b>	<b>28,013</b>	<b>42,17,126</b>	<b>41,49,721</b>	<b>26,748</b>	<b>27,714</b>	<b>41,48,755</b>	<b>68,371</b>	<b>95,418</b>
<b>INTANGIBLE ASSETS</b>										
Software	1,04,000	-	-	1,04,000	69,720	13,712	-	83,432	20,568	34,280
<b>Sub-total (B)</b>	<b>1,04,000</b>	<b>-</b>	<b>-</b>	<b>1,04,000</b>	<b>69,720</b>	<b>13,712</b>	<b>-</b>	<b>83,432</b>	<b>20,568</b>	<b>34,280</b>
<b>Total (A+B)</b>	<b>43,49,139</b>	<b>-</b>	<b>28,013</b>	<b>43,21,126</b>	<b>42,19,441</b>	<b>40,460</b>	<b>27,714</b>	<b>42,32,187</b>	<b>88,939</b>	<b>1,29,698</b>
Previous Year	43,30,639	18,500	-	43,49,139	41,64,437	55,004	-	42,19,441	1,29,698	1,66,202

**Note - 10**

PARTICULARS	As at	As at
	31 March, 2012	31 March, 2011
	Rs	Rs
<b>Non-Current Investments</b>		
<b>Non trade -At cost-Fully paid up (QUOTED)</b>		
<b>Investment in Equity Instruments of Other entities</b>		
8,15,000 (P.Y.7,70,000) Equity Shares of Rs.5/- each of Relaxo Footwear Ltd.	9,72,35,355	7,56,57,954
200 (P.Y. 200) Equity Shares of Rs.10/- each of D Pharma Ltd.	1	1
500 (P.Y. 500) Equity Shares of Rs.10/- each of Punjab Wireless Systems Ltd.	1	1
1 (P.Y. 1) Equity Shares of Rs.10/- each of Bank of Baroda	251	251
1000 (P.Y.Nil) Equity Shares of Rs.1/- each of Anant Raj Industries Limited	1,04,607	-
5000 (P.Y.NIL) Equity Shares of Rs.1/- each of Lanco Infratech Limited	1,66,198	-
200 (P.Y.200) Equity Shares of Rs.10/- each of UTI Master Plus 91	3,252	3,252
<b>Total -Current long-term investments</b>	<b>9,75,09,666</b>	<b>7,56,61,459</b>
<b>Total Non-Current Investment</b>	<b>9,75,09,666</b>	<b>7,56,61,459</b>
Aggregate amount of quoted investments	9,75,09,666	7,56,61,459
Aggregate market value of quoted investments	24,46,62,077	21,48,04,759

Year Ended	Year Ended
31.3.2012	31.3.2011

**Note 11**
**Deferred Tax**

a. Deferred Tax Liabilities		
Depreciation on Fixed Assets	(14,354)	(19,468)
b. Deferred Tax Assets		
Employee Benefits	66,185	48,710
<b>Net Deferred Tax Liabilities</b>	<b>51,831</b>	<b>29,242</b>

**Note 5**
**Long Term Provisions**

	Year Ended 31.3.2012	Year Ended 31.3.2011
Provision for Leave Encashment	2,07,950	1,53,044
<b>Total</b>	<b>2,07,950</b>	<b>1,53,044</b>

**Note 6**
**Trade Payables**
**Related Party**

Holding Company	9,15,374	2,48,370
Others Payables	3,55,706	6,96,630
<b>Total</b>	<b>12,71,080</b>	<b>9,45,000</b>

**Note 7**
**Other Current Liabilities**

Statutory Liabilities	81,466	60,646
Others Payables	3,03,421	2,11,830
<b>Total</b>	<b>3,84,887</b>	<b>2,72,476</b>

**Note 8**
**Short- Term Provisions**

Provision for Leave Encashment	6,240	4,592
<b>Total</b>	<b>6,240</b>	<b>4,592</b>

**Note 12**
**Long-Term Loans and Advances**
**(Unsecured, considered good)**

	Year Ended 31.3.2012	Year Ended 31.3.2011
Deposits with Others	78,00,000	78,00,000
Advance Income Tax and Tax Deducted as source	23,74,761	16,89,600
Less : Provision for Taxation	(1,620,690)	(181,792)
Staff Loan and Advances	5,23,900	5,11,900
<b>Total</b>	<b>90,77,971</b>	<b>98,19,708</b>

**Note 13**
**Trade Receivables**
**(Unsecured, considered good)**

Debts outstanding for a year exceeding 6 months from the date they are due for payment	-	-
Others	12,06,665	11,89,428
<b>Total</b>	<b>12,06,665</b>	<b>11,89,428</b>

**Note 14**
**Cash & Cash Equivalents**

Cash on Hand	10,341	17,841
Balance with Banks		
- Current Account	10,94,759	28,51,309
- Fixed Deposit with Banks*	1,18,00,000	1,00,00,000
<b>Total</b>	<b>1,29,05,100</b>	<b>1,28,69,150</b>

\* Fixed deposits with bank include deposits of Rs.118 Lacs (Previous Year Rs.100 Lacs) with maturity of more than 12 months

**Note 15**
**Short Term Loans & Advances**
**(Unsecured, considered good)**

Margin Deposit	3,58,00,000	3,59,00,000
Prepaid Expenses	4,99,340	10,03,998
Staff Loan and Advances	3,04,950	2,82,900
<b>Total</b>	<b>3,66,04,290</b>	<b>3,71,86,898</b>

**Note 16**
**Other Current Assets**

Interest Accrued but not due	9,12,327	2,36,166
Others	33,923	63,947
<b>Total</b>	<b>9,46,250</b>	<b>3,00,113</b>

**Note 17**
**Revenue From Operations**

Sale (Securities & Currency Derivatives)	67,33,52,891	5,84,78,428
Income from Brokerage	10,58,030	6,29,806
<b>Total</b>	<b>67,44,10,921</b>	<b>5,91,08,234</b>

	Year Ended 31.3.2012	Year Ended 31.3.2011
--	-------------------------	-------------------------

**Note 18**
**Other Income**

Interest on Fixed Deposit	42,55,832	30,89,028
Interest on Income Tax Refund	49,324	62,234
Dividend Income	8,15,017	7,80,015
Gain on Sale of Investment in Shares	79,15,638	-
Income Relating to Earlier Year	-	9,062
Income from Sale of Old Asset	201	-
Unspent Liabilities Written Back	-	113
Miscellaneous Income	3,870	5,68,910
<b>Total</b>	<b>1,30,39,882</b>	<b>45,09,362</b>

**Note 19**
**Operating Expenditure**

SEBI Fees	5,01,370	5,19,000
NSE Capital Market subscription	1,00,000	1,00,000
V-Sat Charges	1,00,000	1,00,000
Transaction and Other NSE Charges	2,71,196	1,66,472
Securities Transaction Tax	-	75,625
<b>Total</b>	<b>9,72,566</b>	<b>9,61,097</b>

**Note 20**
**Employee Benefit Expenses**

Salaries and Wages	22,42,018	15,23,602
Staff Welfare Expenses	563	252
Contribution to Provident and other Funds	5,34,101	2,88,690
<b>Total</b>	<b>27,76,682</b>	<b>18,12,544</b>

**Note 21**
**Other Expenses**

Rent	60,000	60,000
Rates & Taxes	74,304	7,53,767
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and other Consultancy Charges	85,500	80,000
Repair & Maintenance	18,710	26,351
Travelling and Conveyance	4,19,597	3,20,547
Insurance	5,839	14,585
Miscellaneous Expenses	13,870	15,284
Business Promotion	1,05,163	1,01,552
News Papers, Books & Periodicals	75,689	52,190
Communication Expenses	1,02,261	82,256
Printing & Stationery	19,092	2,853
Internal Audit fee	40,000	40,000
Directors Sitting Fee	8,000	9,000
Auditors Remuneration		
- Statutory Audit fees	16,545	16,545
- Tax audit fees	5,515	5,515
- Certification fees	2,100	-
- Out of pocket expenses	20,000	20,000
<b>Total</b>	<b>11,32,185</b>	<b>16,60,445</b>

**22. Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous Year Rs. Nil).

**23. Contingent Liabilities: - Nil**
**24. Details of purchases and sales during the year:**

Category	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity No.	Value (Rs.)	Quantity No.*	Value (Rs.)	Quantity No.*	Value (Rs.)	Quantity No.	Value (Rs.)
Current year (F&O)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Previous Year (F&O)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Current year (Currency Derivatives)	Nil	Nil	1,05,54,000	67,32,59,526	1,05,54,000	67,33,52,891	Nil	Nil
Previous Year (Currency Derivatives)	Nil	Nil	10,74,000	5,84,79,379	10,74,000	5,84,78,428	Nil	Nil

\*Quantity of shares is in nos and of currency derivatives is in \$.

25. There is no amount due and payable to any enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, at the end of the financial Year.

26. Disclosure required under Accounting Standard 15 - Employee Benefits

a) Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined contribution plan where annual contributions as demanded by the insurer are deposited.

The amount recognised as expenses for this defined contribution plan in the financial

statement is Rs. Nil- which includes Rs. Nil (Previous year Rs. Nil/-) towards contribution for key managerial personal.

b) The liability of Leave Encashment benefit is provided for on actuarial valuation using Projected Unit Credit method. The disclosure as required under AS 15 regarding the Company's Leave encashment benefit plan is as follows: -

	(in Rupees) As at March 31, 2012	(in Rupees) As at March 31, 2011
<b>Change in present value of obligation</b>		
Present value of obligation as at the beginning of the year		
Interest cost	13,793	11,419
Current service cost	13,864	12,432
Actuarial (gain) / loss	28,897	(920)
Benefits paid	0.00	0.00
Present value of obligation as at the end of the year	2,14,190	1,57,636
<b>Change in plan assets</b>	Not Applicable	Not Applicable
Plan assets at the beginning of the year	1,57,636	1,34,705
Expected return on plan assets		
Contribution by the Company		
Benefits paid		
Actuarial (gain) / loss		
Plan assets at the end of the year		
<b>Liability recognised in the financial statement</b>		
Cost for the year	13,793	11,419
Current service cost	13,864	12,432
Interest cost		
Return on plan assets		
Actuarial (gain) / loss	28,897	(920)
Net cost	2,14,190	1,57,636
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
<b>Main actuarial assumptions</b>		
Discount rate	8.75%	8.50%
Rate of increase in compensation levels	5.00%	5.00%

Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.

**27. Related Party Disclosure**

Followings are the related parties: -

Holding Company: - VLS Finance Ltd.

Fellow Subsidiaries: VLS Asset Management Ltd.

Key Managerial Personnel: - Shri S. K. Agarwal, Managing Director.

Others: Mrs. Sudha Agarwal, wife of Shri S. K. Agarwal.

Transactions during the year with the related parties: -

Nature of Transactions	Holding Company		Other Related Parties	
	31.03.12	31.03.11	31.03.12	31.03.11
Brokerage earned	25,740/-	1,59,956/-	Nil	Nil
Reimbursement amount claimed	21,83,152/-	18,13,848/-	Nil	Nil
Rent and other charges paid	1,20,000/-	1,20,000/-	Nil	Nil
Payable to Holding Company at the year end	9,15,374/-	2,48,370/-	Nil	Nil

**28. Calculation of Earning per share**

Particulars	Equivalent No. of Shares Year ended 31 <sup>st</sup> March 2012	Equivalent No. of Shares Year ended 31 <sup>st</sup> March 2011
<b>Basic and diluted</b>		
Total Shares outstanding	1,50,00,000	1,37,00,000
Weighted Average of Shares	52,74,795	79,07,671
Profits after taxes	77,09,971/-	Rs.6,61,595/-
EPS (In Rs.)	1.76	0.08

29. VLS Finance Limited is the Holding Company, who holds 99.67% equity capital of the Company.

30. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date

**For Agiwal & Associates**  
(F.R.N. 000181N)

Chartered Accountants

P.C. Agiwal

Partner

Membership No. 80475

Place : New Delhi

Date : 26<sup>th</sup> May, 2012

**For and on behalf of the Board**

S.K. Agarwal

Managing Director

K.K.Soni

Director

T.B. Gupta

Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	Amount (Rs.)	
	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	9,269,384	649,127
Adjustments for:-		
Dividend Income	(815,017)	(781,015)
Depreciation	40,460	55,004
Profit from sale of Fixed Assets	(201)	-
Gain on Sale of Investments	(7,915,638)	-
Provision for Leave Encashment	61,146	-
	<b>(8,629,250)</b>	<b>(726,011)</b>
<b>Operating Profit before Working Capital Changes</b>	<b>640,134</b>	<b>(76,884)</b>
Adjusted for:		
Trade Payables	438,491	482,244
Trade and Other Receivables	(663,374)	(25,138)
Long Term Loans and Advances	741,734	(957,897)
Short Term Loans and Advances	582,608	-
	<b>1,099,459</b>	<b>(500,791)</b>
<b>Cash Generated from Operations</b>	<b>1,739,593</b>	<b>(577,675)</b>
Less: Tax Payment	<b>(1,582,000)</b>	-
<b>Cash Flow from Operating Activities</b>	<b>157,593</b>	<b>(577,675)</b>
Prior Period Items	-	4,329
<b>Net Cash from Operating Activities</b>	<b>157,593</b>	<b>(573,346)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Investments (Net)	<b>(13,932,569)</b>	<b>(60,577,954)</b>
Additions in Fixed Assets	-	(18,500)
Proceeds from Sale of Fixed Assets	500	-
Dividend Income	815,017	781,015
<b>Net Cash (used in)/ Generated from Investing Activities</b>	<b>(13,117,052)</b>	<b>(59,815,439)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share	13,000,000	62,000,000
Interest paid	-	-
<b>Net Cash (used in)/ Generated from Financing Activities</b>	<b>13,000,000</b>	<b>62,000,000</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>40,542</b>	<b>1,611,215</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>12,869,150</b>	<b>11,257,935</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>12,909,100</b>	<b>12,869,150</b>

As per our report of even date

**For Agiwal & Associates**  
(F.R.N. 000181N)

Chartered Accountants

**P.C. Agiwal**

Partner

Membership No. 80475

Place : New Delhi

Date : 26/05/2012

For and on behalf of the Board

**S.K. Agarwal**

Managing Director

**K.K.Soni**

Director

**T.B. Gupta**

Director

**VLS ASSET MANAGEMENT LTD.**
**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the 17<sup>th</sup> Annual Report of your Company together with the Balance Sheet as at 31<sup>st</sup> March, 2012 and the statement of Profit & Loss for the year ended on that date.

**Financial Results**

The Company has incurred a loss of Rs. 1020/- on account of administrative expenses incurred. No income was generated during the year under review. The accumulated losses of the Company, during the year under review, have exceeded 50% of its net worth. The Board has been advised that the Company, not being an Industrial Company, no reference to BIFR or other authorities is required to be made. The Company did not undertake any activity during the year under review. However, the Board is continuing efforts to identify suitable activity for operation keeping in view the means available. Accordingly the Company is being viewed as a going concern and the accounts have been prepared on the basis of the going concern assumption.

**Dividend**

In view of the loss suffered by the Company during the year under review, no dividend has been recommended by the Board.

**Directors**

There was no change in the Board of Directors during the year under review. Shri S. K. Agarwal and Shri Rajesh Jhalani – Directors shall be retiring by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment. Your Directors recommend their reappointment in order to have their continued valuable direction, guidance and assistance in the conduct of the affairs of your Company.

**Directors' Responsibility Statement**

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:-

- That in preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable accounting standards have been followed.
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true & fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of proper 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.
- That the Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2012 on a going concern basis.

**Auditors**

The Board recommends the reappointment of M/s V. Sankar Aiyar & Co., Chartered Accountants, as Statutory Auditors of the Company. Their term will end at the conclusion of ensuing Annual General Meeting and being eligible, they have given their consent for re-appointment. You are also requested to authorize the Board to fix their remuneration.

**Auditors Report**

The observations made by Auditors in their report have been adequately dealt with in relevant Notes on Accounts and in this report under the head – Financial Results. No further comments or explanations are required from Directors as there is no qualification in the Auditor's report for the year under review.

**Fixed Deposits**

During the year under review, the Company has not held any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

**Statutory Disclosure**

The Company's (Disclosure of Particulars in the Report of Board of Directors), Rules 1988 requires the disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B, prescribed by the Rules. Since during the year under review the Company did not absorb any new technology nor has carried out any R&D activity including conservation of Energy, therefore, head wise information envisaged in said forms has been dispensed with. There was no proposal, during the year under review, for buying back the shares by the Company.

The Company has had no foreign exchange outgo or inflow.

**Personnel**

The Company had no employees during the year under report. Therefore, the particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, are not applicable to the Company.

**Acknowledgement**

The Board takes this opportunity to place on record its sincere thanks to its members, bankers and other associates for their continued support.

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

**Place : New Delhi**

**S. K. Agarwal**

**Anurag Bhatnagar**

**Date : 28/5/2012**

**Director**

**Director**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF VLS ASSET MANAGEMENT LIMITED**

- We have audited the attached Balance Sheet of **VLS ASSET MANAGEMENT LIMITED** as at 31<sup>st</sup> March, 2012, and the annexed statement of Profit & Loss and Cash Flow Statement of the Company 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.
- We conducted the 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.
- According to the information and explanations obtained and based on such checks as we considered necessary, we report that none of the matters specified in paragraphs 4 and 5 of the Companies (Auditors' Report) Order, 2003, issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act, 1956, are either applicable or call for a statement for the year under audit except that:  
The accumulated losses of the company at the end of the financial year are not less than 50% of its net worth and it has incurred cash losses in the current as well as in the immediately preceding financial year.
- Further to our comments in the annexure referred to in paragraph 3 above, we report that:-
  - 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;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - The Balance Sheet, the statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, the statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
  - On the basis of written representations received from the directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
    - In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012; and
    - in the case of the statement of Profit & Loss, of the Loss for the year ended on that date, and
    - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For V. Sankar Aiyar & Co.**

**Chartered Accountants**

**FRN 109208W**

**(V. Rethinam)**

**Partner**

**Membership Number:-10412**

Place: New Delhi

Date: 28-05-2012

M/s. V. Sankar Aiyar & Co., Chartered Accountants, Flat No. 201, 202 & 301, Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi-110008



**BALANCE SHEET AS AT 31st MARCH, 2012**

(Amount in Rs.)

Particulars	Note No	As at 31.3.2012	As at 31.3.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	7,07,000	7,07,000
(b) Reserves and Surplus	4	(1,613,891)	(1,612,871)
<b>Total 1</b>		<b>(906,891)</b>	<b>(905,871)</b>
<b>(2) Non-Current Liabilities</b>			
Long- Term Borrowings	5	9,17,911	9,16,891
<b>Total 2</b>		<b>9,17,911</b>	<b>9,16,891</b>
<b>(3) Current Liabilities</b>			
Other Current Liabilities	6	5,431	5,431
<b>Total 3</b>		<b>5,431</b>	<b>5,431</b>
<b>Total (1+2+3)</b>		<b>16,451</b>	<b>16,451</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>Total 1</b>		-	-
<b>(2) Current assets</b>			
Cash and Cash Equivalents	7	16,451	16,451
<b>Total 2</b>		<b>16,451</b>	<b>16,451</b>
<b>Total (1+2)</b>		<b>16,451</b>	<b>16,451</b>

Significant Accounting Policies 1  
Other notes forming part of the accounts 9 to 12

As our report of even date for V. Sankar Aiyar & Co. Chartered Accountants (Firm Regn. No. 109208W)

For and on behalf of the Board

V. Rethinam Partner M. No. 10412 Date : 28/05/2012 Place : New Delhi  
S.K.Agarwal Director  
S.C.Agarwal Director

**STATEMENT PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2012**

(Amount in Rs.)

Particulars	Note No	Year ended 31.3.2012	Year ended 31.3.2011
I. Revenue from Operations		-	-
II. Other Income		-	-
<b>III. Total Revenue (I +II)</b>		<b>-</b>	<b>-</b>
<b>IV. Expenses:</b>			
Employee Benefit Expense		-	-
Financial Costs		-	-
Depreciation and Amortization Expense		-	-
Other Expenses	8	1,020	1,020
<b>Total Expenses (IV)</b>		<b>1,020</b>	<b>1,020</b>
V. Profit/(Loss) before tax (III-IV)		(1,020)	(1,020)
		(1,020)	(1,020)
VI. Profit/(Loss) for the year		(1,020)	(1,020)
VII Earning per equity share (OF Rs.10/- each)			
Basic and Diluted		(0.014)	(0.014)

Significant Accounting Policies 1  
Other notes forming part of the accounts 9 to 12

As our report of even date for V. Sankar Aiyar & Co. Chartered Accountants (Firm Regn. No. 109208W)

For and on behalf of the Board

V. Rethinam Partner M. No. 10412 Date : 28/05/2012 Place : New Delhi  
S.K.Agarwal Director  
S.C.Agarwal Director

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Note 1**

**Corporate Overview**

The Company was incorporated to function as Asset Management Company of the Mutual Fund Contemplated by VLS Finance Ltd., the Holding Company. However, it could not take up business because of adverse market conditions. The Company is exploring avenues available to it; however, no business activity could be taken up in past.

**Note 2**

**Significant accounting policies:**

**a) General**

The accompanying financial statements have been prepared on the historical cost convention and conform to the statutory provisions and practices prevailing in the country.

**b) Method of Accounting**

The company is following accrual basis of accounting.

**Note 3**

**Share Capital**

Authorised

10,00,000 Equity Shares of Rs.10/- each	10,00,000	10,00,000
	<u>10,00,000</u>	<u>10,00,000</u>

Issued, Subscribed & Paid up

70700 Equity Shares of Rs.10/- each	7,07,000	7,07,000
	<u>7,07,000</u>	<u>7,07,000</u>

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	31-Mar-12		31-Mar-11	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	70700	707,000	70,700	707,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>70,700</u>	<u>707,000</u>	<u>70,700</u>	<u>707,000</u>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

**c. Shares held by holding company**

Out of equity shares issued by the company, shares held by its holding company are as follows.

	31-Mar-12	31-Mar-11
VLS Finance Ltd.	7,01,000	7,01,000
(along with nominee shareholder of VLS Finance Ltd.)		

**d. Details of shareholders holding more than 5% shares in the company**

	31-Mar-12		31-Mar-11	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	70,100	99.15	70,100	99.15

**Note 4**

**Reserves & Surplus**

**Surplus**

At the Beginning of the Accounting year	(1,612,871)	(1,611,851)
Additions during the year	(1,020)	(1,020)
<b>Total</b>	<b>(1,613,891)</b>	<b>(1,612,871)</b>

**Note 5**

**Unsecured Long Term Borrowings**

From Holding Company i. e. VLS Finance Ltd. (Non- interest bearing)	9,17,551	9,16,531
Director Loan	360	360
<b>Total</b>	<b>9,17,911</b>	<b>9,16,891</b>

**Note 6**

**Other Current Liabilities**

Audit Fee Payable	5,431	5,431
<b>Total</b>	<b>5,431</b>	<b>5,431</b>

**Note 7**

**Cash & Cash Equivalents**

(a) Balance with Banks		
- Current Account	16,451	16,451
(b) Cash-in-Hand	-	-
<b>Total</b>	<b>16,451</b>	<b>16,451</b>

**Note 8**

**Other Expenses**

Filing Charges	1,020	1,020
<b>Total</b>	<b>1,020</b>	<b>1,020</b>



**9 Deferred Tax Liability/ Deferred Tax Asset**

There is no deferred tax assets/liability of the company during the year.

**10 Related Party Disclosure (Accounting Standard - 18)**

Following are the Related Parties:-  
Holding company – VLS Finance Ltd.  
Fellow Subsidiaries: - VLS Securities Ltd.  
Transaction during the year with the related party:-

Related Party	Nature of Transaction	As on 31 <sup>st</sup> March, 2012	As on 31 <sup>st</sup> March, 2011
Holding Company	Opening Balance	9,16,891	9,15,871
	Transactions during the year	1,020	1,020
	Closing Balance	9,17,911	9,16,891

**11. Basic and Diluted Earning Per Share (Under Accounting Standard - 20)**

S. No.	Particulars	Year Ended 31 <sup>st</sup> March 2012	Year Ended 31 <sup>st</sup> March 2011
1.	Net Profit/Loss after Tax	(1,020)	(1,020)
2.	Weighted Average number of Equity Shares	70,700	70,700
3.	Face value per Share	10	10
4.	Basic & Diluted Earning Per Share	(0.014)	(0.014)

12 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As our report of even date  
**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
(Firm Regn. No. 109208W)

**For and on behalf of the Board**

**V. Rethinam**  
Partner  
M. No. 10412  
Date : 28/05/2012  
Place : New Delhi

**S.K.Agarwal**  
Director

**S.C.Agarwal**  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

	Year Ended 31/03/2012	Year ended 31/03/2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss) before Tax	(1020)	(1020)
Adjustment for :-		
Operating Profit before working capital changes	(1020)	(1020)
Increase / (Decrease) in trade payables & Others	-	-
Cash Generated from Operations	(1020)	(1020)
Net Cash From Operating Activities	(1020)	(1020)
<b>B. Cash Flow From Financing activities</b>		
Proceeds from borrowings	1020	-
Net Cash From Financing Activities	1020	-
Net increase in Cash & Cash Equivalents (A+B+C)	-	(1020)
C. Cash & Cash Equivalents at the beginning of the Year	16451	16451
D. Cash & Cash Equivalents at the end of the year	16451	16451
Increase/(Decrease) in Cash & Cash Equivalents (D-E)	-	-

As per our report of even date attached hereto  
**For V. Sankar Aiyar & Co.**  
Chartered Accountants  
(Firm Regn. No. 109208W)

**For and behalf of the Board**

**V. Rethinam**  
M.No. 10412  
Partner  
Date : 28/05/2012  
Place : New Delhi

**S.K. Agarwal**  
Director

**S.C. Agarwal**  
Directo

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

We have examined the attached Consolidated Balance Sheet of VLS Finance Ltd. ("the Parent Company") and its subsidiaries namely VLS Securities Limited and VLS Asset Management Limited as at 31<sup>st</sup> March, 2012, the Consolidated Statement of Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended annexed thereto. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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.

We did not audit the financial statements of the subsidiary namely VLS Asset Management Limited whose financial statement reflect total assets of Rs. 16,451/- as at 31<sup>st</sup> March, 2012 and total revenues of Rs. NIL for the year ended on that date. These financial statements have been audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We report that consolidated financial statements have been prepared by the Parent Company in accordance with the requirements of Accounting Standard (AS) – 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Parent Company and its subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31<sup>st</sup> March 2012;
- b) in the case of the Consolidated Statement of Profit and Loss Account, of the consolidated results of the company and its subsidiaries for the year then ended; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the year then ended.

For Agiwal & Associates  
(Firm Registration No: 000181N)  
Chartered Accountants  
(P.C.Agiwal)  
Partner  
(M.No. 80475)

Place : New Delhi  
Date: 29<sup>th</sup> May, 2012

**CONSOLIDATED BALANCE SHEET AS AT 31st March, 2012**

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	39,91,72,250	39,91,72,250
(b) Reserves & Surplus	3	160,88,90,385	157,94,87,580
<b>(2) Minority Interests</b>			
(a) Share Capital		5,06,000	5,06,000
(b) Reserves & Surplus		(13,085)	(13,680)
- Opening		25,691	595
- Add://(Less) For the year			
		12,606	(13085)
<b>(3) Non-current liabilities</b>			
(a) Other Long Term Liabilities	4	360	1,31,81,948
(b) Long Term Provisions	5	20,06,40,348	20,05,60,232
<b>(4) Current liabilities</b>			
(a) Short-Term borrowings	6	0	14,92,54,188
(b) Trade payables	7	8,05,167	17,27,130
(c) Other Current Liabilities	8	8,29,21,378	13,22,69,391
(d) Short Term Provisions	9	2,80,376	2,43,661
<b>Total</b>		<b>229,32,28,870</b>	<b>247,63,89,295</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
- Tangible Assets	10	7,47,19,647	9,10,76,640
- Intangible Assets	10	1,64,414	2,74,025
(b) Non-current Investments	11	94,79,36,852	106,90,97,919
(c) Deferred tax assets (Net)	12	3,09,45,630	2,42,79,526
(d) Long-term loans and advances	13	14,57,57,796	13,94,22,338
<b>(2) Current assets</b>			
(a) Inventories- Share stock-in-trade	14	1,14,82,712	2,09,97,199
(b) Trade receivables	15	84,53,30,545	44,35,18,283
(c) Cash and cash equivalents	16	1,98,95,313	25,28,78,893
(d) Short-term loans and advances	17	21,60,37,461	42,84,24,282
(e) Other current assets	18	9,58,500	64,20,190
<b>Total</b>		<b>229,32,28,870</b>	<b>247,63,89,295</b>
<b>Significant Accounting Policies</b>	1		

As per our report of even date  
For Agiwal & Associates  
Chartered Accountants  
(Firm Registration No: 000181N)

**For and behalf of the Board**

P.C. Agiwal  
Partner  
M.No. 80475

S.K.Agarwal  
Managing Director

M.P.Mehrotra  
Director

K.K.Soni  
Executive Director & CFO

H.Consul  
Company Secretary

May 29<sup>th</sup>, 2012  
New Delhi


**CONSOLIDATED FINANCIAL STATEMENTS**

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2012			(Amount in Rupees)	
Particulars	Note No	For the year ended on 31st March, 2012	For the year ended 31st March, 2011	
<b>I Revenue from operations</b>	<b>19</b>	<b>2204,00,38,397</b>	607,27,24,037	
<b>II Other Income</b>		<b>1,34,97,619</b>	8,55,193	
<b>III Total Revenue ( I+II)</b>		<b>2205,35,36,016</b>	607,35,79,230	
<b>IV Expenses</b>				
Purchase of Shares/Securities/Commodities		2193,92,61,310	594,04,97,808	
Change in stock of shares	20	95,14,487	(5,283,658)	
Employee benefits expenses	21	1,48,47,876	1,12,63,124	
Finance cost	22	66,52,908	59,00,472	
Depreciation	10	1,72,09,431	46,45,507	
Administrative & Other Expenses	23	3,83,82,499	4,33,08,668	
<b>V. Total Expenses</b>		<b>2202,58,68,511</b>	600,03,31,921	
<b>VI. Profit before tax (IV-V)</b>		<b>2,76,67,505</b>	7,32,47,309	
<b>VII. Less: Tax Expenses</b>				
Current Tax - MAT		51,24,667	1,44,58,671	
Deferred Tax		(6,666,102)	78,01,769	
<b>VIII. Profit before Minority interest share of P/L (VI-VII)</b>		<b>2,92,08,940</b>	5,09,86,869	
Add/(Less) : Minority Interest share on (Profit)/Loss		(25,691)	(595)	
<b>IX Profit for the year</b>		<b>2,91,83,249</b>	5,09,86,274	
<b>EARNING PER SHARE</b>				
Basic and Diluted Earning per Share (Rs.)		0.73	1.28	
Face Value per Share (Rs.)		10.00	10.00	
<b>Significant Accounting Policies</b>	1			

As per our report of even date  
For Agiwal & Associates  
Chartered Accountants  
(Firm Registration No: 000181N)

P.C. Agiwal  
Partner  
M.No: 80475

May 29th, 2012  
New Delhi

For and behalf of the Board

S.K. Agarwal  
Managing Director

M.P. Mehrotra  
Director

K.K.Soni  
Executive Director & CFO

H.Consul  
Company Secretary

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

Significant Accounting Policies on Consolidated Financial Statements for the year ended on 31<sup>st</sup> March 2012

**I. SIGNIFICANT ACCOUNTING POLICIES: -**
**A. PRINCIPLES OF CONSOLIDATION**

The financial statements relate to VLS Finance Ltd. (the Company) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis: -

- The financial statement of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenditures after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.
- Minority interest's share of net profit/loss of consolidated subsidiaries for the year identified and adjusted against the income of the group in order to arrive at net income attributable to the shareholders of the Company.
- Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the company's shareholders.

**B. OTHER SIGNIFICANT ACCOUNTING POLICIES**

These are set out under significant accounting policies of the financial statements of the Company and its subsidiaries namely VLS Securities Ltd., and VLS Asset Management Ltd.

**C. FOREIGN EXCHANGE TRANSLATIONS**

- Investments in foreign entities are recorded at the exchange rates prevailing on the date of making the investments.
- Transactions in foreign currencies are recorded at the rates prevailing on the date of transaction.
- Monetary items denominated in foreign currency are restated at the rate prevailing on Balance Sheet date.
- Exchange gains/losses on conversion of monetary items denominated in foreign currency at the year end are dealt with in the profit and loss account.

**2. SHARE CAPITAL**
**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs.10/- each	<b>150,00,00,000</b>	150,00,00,000
(Previous year 15,00,00,000 Equity shares of Rs.10/-each)		

**ISSUED CAPITAL**

4,02,62,500 Equity Shares of Rs.10/- each	<b>40,26,25,000</b>	40,26,25,000
(Previous year 4,02,62,500 Equity shares of Rs.10/-each)		

**SUBSCRIBED & PAID-UP CAPITAL**

3,97,95,000 Equity Shares of Rs.10/- each fully paid up for cash	<b>39,79,50,000</b>	39,79,50,000
(Previous year 3,97,95,000 Equity Shares of Rs.10/- each)		

Add: Amount forfeited on 4,67,500 equity shares (Previous year 4,67,500 equity shares)	<b>12,22,250</b>	12,22,250
	<b>39,91,72,250</b>	39,91,72,250

(Of the above, 3,31,62,500 equity shares, fully paid up have been issued as bonus shares by way of capitalisation of share premium)

**(a) Reconciliation of Number of Shares at the beginning and at the end of the reporting period**

	No. of Equity Shares	
	As at 31.03.2012	As at 31.03.2011
Outstanding as at 1st April 2011 / 1st April 2010	3,97,95,000	3,97,95,000
Outstanding as at 31st March 2012 / 31st March 2011	3,97,95,000	3,97,95,000

**(b) of shareholders holding more than 5% of the total number of shares issued by the Company**

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares held	% of Holding	No. of shares held	% of Holding
VLS Capital Limited	1,23,26,339	30.97	1,19,08,200	29.92

The Company has issued only one class of equity shares having a par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS

( Amount In Rupees )

		( Amount In Rupees )	
		As at	As at
		31st March, 2012	31st March, 2011
<b>3 RESERVES &amp; SURPLUS</b>			
<b>a) GENERAL RESERVE</b>			
As per last Balance Sheet		29,68,83,930	29,68,83,930
Total (a)		29,68,83,930	29,68,83,930
<b>b) STATUTORY RESERVE</b>			
Opening Balance		12,22,21,479	11,21,56,220
Add: Transfer from surplus in the Statement of Profit & Loss		42,99,998	1,00,65,259
Closing Balance	Total (b)	12,65,21,477	12,22,21,479
<b>c) SECURITY PREMIUM RESERVE ACCOUNT</b>			
As per last Balance Sheet		96,78,46,235	96,78,46,235
Total (c)		96,78,46,235	96,78,46,235
<i>Of the above amount of Rs.96,78,46,235/-, an amount of Rs.4,74,33,750 is relating to share premium received on forfeited shares</i>			
<b>d) CAPITAL RESERVE</b>			
As per Last Balance Sheet		1,71,62,344	1,71,62,344
Total (d)		1,71,62,344	1,71,62,344
<b>e) SURPLUS IN STATEMENT OF PROFIT AND LOSS</b>			
Opening Balance		17,53,73,592	13,40,57,930
Add: Transfer from statement of Profit and loss		2,91,83,249	5,09,86,274
Add: Prior year tax provisions and adjustments		2,19,556	3,94,647
		20,47,76,397	18,54,38,851

		As at	As at
		31st March, 2012	31st March, 2011
As per last Balance Sheet		29,68,83,930	29,68,83,930
-Statutory Reserve u/s 45IC of the RBI Act, 1934		42,99,998	1,00,65,259
Closing Balance	Total (e)	20,04,76,399	17,53,73,592
<b>Grand Total (a) to (e)</b>		160,88,90,385	157,94,87,580
<b>4 Other Long-Term liabilities</b>			
<b>Others</b>			
- Adjustable deposits		0	1,31,81,588
- Loan from Directors		360	360
Total		360	1,31,81,948
<b>5 Long-Term provisions</b>			
(a) Provision for Employee benefits		4,24,723	3,42,107
(b) Provision for diminution in value of assets		20,00,00,000	20,00,00,000
(c) Contingent Provisions against Standard Assets		2,15,625	2,18,125
		20,06,40,348	20,05,60,232
<b>6 Short-Term borrowings</b>			
<b>Secured Borrowings</b>			
Overdraft Facility from Bank (Secured by pledge of Fixed Deposits of the Company)		0	14,92,54,188
		0	14,92,54,188
<b>7 Trade payables</b>			
(a) Micro, Small and Medium Enterprises		0	0
(b) Other trade payables		8,05,167	17,27,130
		8,05,167	17,27,130
<b>8 Other current liabilities</b>			
(a) Statutory liabilities		26,12,526	10,52,130
(b) Others		8,03,08,852	13,12,17,261
		8,29,21,378	13,22,69,391
<b>9 Short-Term provisions</b>			
Provision for Employee benefits		2,80,376	2,43,661
		2,80,376	2,43,661

### 10 FIXED ASSETS

Sl. No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2011	Additions during the year	Sales Adjustments	Cost As at 31-03-2012	Upto 31.03.2011	For the year	Sales Adjustments	Upto 31-03-2012	As at 31-03-2012	As at 31.03.2011
<b>TANGIBLE ASSETS</b>											
<b>1 Assets for own use:</b>											
A	Buildings	9,78,64,951	0	0	9,78,64,951	2,23,88,769	37,73,809	0	2,61,62,578	7,17,02,373	7,54,76,182
B	Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
C	Vehicles	25,92,520	4,15,000	28,013	29,79,507	20,24,462	2,17,888	27,714	22,14,636	7,64,871	5,68,058
D	Office Equipments	11,77,055	1,22,376	0	12,99,431	7,41,764	71,381	0	8,13,145	4,86,286	4,35,291
E	Furniture & Fixtures	9,46,737	0	0	9,46,737	7,47,965	35,579	0	7,83,544	1,63,193	1,98,772
F	Air Conditioners	10,28,892	0	0	10,28,892	3,87,143	89,267	0	4,76,410	5,52,482	6,41,749
G	Computers	56,81,365	2,05,750	0	58,87,115	51,72,555	2,21,101	0	53,93,656	4,93,459	5,08,809
H	Electrical Installations	2,44,954	0	0	2,44,954	2,22,205	3,165	0	2,25,370	19,584	22,749
I	Generator	4,30,905	0	0	4,30,905	3,87,464	6,043	0	3,93,507	37,398	43,441
<b>2 Assets on Lease</b>		120,66,66,568	0	0	120,66,66,568	119,34,84,980	1,26,81,588	0	120,61,66,568	5,00,000	1,31,81,588
		131,73,22,682	7,43,126	28,013	131,80,37,795	122,62,46,041	1,70,99,821	27,714	124,33,18,148	7,47,19,647	9,10,76,640
<b>INTANGIBLEASSETS</b>											
	Computer Software	4,08,000	0	0	4,08,000	1,33,976	1,09,610	0	2,43,586	1,64,414	2,74,025
	Grand Total	131,77,30,682	7,43,126	28,013	131,84,45,795	122,63,80,017	1,72,09,431	27,714	124,35,61,734	7,48,84,061	9,13,50,665
	Previous Year	131,92,54,501	8,26,125	23,49,944	131,77,30,682	122,38,30,391	46,45,507	20,95,881	122,63,80,017	9,13,50,665	9,54,24,110

### 11 NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	QUANTITY			AMOUNT (In Rs.)		
	FACE VALUE	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2011
<b>A. INEQUITY SHARES</b>						
<b>1. Un-quoted &amp; Fully Paid</b>						
Hotline Electronics Ltd	10	0	20,00,000	0	2,00,75,000	
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000	
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000	
Anchal Fintrade P.Ltd	100	35,000	35,000	35,00,000	35,00,000	
Alok Fintrade P.Ltd	100	5,000	5,000	5,00,000	5,00,000	
B S Traders P Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000	
Ganga Projects P Ltd	100	10,000	10,000	10,00,000	10,00,000	
Kanoria Properties P Ltd	100	80,000	80,000	80,00,000	80,00,000	
Generatio Next Medical Services Co Pvt.Ltd	100	42,000	42,000	42,00,000	42,00,000	
Pranjal Investments P Ltd	100	56,000	56,000	56,00,000	56,00,000	
Sunair Hotels Ltd.	10	95,94,824	95,94,824	23,59,48,240	23,59,48,240	
Appu Ghar Entertainment Pvt Ltd	10	2,77,100	4,77,100	13,85,50,000	23,85,50,000	
VLS Capital Ltd	10	48,20,833	48,20,833	7,38,53,947	7,38,53,947	
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0	
Runeecha Textiles Ltd	10	3,57,600	3,57,600	17,88,000	17,88,000	
BMS IT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000	
Eha infrastructure P Ltd	10	4,90,000	4,90,000	49,36,750	49,36,750	
		SUB-TOTAL (A-1)		76,35,96,937	88,36,71,937	

### 11 NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	QUANTITY			AMOUNT (In Rs.)		
	FACE VALUE	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2011
<b>2 Quoted &amp; Fully Paid</b>						
ICDS Ltd (+)	10	21,929	21,929	0	0	
KASHIPUR SUGAR MILLS LTD	10	89,767	89,767	7,99,032	7,99,032	
ARTSON ENGINEERING LTD	1	4,104	4,104	1,00,376	1,00,376	
ANANT RAJ INDUSTRIES LTD	1	1,000	0	1,04,607	0	
BANK OF BARODA	10	2	2	502	502	
D PHARMA LTD	10	200	200	1	1	
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813	
GODAVARI POWER & ISPAT LTD	10	500	0	68,920	0	
HIND OIL EXPLORATION LTD	10	1,200	1,200	3,76,253	3,76,253	
INDRAPRASTHA MEDICAL	10	2,000	2,000	95,426	95,426	
ITC LTD	1	500	0	97,020	0	
IDFC LTD	10	500	0	59,675	0	
JP ASSOCIATES LTD	2	750	750	84,337	84,337	
JSW ENERGY	10	1,000	1,000	1,27,194	1,27,194	
JK TYRE INDUSTRIES LTD	10	1,000	0	1,09,215	0	
LANCO INFRATECH LTD	1	5,000	0	1,66,198	0	
NTPC LTD	10	250	250	48,000	48,000	
MERCATOR LINES LTD	1	3,000	3,000	87,440	87,440	
NHPC LTD	10	5,000	5,000	1,61,730	1,61,730	
NOIDA TOLL BRIDGE CO LTD	10	2,000	2,000	64,600	64,600	
JAYASWALNECO INDUSTRIES LTD	10	2,000	2,000	88,671	88,671	





**CONSOLIDATED FINANCIAL STATEMENTS**

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

NON-CURRENT INVESTMENTS (at cost)					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2012	AS AT 31.03.2011	AS AT 31.03.2012	AS AT 31.03.2011
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828
PUNJAB WIRELESS LTD	10	500	500	1	1
RELAXO FOOTWEAR LTD	5	17,20,776	17,20,776	13,14,21,104	10,32,01,866
RELIANCE INDUSTRIES LTD	10	1,000	950	9,91,343	9,54,935
RELIANCE MEDIAWORKS	5	500	500	1,11,689	1,11,689
SHIVA TEXTYARN	10	1,000	1,000	62,175	62,175
SUJANA METAL LTD	5	4,000	1,500	32,383	21,920
TATA STEEL	10	300	300	2,05,413	2,05,413
UFLEX LTD	10	1,400	1,200	2,12,700	1,70,513
TCI INDUSTRIES LTD	10	9,699	9,699	5,76,607	5,76,607
UTIMASTER PLUS 91	0	200	200	3,252	3,252
SUB-TOTAL (A-2)				13,81,41,506	10,92,27,573
<b>B. INPREFERENCE SHARES</b>					
<b>Un-quoted &amp; Fully Paid</b>					
Pan Parag India Ltd - 6% Non Cumulative Redeemable Non Convertible (*)					
	10	0	100	0	0
SUB-TOTAL B				0	0
<b>C. DEBENTURES &amp; BONDS</b>					
<b>Unquoted &amp; Fully Paid-up</b>					
Eha Infrastructure Pvt Ltd (0% optionally convertible debentures)					
	1,00,000	390	690	3,90,00,000	6,90,00,000
ICICI Bond (12%)					
	1,00,000	1	1	1,04,000	1,04,000
SUB-TOTAL C				3,91,04,000	6,91,04,000
TOTAL C1 (A1+A2+B+C)				94,08,42,443	106,20,03,510
I. Aggregate value of quoted investments				At Cost 13,81,41,506	10,92,27,573
				Market Value 48,95,25,944	49,83,18,782
II. Aggregate value of un-quoted investments				-Others At Cost 80,27,00,937	95,27,75,937
TOTAL (D)				70,94,409	70,94,409
GRAND TOTAL (C1+D)				94,79,36,852	106,90,97,919
(+ ) Bonus Shares received, hence cost of acquisition is NIL					
(*) Preference shares received on allotment pursuant to the scheme of Arrangement between Kothari Products Ltd and Pan Parag India Ltd, hence cost of acquisition is NIL					

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
--	------------------------	------------------------

**12 Deferred tax**

a) Deferred tax Assets		
i) Accumulated Losses	5,37,59,044	5,30,88,350
ii) Employee Benefits	2,25,460	1,90,925
Total (a)	5,39,84,504	5,32,79,275
b) Deferred tax Liabilities		
i) Depreciation on Fixed Assets	2,30,38,874	2,89,99,749
Total (b)	2,30,38,874	2,89,99,749
<b>Deferred tax assets (net)</b>	<b>(Total a-b) 3,09,45,630</b>	<b>2,42,79,526</b>

**13 Long Term Loans and advances**

<b>A) Unsecured, considered good</b>		
i) Loans & advances	8,00,00,000	8,00,00,000
	8,00,00,000	8,00,00,000
ii) Staff Loans and advances	8,48,361	7,47,488
	8,48,361	7,47,488
iii) Advances recoverable in cash or kind or for value to be received-	14,79,093	8,000
	14,79,093	8,000
iv) Security Deposit with Govt Department	1,500	1,500
v) Security Deposit with others	92,87,524	92,89,524
vi) Advance Income Tax and Tax Deducted at Source	9,31,78,730	8,45,11,673
Less: Tax Provisions	4,01,17,412	3,51,35,847
	5,30,61,318	4,93,75,826
<b>Total A (i+ii+iii+iv+v+vi)</b>	<b>14,46,77,796</b>	<b>13,94,22,338</b>
<b>B) Doubtful</b>		
i) Loans & advances	10,00,000	10,00,000
Less: Allowance for Non-performing assets	10,00,000	10,00,000
	0	0
ii) Advances recoverable in cash or kind or for value to be received-	84,48,340	62,88,340
Less: Allowance for Non-performing assets	73,68,340	62,88,340
	10,80,000	0
<b>Total B (i+ii)</b>	<b>10,80,000</b>	<b>0</b>
<b>Total (A+B)</b>	<b>14,57,57,796</b>	<b>13,94,22,338</b>

**14. INVENTORIES - SHARE STOCK IN TRADE**

(At Cost or market price, whichever is lower)

Name of the Company	As at 31.03.2012		As at 31.03.2011	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Stock of Quoted Equity shares (Fully Paid)</b>				
ARIHANT COTSYN LTD	2,000	1	2,000	1
CENTRAL ROADLINES CORPORATION LTD	2,82,700	1	2,82,700	1
HINDUSTAN ADHESIVES LTD	1,000	13,000	1,000	13,000
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	4,072	10	3,792
SOUTH ASIAN ENTERPRISES LTD	17,11,289	1,14,65,636	17,11,289	2,09,80,403
SWEDE INDIA LTD	200	1	200	1
<b>Total</b>	<b>20,26,199</b>	<b>1,14,82,712</b>	<b>20,26,199</b>	<b>2,09,97,199</b>

(Amount in Rupees)

	As at 31st March, 2012	As at 31st March, 2011
--	------------------------	------------------------

**15 Trade Receivables**

<b>a) Unsecured-Considered good</b>		
<b>Due from share brokers</b>		
1. Due for more than six months	0	0
2. Others	84,53,30,545	44,35,18,283
<b>Total (a)</b>	<b>84,53,30,545</b>	<b>44,35,18,283</b>
<b>b) Doubtful</b>		
<b>Instalments Receivable</b>		
1. Due for more than six months	31,24,030	41,81,406
2. Others	0	0
<b>Sub-total</b>	<b>31,24,030</b>	<b>41,81,406</b>
Less: Allowance for Non-performing Assets	31,24,030	41,81,406
<b>Total (b)</b>	<b>0</b>	<b>0</b>
<b>Total (a+b)</b>	<b>84,53,30,545</b>	<b>44,35,18,283</b>

**16 Cash and Cash Equivalents**

a) Cash on Hand	26,00,837	19,15,102
b) Balances with banks		
1. In Current Accounts	44,10,892	34,68,791
2. In Deposit Accounts-less than 12 months maturity (Previous year Rs.2374.95 Lacs)	10,83,584	23,74,95,000
3. In Deposit Accounts-more than 12 months maturity	1,18,00,000	1,00,00,000
<b>Total (a+b)</b>	<b>1,98,95,313</b>	<b>25,28,78,893</b>

**17 Short Term Loans and advances**

<b>Unsecured and considered good</b>		
i) Staff Loans and advances	7,65,046	9,82,784
ii) Advances Recoverable in cash or in kind or for value to be received	59,39,493	88,94,270
iii) Margin Money deposit with share brokers	20,87,00,000	41,74,00,000
iv) Prepaid Expenses	6,32,922	11,47,228
<b>Total</b>	<b>21,60,37,461</b>	<b>42,84,24,282</b>
<b>18 Other Current Assets</b>		
a) Interest Accrued but not due	9,12,577	63,56,243
b) Interest Receivables	12,000	0
c) Others	33,923	63,947
<b>Total (a+b+c)</b>	<b>9,58,500</b>	<b>64,20,190</b>

**19 REVENUE FROM OPERATIONS**

Sale of Shares/Securities/Commodities	2,200,33,72,847	599,70,61,371
Income from Other credit operations	5,61,58,089	5,88,41,061
Income from Investments	(19,492,539)	1,68,21,605
<b>Total</b>	<b>2,204,00,38,397</b>	<b>607,27,24,037</b>

**20 CHANGE IN STOCK OF SHARES**

Closing Stock of Shares	1,14,82,712	2,09,97,199
Less: Opening Stock of Shares	2,09,97,199	1,57,13,541
<b>Increase/(Decrease) in Stock of Shares</b>	<b>(9,514,487)</b>	<b>52,83,658</b>

**21 EMPLOYEE BENEFITS EXPENSES**

Salaries	1,13,75,608	97,67,452
Staff Amenities	4,93,820	4,38,289
Employer's Contribution to PF, ESI, Gratuity Fund etc.	29,78,448	10,57,383
<b>Total</b>	<b>1,48,47,876</b>	<b>1,12,63,124</b>

**22 FINANCE COST**

Bank/ Finance Charges	16,003	7,496
Other borrowing costs	66,36,905	58,92,976
<b>Total</b>	<b>66,52,908</b>	<b>59,00,472</b>



**CONSOLIDATED FINANCIAL STATEMENTS**

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>23 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement & Business Promotion	16,29,779	16,17,875
Consultancy, Legal & Service Charges	1,50,81,934	1,04,34,436
Communication Expenses	10,25,429	10,96,113
Electricity & Water Charges	3,88,429	3,50,952
Insurance	36,655	38,021
Office Expenses	23,78,168	14,67,769
Securities Transaction Tax	8,969	5,76,867
Shares Transaction Charges	3,77,399	2,86,266
SEBI Membership Fees	5,01,370	5,19,000
NSE Capital Market Subscription	1,00,000	1,00,000
Travelling Expenses & Conveyance	23,66,413	64,23,489
Rates & Taxes	19,35,903	78,91,626
Rent	42,00,000	42,12,000
Repairs & Maintenance		
—Others	17,73,376	13,83,033
Miscellaneous Expenses	54,47,207	41,13,503
Auditors' Remuneration		
a) Audit Fees	1,48,905	1,37,875
b) For Other Services		
— For Tax audit	60,665	49,635
— For certification	1,42,400	1,46,500
— Out of pocket expenses	50,000	72,175
Internal Auditors' Remuneration		
— Fees	90,000	90,000
— Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	5,32,000	5,63,000
Allowance for Non-performing Assets (Net)	22,624	15,00,000
Contingent Provisions against Standard Assets	(2,500)	2,18,125
Bad debts written off	57,376	0
Loss on sale/written off of Fixed Assets	0	12,408
Prior year expenses	21,998	0
<b>Total</b>	<b>3,83,82,499</b>	<b>4,33,08,668</b>

**24. NOTES FORMING PART OF FINANCIAL STATEMENT**

- a) Contingent Liability:- Nil  
b) Estimated amount of contracts remaining to be executed on Capital Account: Nil.
- In some cases balances in the accounts of Debtors, Loans and Advances, Other Current Assets and Creditors are subject to confirmation by the respective parties.
- Cash & Bank Balances include  
a. Share Transfer Stamps of Rs. 1,416/- (Previous Year Rs. 1,416/-).  
b. Bank Deposits include fixed deposits of Rs. 10,83,584/- (Previous Year – Rs. 21,74,95,000/-) pledged by VLS Finance Ltd with the banks as security for availing overdraft facilities.
- The Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies regarding Capital Adequacy, Asset Classification, provisioning for and income recognition on non-performing assets have been followed in respect of VLS Finance Ltd.
- Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

Trading Items	Opening Stock in trade as on 01.04.2011		Purchases		Sales		Closing Stock in trade as on 31.03.2012	
	Qty.*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.
Shares	2026199	20997199	160791	93898236	160791	93917027	2026199	11482712
(Previous year)	2026199	15713541	495922	617398615	495922	618593801	2026199	20997199
Commodities	Nil	Nil	208739	21171976186	208739	21235975527	Nil	Nil
(Previous year)	Nil	Nil	110675	5041546175	110675	5096969932	Nil	Nil
Currency (Derivatives)	Nil	Nil	10556	673386889	10556	673480293	Nil	Nil
(Previous year)	Nil	Nil	5030	281553018	5030	281497639	Nil	Nil

\* Quantity of Shares is in numbers and of Commodities and Currency Derivatives is in lots.

- The Current Assets, Loans and advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- The term of lease agreements in all Leased Assets have expired and the assets continue in the possession of lessees. However, the said assets have been included in the block of fixed assets of the Company pending the transfer of titles.
- Related Party Disclosure : Followings are the related parties:-  
Key Managerial Personnel: - Shri S.K. Agarwal (Managing Director in VLS Finance Ltd. and VLS Securities Ltd.)  
Associates: - South Asian Enterprises Ltd.  
Summary of transactions with the above related parties is as follows:-

Particulars	(Amount in Rs.)		
	Associates	Key Managerial Personnel	Others
Remuneration to Managing Director.		22,58,273 (Previous year: 19,27,592)	
Other Charges received	6,011 (Previous year: Nil)		

**9. Managerial Remuneration**

Particulars	Associates	Key Managerial Personnel	Others
Remuneration		Paid to Shri S.K. Agarwal Rs. 17,82,000 (Previous Year – Rs. 15,60,000)	
Perquisites		Rs. 4,76,273 (Previous Year – Rs. 3,67,592)	

The prerequisite figure does not include contribution made by the Company for gratuity and group insurance scheme to the LIC and provision made for leave encashment.

Particulars	Equivalent No. of Shares	
	Year ended 31st March 2012	Year ended 31st March, 2011
<b>Basic and Diluted</b>		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 2,92,08,940	Rs. 5,09,86,869
EPS	Rs. 0.73	Rs. 1.28

- The Company has made the provision for Taxation / MAT payable under the Income Tax Act, 1961 of Rs.51,24,667/- (Previous year Rs. 1,44,58,671/-). Out of this Rs.35,42,667/- (Previous year Rs. 1,44,58,671) relates to VLS Finance Ltd., Rs.15,82,000/- (Previous year Rs.Nil) relates to VLS Securities Ltd.
- The Holding Company being a Non-Banking Financial Company is mainly engaged in finance business including dealings through Stock and Commodity Exchanges. As all activities of the Company are covered under finance business; there are no separate segments for reporting as per the Accounting Standard AS-17 issued by The Institute of Chartered Accountants of India.
- Income from investments includes:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	17,98,080	26,44,138
Interest on Debentures and Bonds (Gross)	8,745	12,000
Tax Deducted at Source	Nil	Nil

- Income from Other credit operations grouped under Revenue from Operations includes Interest Receipts (Gross) of Rs. 5,21,00,059/- (Previous Year Rs.5,57,11,255/-) and Tax Deducted at Source thereon of Rs. 52,02,639/- (Previous Year Rs. 57,14,716).
- Expenditure in Foreign Exchange:-Foreign Travel Expenses in respect to VLS Finance Ltd-Rs.5,87,906/- (Previous year Rs. 27,56,104).

**16. SUBSIDIARY COMPANIES**

The subsidiary companies considered in the consolidated financial statements are:-

S. No.	Name of Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on 31.03.2012
1.	VLS Securities Ltd.	India	99.67
2.	VLS Asset Management Ltd.	India	99.15

- Allowance for Non-performing assets of Rs.22,624/- is net off of Rs.10,57,376/-being excess allowance written back in the value of Non-performing assets (Previous year: Allowance for Non-performing assets of Rs.15,00,000/- is net off of Rs.10,00,000/-being excess allowance written back in the value of Non-performing assets) of VLS Finance Ltd.
- Contingent Provisions against Standard Assets amounting to Rs.2,15,625 (Previous year: Rs.2,18,125/-) in respect of VLS Finance Ltd. has been made vide RBI notification dated 17th January, 2011 and the same is shown as "Contingent Provisions against Standard Assets" under "Long-Term Provision" of Non-current liabilities.
- In respect of office premise acquired earlier, for which possession has already been taken by VLS Finance Ltd. the registration formalities are yet to take place.
- The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- Notes 1 to 24 form an integral part of financial statements.

As per our report of even date  
For Agiwal & Associates  
(Firm Registration No: 000181N)  
Chartered Accountants  
(P.C. Agiwal)  
Partner  
M.No.80475

For and behalf of the Board  
S.K. Agarwal M.P. Mehrotra  
Managing Director Director

K.K. Soni H. Consul  
Executive Director & CFO Company Secretary

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST March, 2012 (Rupees in lacs)**

	for the Year Ended 31.03.2012	for the Year ended 31.03.2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	276.68	732.47
Add Interest & Finance Charges	66.53	59.00
Depreciation	172.09	46.46
Prior Year adjustments	2.20	3.39
(Add)/Less Income from Investments	517.50 (194.93)	841.32 168.22
Operating Profit before Working Capital Changes	712.43	673.10
<b>Changes in Working Capital</b>		
Trade & Other Receivables	(1907.34)	(415.75)
Inventories	95.14	(52.83)
Trade & Other Payables	(451.72)	(80.52)
<b>Cash generated from operations</b>	<b>(1551.49)</b>	<b>124.00</b>
Income Tax Paid	96.71	177.34
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(1648.20)</b>	<b>(53.34)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Investment in Fixed Assets	(7.43)	(5.73)
Net proceeds from investments	1211.61	33.57
Income from Investments	(194.93)	168.22
<b>Net Cash used in Investing Activities (B)</b>	<b>1009.25</b>	<b>196.06</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(131.82)	0.00
Proceeds from Short Term Borrowings	(1492.54)	658.09
Interest Paid	(66.53)	(59.00)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(1690.89)</b>	<b>599.09</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2329.84)</b>	<b>741.81</b>
Cash & Cash Equivalents (Opening)	2528.79	1786.98
Cash & Cash Equivalents (Closing)	198.95	2528.79

Notes:-  
1. Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs.10.84 lacs (Previous Year Rs.2174.95 lacs), which are pledged with them as security for overdraft facility.  
2. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date  
For Agiwal & Associates  
(Firm Registration No: 000181N)  
P.C. Agiwal  
Partner  
M.No.80475

For and behalf of the Board  
S.K. Agarwal M.P. Mehrotra  
Managing Director Director

K.K. Soni H. Consul  
Executive Director & CFO Company Secretary



# VLS FINANCE LTD.

2<sup>nd</sup> Floor, 13, Sant Nagar, East of Kailash, New Delhi-110 065

## ATTENDANCE CARD TWENTY FIFTH ANNUAL GENERAL MEETING Friday, the 28<sup>th</sup> Day of September, 2012

Folio No./DP ID & CL ID	No. of Shares
Name	
Address	

I hereby record my presence at the 25<sup>th</sup> ANNUAL GENERAL MEETING of the Company at THE AUDITORIUM, SRI SATHYA SAI INTERNATIONAL CENTRE, INSTITUTIONAL AREA, LODHI ROAD, PRAGATI VIHAR, NEW DELHI - 110 003 at 03.30 P.M. ON FRIDAY, the 28<sup>th</sup> DAY OF SEPTEMBER, 2012.

Proxy's Name \_\_\_\_\_

Proxy's Signature \_\_\_\_\_

Member's Signature \_\_\_\_\_

**NOTE :**

1. Member/Proxy wishing to attend the meeting must present this card duly filled in at the Entrance of the Venue.
2. No Gift/Coupons or equivalent will be given to members who are present in the meeting.
3. For convenience of members, person other than member/proxy will not be allowed inside the Auditorium.



# VLS FINANCE LTD.

2<sup>nd</sup> Floor, 13, Sant Nagar, East of Kailash, New Delhi-110 065

## FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of

VLS FINANCE LIMITED hereby appoint

of \_\_\_\_\_ or failing him

of \_\_\_\_\_ or failing him

of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 28<sup>th</sup> Day of September, 2012 at 03.30 P.M. and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Reg. Folio/DP ID & CL ID	No. of Shares
--------------------------	---------------

Affix  
Revenue  
Stamp

FOR OFFICE USE ONLY

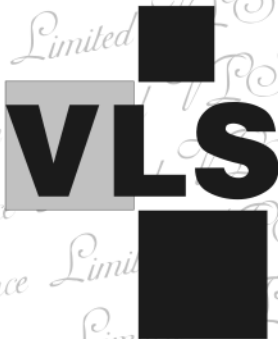
Proxy No. \_\_\_\_\_

Member's Signature \_\_\_\_\_

**NOTE :**

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be a Member.
4. In case of jointholding, all the jointholders must sign the proxy form.

**Book Post**



If not delivered, please return to :  
VLS FINANCE LIMITED  
2nd Floor, 13, Sant Nagar,  
East of Kailash,  
New Delhi-110 065  
Phone : 011-46656666  
Fax : 011-46656699