



Covering Letter of the annual audit report to be filed with the Stock Exchange

FORM A

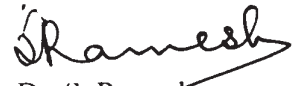
1.	Name of the Company	VLS Finance Limited
2.	Annual financial statement for the year ended	31 st March 2014
3.	Type of Audit observation	Un-Qualified
4.	Frequency of Observation	Not Applicable


S. K. Agakwal
Managing Director




P.C. Agiwal
Representative of Statutory Auditor


K. K. Soni
Director-Finance & CFO


Dr. S. Ramesh
Chairman – Audit committee



XXVII **ANNUAL REPORT** **2013-2014**

VLS FINANCE LTD.

Regd Office : 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110 065
CIN : L65910DL1986PLC023129, email : vls@vsnl.com, Website : www.vlsfinance.com
Phone : 011-46656666 Fax : 011-46656699

NOTICE

27TH 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 Thursday,
the 25th day of September, 2014

SHARE TRANSFER & INVESTOR SERVICES

M/s RCMC Share Registry Pvt. Ltd.
Unit: VLS Finance Ltd.
B-25/1, 1st Floor, Okhla Industrial Area, Phase-II,
New Delhi-110020

Our e-mail address :

- ☞ For investor services : hconsul@vlsfinance.com
- ☞ Other than above : vls@vsnl.com
visit us at 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
Shri K. K. Soni Director-Finance & CFO

COMPANY SECRETARY

Shri H. Consul

AUDITORS

M/s. Agiwal & Associates
Chartered Accountants,
3830, Lal Kothi, 2nd 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,
30, 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.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty Seventh Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2014.

1. Financial Results (Rs. in Lakhs)

	For the year ended 31 st March, 2014	For the year ended 31 st March, 2013*
Gross Receipts	381636.53	232213.50
Profit before Interest & Depreciation	459.53	435.47
Less: Interest & Finance Charges	1.97	15.55
Profit before Depreciation	457.56	420.32
Less: Depreciation	41.98	48.73
Profit before Tax	415.58	371.59
Less: Provision for Taxation/(Credits)	67.37	187.00
Profit after Tax	348.21	184.59
Surplus brought forward from previous year	2260.37	2127.45
Previous year adjustments/other adjustment@	(113.30)	(14.75)
Available for Appropriation	2495.28	2297.29
Appropriations:		
To General Reserve	0.00	0.00
To Statutory Reserve (under RBI Act, 1934)	0.00	36.92
Total Appropriations	0.00	36.92
Surplus c/f	2495.28	2260.37

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

@Tranferred to Capital Redemption Reserve A/c.

2. Management Discussion and Analysis

Financial Review

During the year under review, the gross receipts increased to Rs. 381636.53 lacs from Rs. 232213.50 lacs in the previous year. The profit before tax for the year under review stood at Rs. 415.58 lacs as compared to Rs. 371.59 lacs of the previous year. The profit after tax for the year was Rs. 348.21 lacs as compared to profit after tax of Rs. 184.59 lacs of the previous year.

Industry Structure and Development

The global economy in financial year 2013-2014 showed some improvement though slowly. Due to sluggish growth, many developing economies experienced general slowdown. The world economy growth was at 3.6% though expected to improve in the current fiscal. Among the Asian economies, deceleration in industrial output and exports weakened India's economic growth significantly. The depreciation of Indian Rupee vis-a-vis U.S. dollar was a significant factor in affecting India's GDP growth which fell below 5%. The continuing tightening measures by Reserve Bank of India to curb inflation leading to high cost of funds adversely affected India's industrial growth. As a result of various measures taken by the Government the value of rupee stabilized vis-a-vis other international currencies during the later half of the fiscal year under review.

Outlook, Risks and Concerns

The Company's operations during the year under review, as in earlier years, continued to be capital/commodity market centric. Your Company has been making use of available avenues in the capital market and the commodities market for its operations. The Company's registration as Non banking Finance Company was surrendered w.e.f. 29/01/2014. The Company immediately thereafter applied for trading membership of BSE Ltd. which has been accepted vide letter dated 14/05/2014 of BSE Ltd. The operations as Stock Broker will commence upon receipt of registration from Securities and Exchange Board of India which is awaited.

Your Company's performance is closely linked to those of the stock and commodities markets. Consequently, the growth prospects for 2014-15 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.

Opportunities and Threats

With the coming into power of new Government with focus on development the infrastructure and allied sectors are expected to perform better giving an impetus to the economy. The Company shall strive to take advantage of the emerging opportunities. The Company shall also focus on permitted avenues as member of Stock Exchange including, corporate advisory services. The Company hopes to tie up successful ventures in the near future apart from strengthening its subsidiary companies.

Adequacy of Internal Control Systems

The Company has an independent Internal Audit system to carry out extensive audits throughout the year covering all areas of Company's significant operations. The Audit Committee regularly reviews adequacy and effectiveness of the Company's internal control environment and monitors implementation of audit recommendations.

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 in compliance with applicable 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 remained an NBFC for most part of the year under review and was mainly engaged in finance business including dealing through stock exchanges and commodity exchanges. As activities of the company for most part of the year related to 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.

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 Securities 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

In accordance with the provisions of Article 89 of the Articles of Association of the Company, Shri Somesh Mehrotra- Director will retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers himself for re-election. To enable the Company to obtain his continued valuable direction, guidance and assistance in conduct of the affairs of your Company, it is recommended that his reappointment be approved. The Board had re-appointed Shri S. K. Agarwal as Managing Director of the Company for 3 years w.e.f. 21/08/2013 and members' approval was obtained in Annual General Meeting held on 25/09/2013. Further, the Board in its meeting dated 14/11/2013 had revised the remuneration of Shri S. K. Agarwal - Managing Director w.e.f. 01/04/2013 and appointed Shri K. K. Soni, CFO of the Company as Director of the Company also by redesignating him as Director-Finance & CFO and revised his remuneration w.e.f. 01/04/2013, the approvals of which from members were obtained in Extra-ordinary General Meeting held on 21/12/2013.

Your Board at its meeting held on 11th August, 2014 has recommended the appointment of Shri Ajit Kumar, Shri B. M. Oza, Shri M.G. Diwan, Dr. S. Ramesh, Shri A. K. Puri, Shri B. B. Tandon and Shri Gian Vijeshwar as Independent Directors in terms of Sections 149, 152 read with Schedule IV & other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, with effect from the date of the ensuing Annual General Meeting of your Company.

Your Board at the said meeting, on the recommendation of the Nomination and Remuneration Committee, also recommended, for the approval of the Members for the change of terms of appointment of Shri S. K. Agarwal-Managing Director and Shri K. K. Soni - Director-Finance & CFO of the Company by making them liable to retire by rotation, with effect from the date of the ensuing Annual General Meeting of your Company. The remuneration of the Managing Director and the Director-Finance & CFO is also sought to be revised from the dates

indicated in respective resolutions therefor in the notice convening the ensuing Annual General Meeting. The re-appointment of Independent Directors and change in category of Executive Directors has been made in order to comply with provisions of the Companies Act, 2013 which are required to be approved by the members.

Appropriate resolutions seeking your approval to the aforesaid appointments are appearing in the Notice convening the 27th Annual General Meeting of the Company. Shri Ajit Kumar, Shri B. M. Oza, Shri M.G. Diwan, Dr. S. Ramesh, Shri A. K. Puri, Shri B. B. Tandon and Shri Gian Vijeshwar by virtue of being Independent Directors of your Company in terms of the provisions of the Companies Act, 2013, will not be liable to retire by rotation for the residual period of their respective terms of appointment approved by the Members of the Company.

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 31st March, 2014, 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 31st March, 2014 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 139 of the Companies Act, 2013 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. In terms of section 139 (2) read with Rule 6 of Companies (Audit and Auditors) Rules, 2014, the present auditors can be appointed for three consecutive terms of one year each starting from present proposal before being subjected to compulsory rotation of Auditors.

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. During the year under review the Company had decided to buyback its own shares under authority of Board's power to buyback the same and the entire process was completed on 11/02/2014. The Company had bought back 11,32,983 equity shares in terms of the offer to buyback made by it. Accordingly, the capital of the Company had been reduced by Rs.1,13,29,830/- as detailed in the enclosed balance sheet in Notes No. 2 i.e. Share Capital of the Company.

Details of foreign exchange earnings and outgo are given below:

Foreign Exchange earnings : Nil

Foreign Exchange outgo : Rs. 1,75,216/-

The shares of the Company are presently listed at BSE Ltd. (formerly, The Bombay 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 2014-2015 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 22. The Directors place on record their appreciation of 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. Green Initiative in Corporate Governance

As a continuing endeavor towards the Go Green initiative, the Company proposes to send future correspondences and documents like the notice calling the general meeting, audited financial statements, directors' report, auditors' reports etc. in the electronic form, to the email addresses provided by the Members and made available to us by the Depositories. Members who hold shares in the physical form are requested to register their e-mail addresses and intimate any changes in their e-mail id, with the Company or with the Registrar & Share Transfer Agents, RCMC Share Registry Pvt. Ltd. In respect of electronic holdings, members are requested to register their e-mail addresses with the Depository through their concerned Depository Participants. However, in case you desire to receive Company's communication and documents in physical form, you are requested to intimate us through email at hconsul@vlsfinance.com. You may kindly note that as a Member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

Members are advised to convert their shares from Physical form to Dematerialized form. Dematerialization of shares provides several benefits to the shareholders. The transaction of shares can be carried out quickly and in an easy way. Holding securities in Demat form helps the investors to get immediate transfer of securities. No stamp duty is payable on transfer of shares held in Demat form and the brokerage involved is also generally lower. The incidence of non-delivery or bad delivery and the risks associated such as forged transfers that occurs for the shares when held in physical format is totally avoided.

Further, the sale and purchase of Company's shares is possible if the shares are held in dematerialized form only. Hence members holding in physical form can not sell the shares through stock exchange unless the physical shares are converted in dematerialized form.

13. 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 31/3/2014 in respect of the Subsidiary Companies, is enclosed with Annual Accounts of the Company.

14. 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.

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 : 11/8/ 2014

K. K. Soni
Director-Finance & CFO

S. K. Agarwal
Managing Director

Annexure-1

REPORT ON CORPORATE GOVERNANCE

Our Mission:

To be one of the top ranking Corporate 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 which enjoins the highest standard of ethical and responsible conduct of business to create value for all stake holders. 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 11 Directors all being non-executive, except the Managing Director and Director-Finance & CFO. The Board of your Company consist of 2 (Two) Promoter Directors, 7 (Seven) Independent Directors and 2 (Two) Non-Independent Directors. 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 Independent Directors aforesaid adequately meet the criteria laid down in section 149 of Companies Act, 2013, in the opinion of Board and their appointment as Independent Directors for five years in terms of aforesaid statute has been recommended by the Board.

The attendance record of Directors for the year ended on 31/03/2014 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 2013-2014	Whether attended AGM held on 25/09/2013	No. of Directorships in other Public Limited Companies as on 11/8/2014	No. of Committee positions held in other Public Limited Companies	
						Chairman	Member
1)	Shri Ajit Kumar (Chairman)	Non-Executive, Independent	5	NO	1	-	1
2)	Shri S. K. Agarwal (Managing Director)	Executive, Non-Independent	5	YES	3	1	-
3)	Shri Somesh Mehrotra	Non-Executive, Promoter	2	NO	2	-	-
4)	Shri A. K. Puri	Non-Executive, Independent	4	NO	-	-	-
5)	Shri M. G. Diwan	Non-Executive, Independent	2	NO	4	-	1
6)	Dr. S. Ramesh	Non-Executive, Independent	5	YES	1	-	1
7)	Shri B. M. Oza	Non-Executive, Independent	5	NO	-	-	-
8)	Shri M. P. Mehrotra	Non-Executive, Promoter	5	NO	9	2	2
9)	Shri Gian Vijeshwar	Non-Executive, Independent	0	NO	7	-	2
10)	Shri B. B. Tandon	Non-Executive, Independent	4	NO	11	2	7
11)	Shri K.K. Soni	Executive, Non-Independent	2	YES	5	-	2

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 Company under Section 25 of the Companies Act, 1956 (or Section 8 of the Companies Act, 2013).

- b) During the year ended 31/03/2014, 5 (Five) Board Meetings were held with one meeting in every quarter on 28/05/2013, 22/07/2013, 14/11/2013, 10/12/2013 and 13/02/2014.
- 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 31.03.2014:

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.	1,40,000	N.A.	1,40,000
2)	Shri S.K. Agarwal	19,50,000	5,51,462	N.A.	N.A.	25,01,462
3)	Shri Somesh Mehrotra	N.A.	N.A.	30,000	N.A.	30,000
4)	Shri B.M. Oza	N.A.	N.A.	1,54,000	N.A.	1,54,000
5)	Dr. S. Ramesh	N.A.	N.A.	1,50,000	N.A.	1,50,000
6)	Shri A.K. Puri	N.A.	N.A.	1,10,000	N.A.	1,10,000
7)	Shri M.G. Diwan	N.A.	N.A.	30,000	N.A.	30,000
8)	Shri M. P. Mehrotra	N.A.	N.A.	1,30,000	N.A.	1,30,000
9)	Shri Gian Vijeshwar	N.A.	N.A.	0	N.A.	0
10)	Shri B. B. Tandon	N.A.	N.A.	1,54,000	N.A.	1,54,000
11)	Shri K. K. Soni (w.e.f. 14/11/2013)	3,03,683	69,938	N.A.	N.A.	3,73,621

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 held 285 and 884691 equity shares of the Company respectively as on 31.03.2014. 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. The tenure of Director-Finance & CFO is upto 30/01/2016 with notice period of one month. Presently, all the Directors other than Executive Directors are liable to retire by rotation. However, after the proposed modification in terms of appointment of Executive Directors and appointment of Independent Directors in terms of Section 149 of the Companies Act, 2013 is made, all the directors except Independent Directors will be 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 31/03/2014.

Date: 11/8/2014
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 1/4/2013 the Audit Committee consisted of Dr. S. Ramesh (Chairman of the Committee) with Shri Ajit Kumar, Shri A.K. Puri, Shri M. P. Mehrotra and Shri B. B. Tandon as members. 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 were 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. The terms of reference of Audit Committee had been revised by the Board on 26/05/2014 to conform to provisions of Section 177 of the Companies Act, 2013 and Clause 49 of Listing Agreement which is envisaged to be effective from 1/10/2014. No change in constitution of committee was made as present constitution complies with the extant norms.

c) Meetings and attendance

During the year ended on 31/03/2014, 4 (Four) Audit Committee Meetings were held on 28/05/2013, 22/07/2013, 14/11/2013 and 13/02/2014. The summary of attendance of members is as under:

Name	Shri A.K. Puri	Shri Ajit Kumar	Shri M.P. Mehrotra	Dr. S. Ramesh	Shri B.B. Tandon
Attendance in Four Meetings	3	4	4	4	3

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.

The Board in its meeting held on 26/05/2014 had renamed the said committee as Stakeholders Relationship Committee under Section 178 of Companies Act, 2013. The composition of the said committee remained unchanged as present constitution complies with the requirements of applicable regulations.

b) Meetings and attendance

During the year under review, 13 (Thirteen) meetings of Shareholders/ Investors Grievance Committee were held on 08/04/2013, 07/05/2013, 28/05/2013, 27/06/2013, 22/07/2013, 21/08/2013, 12/10/2013, 14/11/2013, 10/12/2013, 26/12/2013, 22/01/2014, 27/02/2014 and 24/03/2014.

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 13 meetings	12	13	12

c) Shareholders Complaints

The Company had received 3 complaints during the financial year ended 31st March, 2014. 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:

Nature of Complaints**	Received	Redressed
Non-receipt of Dividend	0	0
Non-receipt of Shares after transfer	0	0
Non-receipt of Annual Report	3	3
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
Total	3	3

** 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. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition and terms of reference

The Board in its meeting held on 11/08/2014 had constituted Corporate Social Responsibility Committee in compliance with section 135 of the Companies Act, 2013 and applicable Companies (Corporate Social Responsibility) Rules, 2014. The Committee consists of Shri Ajit Kumar, Shri B. B. Tandon –Directors and

Shri S. K. Agarwal-Managing Director as members. The terms of reference of CSR Committee are in compliance with the applicable regulations.

5. GENERAL BODY MEETINGS

a) Details of the last three Annual General Meetings

Financial year ended	Date	Time	Venue
March 31, 2013	September 25, 2013	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2012	September 28, 2012	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2011	September 29, 2011	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, 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 25.9.2013, no agenda item was required to be approved by special resolution.
- In the AGM held on 28.9.2012, no agenda item was required to be approved by special resolution.
- In the AGM held on 29.9.2011, 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.

6. 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:

- None

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 01/04/2013 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 Two meetings of remuneration committee were held on 22/07/2013 and 14/11/2013. Dr. S Ramesh and Shri B. M. Oza attended both the meetings. Shri A. K. Puri attended one meeting and Shri Somesh Mehrotra attended none of the above meetings.

The Board in its meeting held on 26/05/2014 had renamed the said committee as Nomination and Remuneration Committee to comply with the provisions of Section 178 of Companies Act, 2013 and revised its terms of reference accordingly. There was no change in constitution of Committee since the existing Committee complied with requirements of applicable regulations.

iii) Buyback Committee

The Board in its meeting held on 10/12/2013 had considered buyback of Company's own shares pursuant to the provisions of Article 5(iv) and (v) of the Articles of Association of the Company, as amended and the provisions of Sections 77A, 77AA, 77B and all other applicable provisions, of the Companies Act, 1956 (to the extent applicable) and Sections 69, 70 and other applicable provisions, of the Companies Act, 2013 (to the extent notified) and in compliance with the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ("SEBI Buyback Regulations"), approved the buy back by the Company of its fully paid-up equity shares of Rs.10/- each not exceeding 99,48,750 (Ninety Nine Lacs Forty Eight thousand Seven Hundred and Fifty) equity shares (representing 25% of the total paid-up equity capital of the Company) at a price of Rs.14.50/- (Fourteen rupees and Paise Fifty Only) per equity share (the "Buy Back Offer Price") payable in cash for an aggregate amount of Rs. 14,42,56,875 (Rupees Fourteen Crores Forty Two Lacs Fifty Six Thousand Eight Hundred Seventy Five Only) (the "Buyback Offer Size") which was within 10% of the fully paid-up equity share capital and free reserves of the Company as per the audited accounts of the Company for the year ended March 31, 2013, from the shareholders of the Company on a proportionate basis, through the **Tender Offer** route as prescribed under the SEBI Buyback Regulations (hereinafter referred to as the "Buyback").

Accordingly the board had constituted Buyback committee for monitoring the said activity by nominating Shri B. M. Oza, Shri B. B. Tandon - Directors, Shri S. K. Agarwal- Managing Director and Shri K. K. Soni- Director- Finance & CFO as members as member of the said committee. The Board also appointed SMC Capitals Limited as Merchant Banker and RCMC Share Registry Pvt. Ltd. as registrar to the Buyback.

During the year under review two meetings of Buyback committee were held on 18/12/2013 and 03/01/2014.

The entire process of Buyback was completed on 11/02/2014. The Company had bought back 11,32,983 Fully Paid-up Equity Shares of Rs.10/-each of the Company from the existing share holders at a price of Rs.14.50/- per share. Accordingly, the Paid up Capital of the Company stood reduced by Rs.1,13,29,830/-.

iv) 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. The Whistle blower policy or Vigil Mechanism as envisaged under the provisions of Companies Act, 2013 and Listing Agreement is being formulated.

v) 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.

vi) 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. The Nomination and Remuneration Committee is now empowered to do necessary evaluation in accordance with policy of the Company being formulated for this purpose.

vii) There was no qualification in the Auditor's Report on the Annual Accounts of the Company for the year under review.

viii) The Company has adhered to the directions of Reserve Bank of India (RBI) for Non Banking Finance Companies as applicable to the Company at the relevant point of time and the following committees were constituted on 22/01/2009.

a. Asset Liabilities Committee, b. Nomination Committee, c. Risk Management Committee

The Asset Liability Committee was reconstituted on 28/05/2013 with Shri Ajit Kumar, Shri B. B. Tandon – Directors and Shri S. K. Agarwal- Managing Director as Members. The Risk Management Committee was reconstituted on 28/05/2013 with Shri Ajit Kumar, Shri B. B. Tandon – Directors and Shri S. K. Agarwal- Managing Director as Members. The Nomination Committee was reconstituted on 28/05/2013 with Shri B. M. Oza, Shri B. B. Tandon, Shri A. K. Puri – Directors and Shri S. K. Agarwal- Managing Director as Members.

7. COMMUNICATION TO SHAREHOLDERS

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 and other quarterly compliances under listing agreement alongwith Reconciliation of Capital had also been uploaded on NEAPS a platform provided by NSE and <http://listing.bseindia.com> a platform provided by BSE Ltd. as well as emailed to corp.relations@bseindia.com, cmlist@nse.co.in, listing@cse-india.com and listing.mseindia.com the official email ID of BSE Limited, The National Stock Exchange of India Ltd., Mumbai, The Calcutta Stock Exchange Ltd., Kolkata and The Madras Stock Exchange Ltd., Chennai, respectively. The said results are also made available on the Company's website <http://www.vlsfinance.com> and 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 and the Company Identification Number (CIN) of Company is **L65910DL1986PLC023129**.

- 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.
- 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.
- 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 which is also displayed on the Company's website www.vlsfinance.com under heading 'contact us'.

8. SHAREHOLDERS INFORMATION

a) Annual General Meeting

-	Date and time	: Thursday, 25 th September, 2014 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 18-09-2014 to 25-09-2014 (both days inclusive)
-	Buy back of shares	: During the year under review, 11,32,983 Fully Paid-up Equity Shares of Rs.10/-each have been bought back by the Company from the existing share holders at a price of Rs.14.50/- per share. Accordingly, the Paid up Capital of the Company stand reduced by Rs.1,13,29,830/-.
-	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:

- BSE Ltd. (formerly The Bombay Stock Exchange), Mumbai. (Code:511333)
- The National Stock Exchange of India Ltd., Mumbai. (Code: VLSFINAC)
- The Calcutta Stock Exchange Ltd., Kolkata. (Code:032019)
- 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 2014-2015. 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

Monthly highs, lows and trading volume for the Financial Year 2013-2014:

(Source: Metastock)

Months	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr-13	11.80	9.25	181821	11.80	9.50	108903
May-13	11.45	9.15	215184	11.20	9.41	133397
Jun-13	10.30	7.40	256931	10.50	7.99	105864
Jul-13	10.65	8.25	290644	10.50	8.01	172638
Aug-13	11.15	8.25	440229	10.34	8.61	133661
Sep-13	12.60	9.75	675913	12.60	9.55	272439
Oct-13	12.50	10.05	397926	12.45	10.05	168327
Nov-13	12.85	10.35	308469	12.64	10.50	175469
Dec-13	14.40	10.80	1709220	14.40	10.80	759078
Jan-14	14.40	11.80	231109	14.25	11.67	192605
Feb-14	13.50	11.90	99297	13.65	11.63	92640
Mar-14	13.85	12.00	387737	13.89	12.03	189161
Total			5194480			2504182

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. 01/04/2014 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-25/1 First Floor, Okhla Industrial Area Phase-II, New Delhi-110020 (Phone Nos. 011 – 26387320, 26387321, 26387323 and Fax 011-26387322). 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, 2014

Slab of share holdings (No. of shares)	No. of share holders	%age	Nominal value of shares held (Rs.)	%age
1-500	13177	51.1291	29728270.00	7.6893
501-1000	9380	36.3961	61778740.00	15.9792
1001-2000	1833	7.1124	26665190.00	6.8970
2001-3000	510	1.9789	13183870.00	3.4100
3001-4000	203	0.7877	7362020.00	1.9042
4001-5000	178	0.6907	8430590.00	2.1806
5001-10000	276	1.0709	20816860.00	5.3843
10001 and above	215	0.8342	218654630.00	56.5554
Total	25772	100.0000	386620170.00	100.0000

According to categories of shareholders as on March 31, 2014

Sl. No.	Categories	No. of shares	Amount in Rs.	Percentage of shareholding
1	Promoters, Directors and Relatives	16083242	160832420.00	41.5996
2	Financial Institution and Banks	9500	95000.00	0.0246
3	Mutual Fund	100	1000.00	0.0003
4	FII's	300	3000.00	0.0008
5	Corporate Bodies	1716881	17168810.00	4.4407
6	Clearing Members	161865	1618650.00	0.4187
7	Indian Public	20407719	204077190.00	52.7849
8	Trust	30000	300000.00	0.0776
9	NRI/OCBs/FN	252410	2524100.00	0.6529
	Grand Total	38662017	386620170.00	100.0000

g) Dematerialisation of Shares and liquidity

89.68% of the total share capital of Company was held in dematerialized form as on 31/03/2014. 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. 28th August 2000.

h) There were no ADRs/ GDRs/ Warrants or other convertible instruments out standing as on 31/03/2014.

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, 2014	Mid of August, 2014
Quarter ending September 30, 2014	Mid of November, 2014
Quarter ending December 31, 2014	Mid of February, 2015
Year ending March 31, 2015 #	End of May, 2015
Annual General Meeting for the year ended March 31, 2014	25 th September, 2014

For the quarter ending 31/03/2015 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 2013-14.

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 31st March, 2014, 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 was pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance 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: 11/8/2014
 Place: New Delhi

Covering letter of the annual audit report to be filed with the stock Exchange

FORM A

1.	Name of the Company	VLS Finance Limited
2.	Annual financial statement for the year ended	31st March 2014
3.	Type of Audit observation	Un-Qualified
4.	Frequency of Observation	Not Applicable

S.K. Agarwal
 Managing Director

K.K. Soni
 Director-Finance & CFO

P.C. Agiwal
 Representative of Statutory Auditor

Dr. S. Ramesh
 Chairman-Audit Committee

Independent Auditor's Report

TO THE MEMBERS OF VLS FINANCE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **VLS FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants

of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes to Accounts 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 as amended by "the Companies (Auditor's Report) (Amendment) Order 2004", issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (herein after referred to as the "Order"), and on the

basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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 March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274(1) (g) of the Act.

**FOR AGIwal & ASSOCIATES
CHARTERED ACCOUNTANTS
(FRN: 000181N)
(P.C.Agiwal)
Partner
(M. No. 080475)**

Place: New Delhi
Date: 26th May, 2014

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT
REFERRED TO IN PARAGRAPH (7) OF OUR REPORT OF EVEN DATE
Re: VLS Finance Ltd. for the year ended 31st March 2014**

- | | |
|---|---|
| <ul style="list-style-type: none"> (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. (b) All the fixed assets <i>except assets on lease, which are in the possession of the lessee</i>, 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 31.03.2014 is Rs.9,19,595/-. (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 | <ul style="list-style-type: none"> (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 31.03.2014. (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2014. (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. <p>The Para Nos. 4 (xii), (xiii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p style="text-align: right;">For Agiwal & Associates
Chartered Accountants
(FRN: 000181N)
(P.C. Agiwal)
Partner
(M.No. 080475)</p> |
|---|---|

Place: New Delhi
Date: 26th May, 2014

BALANCE SHEET AS AT 31st March, 2014

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	38,78,42,420	39,91,72,250
(b) Reserves & Surplus	3	165,07,02,500	162,09,80,147
(2) Non-current liabilities			
(a) Other Long Term Liabilities		8,00,00,000	8,00,00,000
(b) Long Term Provisions	4	21,05,40,691	20,14,73,968
(3) Current liabilities			
(a) Trade payables	5	25,90,484	9,35,989
(b) Other Current Liabilities	6	11,27,988	6,68,514
(c) Short Term Provisions	7	2,77,254	2,77,945
Total		233,30,81,337	230,35,08,813
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
- Tangible Assets	8	6,74,92,329	7,13,61,166
- Intangible Assets	8	51,785	86,307
(b) Non-current Investments	9	171,14,40,052	102,94,81,776
(c) Deferred tax assets (Net)	10	1,48,73,175	1,92,99,548
(d) Long-term loans and advances	11	12,93,86,085	16,55,77,885
(2) Current assets			
(a) Inventories- Share stock-in-trade	12	4,05,31,451	1,03,14,615
(b) Trade receivables	13	16,69,44,194	80,04,60,903
(c) Cash and cash equivalents	14	3,48,57,306	13,13,67,631
(d) Short-term loans and advances	15	16,58,07,511	7,29,89,935
(e) Other current assets	16	16,97,449	25,69,047
Total		233,30,81,337	230,35,08,813
Significant Accounting Policies	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: 080475

S.K.Agarwal
 Managing Director

May 26th, 2014
 New Delhi

K.K.Soni
 Director-Finance & CFO

H.Consul
 Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2014

(Amount in Rupees)

	Note No.	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
I Revenue from operations	17	3816,35,15,614	2322,12,87,580
II Other Income		1,37,243	62,518
III Total Revenue (I+II)		<u>3816,36,52,857</u>	<u>2322,13,50,098</u>
IV Expenses			
Purchase of Shares/Securities/Commodities		3807,36,44,086	2313,13,51,885
Change in stock of shares	18	(30,216,836)	11,68,097
Employee benefits expenses	19	1,19,19,058	1,03,21,069
Finance costs	20	1,96,508	15,55,398
Depreciation and Amortisation expense	8	41,97,817	48,73,393
Administrative & Other Expenses	21	6,23,54,039	3,49,21,621
V. Total Expenses		<u>3812,20,94,672</u>	<u>2318,41,91,463</u>
VI. Profit before tax (IV-V)		4,15,58,185	3,71,58,635
VII. Less: Tax Expenses			
Current Tax/MAT		23,11,035	71,04,995
Deferred Tax		44,26,373	1,15,94,251
VIII. Profit for the year (VI-VII)		<u>3,48,20,777</u>	<u>1,84,59,389</u>
EARNING PER SHARE			
Basic Earning per Share (Rs.)		0.90	0.46
Diluted Earning per Share (Rs.)		0.88	0.46
Face Value per Share (Rs.)		10.00	10.00
Significant Accounting Policies	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:080475

 S.K.Agarwal
 Managing Director

 May 26th, 2014
 New Delhi

 K.K.Soni
 Director-Finance & CFO

 H.Consul
 Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS for the year ended 31st March, 2014

COMPANY OVERVIEW

The company is a public limited company registered under the Companies Act, 1956 and is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Calcutta Stock Exchange and Madras Stock Exchange. The company was Non-Banking Finance Company (NBFC) duly registered with Reserve Bank of India. The NBFC Certificate of Registration (CoR) with Reserve Bank of India (RBI) has voluntarily been surrendered by the Company during the year under review which has been accepted by RBI vide its letter dated 13/02/2014 w.e.f. 29/01/2014. The Company had applied for membership of Bombay Stock Exchange (BSE) during the year under review and the same has been approved by BSE vide letter dated 14/05/2014. The SEBI Registration Certificate in connection thereto is awaited.

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 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 Non-current investments and current investments.
- Non-current 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

1. 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.

2. 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.

3. 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 Statement of profit and loss.

(Amount in Rupees)

	As at 31st March, 2014	As at 31st March, 2013
2 SHARE CAPITAL		
AUTHORISED CAPITAL		
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)		
ISSUED CAPITAL		
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)		
SUBSCRIBED & PAID-UP CAPITAL		
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)		
Less: 11,32,983 Equity Shares of Rs. 10/-each		
fully paid-up for cash bought back on 11-02-2014	<u>1,13,29,830</u>	<u>0</u>
	<u>38,66,20,170</u>	<u>39,79,50,000</u>
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>38,78,42,420</u>	<u>39,91,72,250</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

	As at 31/03/ 2014		As at 31/03/ 2013	
	Number	In Rupees	Number	In Rupees
Equity Shares at the beginning of the year	3,97,95,000	39,79,50,000	3,97,95,000	39,79,50,000
Less : Equity Shares bought back	11,32,983	1,13,29,830	0	0
Equity Shares at the end of the year	3,86,62,017	38,66,20,170	3,97,95,000	39,79,50,000

NOTES FORMING PART OF FINANCIAL STATEMENTS for the year ended 31st March, 2014.

(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, 2014		As at 31st March, 2013	
	No of Share held	% of Holding	No. of Share held	% of Holding
VLS Capital Limited	1,23,42,227	31.92	1,23,26,339	30.97

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, whenever, proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

(Amount in Rupees)

	As at 31st March, 2014	As at 31st March, 2013
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3 RESERVES & SURPLUS

a) GENERAL RESERVE

As per last Balance Sheet	29,68,83,930	29,68,83,930
Total (a)	29,68,83,930	29,68,83,930

b) STATUTORY RESERVE

Opening Balance	13,02,13,355	12,65,21,477
Add: Transfer from surplus in the Statement of Profit & Loss	0	36,91,878
Closing Balance	13,02,13,355	13,02,13,355
Total (b)	13,02,13,355	13,02,13,355

c) SECURITY PREMIUM RESERVE ACCOUNT

As per last Balance Sheet	96,78,46,235	96,78,46,235
Less : Premium @ 4.50/- per share on 11,32,983 shares bought back on 11-02-2014	50,98,424	0
Total (c)	96,27,47,811	96,78,46,235

Of the above amount of Rs.96,27,47,811/-, an amount of Rs.4,74,33,750 is relating to share premium received on forfeited shares

d) CAPITAL REDEMPTION RESERVE ACCOUNT

Opening Balance	0	0
Add : Transfer from Surplus in the Statement of Profit & Loss towards 11,32,983 Equity Shares of Rs 10/- each fully paid up for cash bought back on 11-02-2014	1,13,29,830	0
Total (d)	1,13,29,830	0

8 FIXED ASSETS

(Amount in Rs.)

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2013	Additions during the year	Sales/ Adjustments	Cost As at 31-03-2014	Upto 31.03.2013	For the Year	Sales/ Adjustments	Upto 31-03-2014	As at 31-03-2014	As at 31.03.2013
TANGIBLE ASSETS											
Assets for own use:											
1	A Buildings	9,78,64,951	66,200	0	9,79,31,151	2,97,47,696	34,09,172	0	3,31,56,868	6,47,74,283	6,81,17,255
	B Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
	C Vehicles	42,00,931	0	0	42,00,931	23,90,101	4,68,622	0	28,58,723	13,42,208	18,10,830
	D Office Equipments	7,79,850	89,743	36,663	8,32,930	4,20,687	56,371	14,393	4,62,665	3,70,265	3,59,163
	E Furniture & Fixtures	8,75,623	70,694	0	9,46,317	7,45,246	23,665	0	7,68,911	1,77,406	1,30,377
	F Air Conditioners	10,74,892	6,500	0	10,81,392	5,58,379	72,486	0	6,30,865	4,50,527	5,16,513
	G Computers	12,25,803	83,591	0	13,09,394	9,47,832	1,26,156	0	10,73,988	2,35,406	2,77,971
	H Electrical Installations	2,44,954	0	0	2,44,954	2,28,094	2,345	0	2,30,439	14,515	16,860
	I Generator	4,30,905	0	0	4,30,905	3,98,709	4,478	0	4,03,187	27,718	32,196
2	Assets on Lease	120,66,66,568	0	0	120,66,66,568	120,66,66,568	0	0	120,66,66,568	1,00,000	1,00,000
	Total	131,40,53,212	3,16,728	36,663	131,43,33,277	124,26,92,046	41,63,295	14,393	124,68,40,948	6,74,92,329	7,13,61,166
INTANGIBLE ASSETS											
	Computer Software	3,04,000	0	0	3,04,000	2,17,693	34,522	0	2,52,215	51,785	86,307
	Grand Total	131,43,57,212	3,16,728	36,663	131,46,37,277	124,29,09,739	41,97,817	14,393	124,70,93,163	6,75,44,114	7,14,47,473
	Previous Year	131,41,24,661	16,76,347	14,43,796	131,43,57,212	123,93,29,539	48,73,393	12,93,193	124,29,09,739	7,14,47,473	7,47,95,122

9. NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2014	AS AT 31.03.2013	AS AT 31.03.2014	AS AT 31.03.2013
A. IN EQUITY SHARES					
1. Un-quoted & Fully Paid					
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
InvestIndiaEconomicFoundationPrivateLtd.	10	2,000	2,000	20,000	20,000
B S Traders P Ltd	100	0	2,55,000	0	3,50,00,000
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	2,77,100	13,85,50,000	13,85,50,000
VLS Capital Ltd	10	88,20,833	48,20,833	19,38,53,947	7,38,53,947
Dewdrop Career Solutions Pvt Ltd.	10	10,000	0	12,50,000	0
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
BMS IT Institute Pvt. Ltd.	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
		SUB TOTAL (A-I)		82,03,22,187	73,40,72,187
2. Quoted & Fully Paid					
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
ACCLEYA KALE SOLUTIONS LTD.	10	3,00,000	87,337	12,42,69,774	3,07,29,484
ADITYA BIRLA CHEMICALS (INDIA) LTD.	10	2,00,000	0	2,82,35,226	0
BANK OF BARODA	10	1	1	251	251
BHARAT HEAVY ELECTRICALS LTD.	2	0	1,500	0	3,12,414
BLISS GVS PHARMA LTD	1	3,26,000	21,990	1,00,85,795	6,65,638

NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2014	AS AT 31.03.2013	AS AT 31.03.2014	AS AT 31.03.2013
BANCO PRODUCTS (INDIA) LTD.	2	5,00,000	0	3,16,06,167	0
CEAT LTD.	10	7,70,414	0	17,13,10,278	0
CENTUM ELECTRONICS LTD.	10	43,849	0	76,02,421	0
DOLPHIN OFFSHORE ENTERPRISES (India) LTD	10	1,00,000	0	82,59,949	0
ESSEL PROPACK LTD.	2	1,50,000	0	74,24,960	0
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813
GODAVARI POWER & ISPAT LTD.	10	0	200	0	20,196
HIND OIL EXPLORATION LTD.	10	0	1,200	0	3,76,253
HIMATSINGKA SEIDE LTD	5	0	1,000	0	38,073
HDFC BANK LTD	2	0	100	0	64,318
HT MEDIA LTD.	2	5,00,000	0	3,98,30,997	0
INDRAPRASTHA MEDICAL CORPORATION LTD.	10	2,937	4,000	1,01,602	1,38,506
ITC LTD	1	500	500	97,020	97,020
ICICI BANK LTD	10	0	100	0	1,09,374
IFGL REFRACTORIES LTD.	10	2,02,810	0	1,24,22,867	0
IGARASHI MOTORS INDIA LTD.	10	2,00,000	0	2,50,80,769	0
JP ASSOCIATES LTD.	2	0	2,750	0	2,02,155
JSW ENERGY LTD.	10	0	700	0	43,356
NTPC LTD.	10	0	250	0	38,879
MERCATOR LINES LTD.	1	0	3,000	0	87,440

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

NON-CURRENT INVESTMENTS (at cost)					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2014	AS AT 31.03.2013	AS AT 31.03.2014	AS AT 31.03.2013
MUNJAL SHOWA LTD.	2	2,00,000	0	1,53,60,017	0
NANDAN DENIM LTD.	10	3,40,199	0	1,18,67,097	0
NEO CORP. INTERNATIONAL LTD	10	13,54,436	0	1,57,66,409	0
ORISSA SPONGE LTD.	10	2,936	2,936	16,13,828	16,13,828
ORIENT REFRACTORIES LTD	1	5,00,000	0	2,78,28,797	0
POLARIS FINANCIAL TECHNOLOGY LTD.	5	2,50,000	0	3,89,81,264	0
RELAXO FOOTWEAR LTD (++)	1	45,28,880	9,05,776	3,41,85,749	3,41,85,749
RELIANCE INDUSTRIES LTD.	10	900	1,000	8,88,432	9,91,343
RELIANCE MEDIA WORKS LTD.	5	0	500	0	1,11,689
RUNEECHA TEXTILES LTD..	10	3,57,600	3,57,600	17,88,000	17,88,000
SUJANA METAL LTD..	5	0	4,000	0	32,383
SURANA INDUSTRIES LTD.	10	0	4,50,000	0	6,41,67,120
TATA MOTORS LTD.	10	0	500	0	1,34,769
TATA STEEL LTD.	10	300	300	2,05,413	2,05,413
TAMILNADU NEWSPRINT AND PAPERS LTD.	10	4,00,000	0	5,20,91,292	0
TECHNOCRAFT INDUSTRIES (INDIA) LTD.	10	6,992	0	6,31,703	0
UFLEX LTD.	10	1,400	1,400	2,12,700	2,12,700
TCI INDUSTRIES LTD.	10	9,699	9,699	5,76,607	5,76,607
WELSPUN INDIA LTD.	10	5,000	0	3,41,333	0
CLARIS LIFESCIENCES LTD.	10	800	0	1,56,635	0
STRIDES ARCOLAB LTD.	10	72,527	0	6,38,27,883	0
SUB-TOTAL (A-2)				73,38,22,456	13,81,14,180
B. IN EQUITY SHARES OF SUBSIDIARIES					
Un-quoted & Fully Paid-up					
VLS Securities Ltd.	10	1,49,50,000	1,49,50,000	14,95,00,000	14,95,00,000
VLS Asset Management Ltd.	10	70,100	70,100	7,01,000	7,01,000
SUB-TOTAL B				15,02,01,000	15,02,01,000
TOTAL C (A1+A2+B)				1,70,43,45,643	102,23,87,367
I. Aggregate value of quoted investments			At Cost	73,38,22,456	13,81,14,180
			Market Value	232,47,72,766	61,60,12,038
II. Aggregate value of un-quoted investments - In Subsidiaries			At Cost	15,02,01,000	15,02,01,000
- Others			At Cost	82,03,22,187	73,40,72,187
E. INVESTMENT IN IMMOVABLE PROPERTIES:-				70,94,409	70,94,409
TOTAL (D)				70,94,409	70,94,409
GRAND TOTAL (C+D)				1,71,14,40,052	102,94,81,776

(+) Bonus Shares received, hence cost of acquisition is NIL

(++) Face value has been reduced from Rs. 5 to Rs. 1 on account of Split and there is corresponding increase in number of shares

(Amount in Rupees)

	As at 31st March, 2014	As at 31st March, 2013
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10 Deferred tax

a) Deferred tax Assets		
i) Accumulated Losses	3,52,70,590	4,08,31,712
ii) Employee Benefits	1,91,935	1,70,511
Total (a)	3,54,62,525	4,10,02,223
b) Deferred tax Liabilities		
i) Depreciation on Fixed Assets	2,05,89,350	2,17,02,675
Total (b)	2,05,89,350	2,17,02,675
Deferred tax assets (net)	(Total a-b) 1,48,73,175	1,92,99,548

11 Long Term Loans and advances

A) Unsecured, considered good		
i) Loans & Advances to Related Parties		
Loans to subsidiaries	9,19,595	9,18,572
Total (i)	9,19,595	9,18,572
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	3,17,216	1,87,373
Total (iii)	3,17,216	1,87,373
iv) Advances recoverable in cash or in kind or for value to be received-	10,01,997	27,29,093
Total (iv)	10,01,997	27,29,093

v) Security Deposit with Govt Department	1,500	1,500
vi) Security Deposit with others	15,92,124	14,91,324
vii) Margin Money deposit with share brokers	0	3,00,00,000
viii) Advance Income Tax and Tax Deducted at Source	6,61,12,350	6,84,97,685
Less: Tax Provisions	2,05,58,697	1,82,47,662
Total (viii)	4,55,53,653	5,02,50,023
Total A (i+ii+iii+iv+v+vi+vii+viii)	12,93,86,085	16,55,77,885

B) Doubtful

Advances recoverable in cash or in kind or for value to be received-	71,26,220	71,26,220
Less: Provision for Bad & Doubtful Debts	71,26,220	71,26,220
Total B	0	0
Total (A+B)	12,93,86,085	16,55,77,885

12 INVENTORIES-SHARE STOCK IN TRADE

(At Cost or market price, whichever is lower)

Name of the Company	As on 31.03.2014		As on 31.03.2013	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Stock of Quoted Equity shares (Fully Paid)				
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	7,560	1,000	9,190
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	3,903	10	3,461
SOUTH ASIAN ENTERPRISES LTD	17,11,289	2,12,19,984	17,11,289	1,03,01,960
SWEDE INDIA LTD	200	1	200	1
AXIS LIQUID FUND	13,387	1,90,00,000	0	0
RELIANCE LIQUID FUND	97	3,00,000	0	0
Total	20,39,683	4,05,31,451	20,26,199	1,03,14,615

(Amount in Rupees)

	As at 31st March, 2014	As at 31st March, 2013
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13 Trade Receivables

a) Unsecured-Considered good		
Due from share brokers		
1. Due for more than six months	0	0
2. Others	16,69,44,194	80,04,60,903
Total (a)	16,69,44,194	80,04,60,903
b) Doubtful		
Instalments Receivable		
1. Due for more than six months	0	30,24,030
2. Others	0	0
Sub-total	0	30,24,030
Less: Provision for Bad & Doubtful Debts	0	30,24,030
Total (b)	0	0
Total (a+b)	16,69,44,194	80,04,60,903

14 Cash and Cash Equivalents

a) Cash on Hand	14,14,614	19,70,246
b) Balances with banks		
1. In Current Accounts	1,22,67,593	18,20,638
2. In Fixed Deposits (*)	2,11,75,099	12,75,76,747
(*) Fixed Deposits with banks include deposits of Rs. NIL (Previous Year: Rs. 100.00 lacs) with maturity of more than 12 months.		
Total (a+b)	3,48,57,306	13,13,67,631

15 Short Term Loans and advances

Unsecured, considered good		
i) Advances to Related Parties		
Receivables from subsidiaries	44,86,287	7,42,764
Margin Money with subsidiaries	11,40,00,000	10,00,000
ii) Loans and advances	6,00,000	8,00,000
iii) Staff Loans and advances	6,78,352	6,11,529
iv) Advances Recoverable in cash or in kind or for value to be received	34,59,548	98,29,800
v) Margin Money deposit with share brokers	4,25,00,000	5,99,00,000
vi) Prepaid Expenses	83,324	1,05,842
Total	16,58,07,511	7,29,89,935

16 Other Current Assets

a) Interest Accrued but not due	16,97,449	25,63,647
b) Interest Receivables	0	5,400
Total	16,97,449	25,69,047

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS (Contd..)

(Amount In Rupees)

	Period ended 31st March, 2014	Year ended 31st March, 2013
17 REVENUE FROM OPERATIONS		
Sale of Shares/Securities/Commodities	3805,22,35,121	2326,50,78,382
Income from Other credit operations	2,13,57,281	1,79,47,838
Income from Investments	8,99,23,212	(61,871,520)
Bad Debts Recovered (Net)	0	1,32,880
Total	3816,35,15,614	2322,12,87,580
18 CHANGE IN STOCK OF SHARES		
Closing Stock of Shares	4,05,31,451	1,03,14,615
Less: Opening Stock of Shares	1,03,14,615	1,14,82,712
Change in Stock of Shares -Increase / (Decrease)	3,02,16,836	(1,168,097)
19 EMPLOYEE BENEFITS EXPENSES		
Salaries	1,04,45,822	90,57,086
Staff Amenities	5,18,476	4,27,994
Employer's Contribution to PF, ESI, Gratuity Fund etc.	9,54,760	8,35,989
Total	1,19,19,058	1,03,21,069
20 FINANCE COST		
Bank / Finance Charges	25,307	10,912
Other borrowing costs	1,71,201	15,44,486
Total	1,96,508	15,55,398
21 ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Business Promotion	26,07,630	17,05,898
Consultancy, Legal & Service Charges	2,52,13,385	1,50,77,346
Communication Expenses	26,99,283	8,48,412
Electricity & Water Charges	5,29,159	4,57,763
Insurance	42,639	29,155
Office Expenses	35,38,565	23,65,920
Shares Transaction Charges	16,867	11,520
Travelling Expenses & Conveyance	37,66,089	16,31,622
Rates & Taxes	56,18,670	18,93,246
Rent	42,00,000	42,00,000
Repairs & Maintenance		
—Others	10,78,973	20,95,637
Miscellaneous Expenses	34,21,389	39,38,325
Auditors' Remuneration		
a) Audit Fees	1,46,068	1,34,832
b) For Other Services		
—For Tax audit	67,416	56,180
— For certification	2,92,800	1,40,300
—Out of pocket expenses	35,000	30,000
Internal Auditors' Remuneration		
— Fees	50,000	50,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	8,98,000	4,50,000
Provision for Non-performing Assets (Net)	59,75,970	(342,120)
Contingent Provisions against Standard Assets	0	10,750
Bad debts written off	21,24,030	0
Loss on sale/written off of Fixed Assets	21,820	1,26,903
Prior year expenses	2,286	1,932
Total	6,23,54,039	3,49,21,621

22. 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
Bank Deposits include fixed deposits of Rs.2,11,75,099/- (Previous Year – Rs.3,86,76,747/-) pledged with the banks as security for availing overdraft facilities.
- As for most part of the year under review, the Company was NBFC, 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 01.04.2013		Purchases		Sales		Closing Stock in trade as on 31.03.2014	
	Qty.*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.
Shares	2026199	10314615	19519202	4583552241	19519202	4543157395	2026199	21231451
(Previous year)	2026199	11482712	190925	94483979	190925	94476646	2026199	10314615
Commodities	Nil	Nil	13004123810	119898	13024983695	Nil	Nil	Nil
(Previous year)	Nil	Nil	95094	23036867905	95094	23170601736	Nil	Nil
Liquid Fund	Nil	Nil	335370422	20485968035	335356938	20484094031	13484	19300000
(Previous year)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Quantity of Shares is in numbers, Quantity of Liquid fund is in units and of Commodities is in lots.

6. Income from investments include:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	7,54,10,266	17,67,390

- Interest Receipts (Gross) Rs.1,76,17,281/- (inclusive of interest of Rs.81,46,851/- on Fixed Deposits and of Rs.90,20,938/- on margin money with share brokers and other interest received of Rs.4,49,492/-) (Previous Year Rs. 1,79,47,838/-, inclusive of interest of Rs.35,45,052/- on Fixed Deposits and Rs.1,42,19,788/- on margin money with share brokers and other interest received of Rs.1,82,998/-) grouped under Income from Operations includes Tax Deducted at Source amounting to Rs.17,58,779/- (Previous Year Rs. 17,92,451/-).
- 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:-
1) Shri S.K.Agarwal (Managing Director)
2) Shri K.K.Soni (Director Finance & CFO)

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	Rs.2,96,09,72,418 (Previous year Rs. 8,28,79,356)			
Sale of Securities	Rs.2,52,13,70,965 (Previous year Rs.5,62,55,295)			
Rent and other charges received	Rs.1,34,832 (Previous year Rs.1,20,000)	Rs. NIL (Previous year Rs. 7,357)		
Other charges paid	Rs.15,06,285 (Previous year. Rs.22,96,344)			
Remuneration to Managing Director			Rs.25,01,462 (Previous year. Rs. 22,71,662)	
Remuneration to Director-Finance & CFO - part of the year w.e.f. 14/11/2013			Rs. 3,73,621 (Previous year Rs. NIL)	
Due from Subsidiaries (including margin money deposits - outstanding balance as on 31.03.2014)	Rs.11,94,05,882 (Previous year. Rs. 16,61,336)			

11. Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal Managing Director	Paid to Shri K. K. Soni Director-Finance & CFO (w.e.f. 14/11/2013)
Remuneration	Rs. 19,50,000/- (Previous Year –Rs. 17,82,000/-)	Rs. 3,03,683/- (Previous Year –Rs. NIL)
Perquisites	Rs. 5,51,462/- (Previous Year –Rs. 4,89,662/-)	Rs 69,938 (Previous Year – Rs. NIL)

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 st March, 2014	Year ended 31 st March, 2013
Basic and Diluted		
Total Shares Outstanding	3,86,62,017	3,97,95,000
Profit after Taxes	Rs. 3,48,20,777	Rs. 1,84,59,389
EPS -Basic	Rs. 0.90	Rs. 0.46
EPS -Diluted	Rs. 0.88	Rs. 0.46

- Expenditure in Foreign Exchange:-
Foreign Travel Expenses Rs. 1,75,216/- (Previous year Rs. 41,588).
- A non interest bearing amount of Rs. 9,19,595/- (maximum amount outstanding during the year is Rs.9,18,572/-) is due from VLS Asset Management Ltd., the subsidiary of the Company.
- The Company remained an NBFC far most part of the year under review and was mainly engaged in finance business including dealing through stock Exchanges and Commodity Exchanges. As activities of the Company far most part of the year related to the 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.

16. 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 :-

Particulars	2013-14	2012-13
	(in Rupees)	
Employer's Contribution to Provident Fund	7,05,715	6,14,768
Employer's Contribution to Pension Fund	1,11,923	1,03,171

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 year 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, 2014 (in Rupees)	As at March 31, 2013 (in Rupees)
Change in present value of obligation		
Present value of obligation as at the beginning of the year	33,82,687	33,95,841
Current service cost	2,57,495	2,57,165
Interest cost	3,04,442	2,71,667
Actuarial (gain) / loss	(149,588)	(1,749,475)
Benefits paid	(37,315)	0
Present value of obligation as at the end of the year	37,57,721	21,75,198

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

Change in present value of obligation		
Fair Value of Plan Assets as at the beginning of the year	42,03,068	38,50,674
Expected return on plan assets	3,65,389	3,52,339
Contributions	0	55
Benefits paid	(37,315)	0
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair Value of Plan Assets as at the end of the year	45,31,142	42,03,068

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

Present value of obligation as at the end of the year	37,57,721	21,75,198
Fair Value of Plan Assets as at the end of the year	45,31,142	42,03,068
Excess of Fair value of Plan Assets over present value of obligations	7,73,421	20,27,870

III) Expenses charged to Profit & Loss Account

Expenses charged to Profit & Loss Account	46,960	0
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Main actuarial assumptions

Discount rate	9.00%	8.00%
Salary Escalation	5.00%	6.00%

Note:

Actuarial valuation has been taken as per Certificate issued by Registered Actuary. Till previous year, it was based on Certificate issued by LIC

17. 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, 2014	As at March 31, 2013
Change in present value of obligation		
Present value of obligation as at the beginning of the year	5,25,538	4,90,909
Current service cost	49,914	45,698
Interest cost	47,298	40,389
Actuarial (gain) / loss	(31,180)	(51,458)
Benefits paid	0	0
Present value of obligation as at the end of the year	5,91,570	5,25,538
Change in plan assets	Not Applicable	Not Applicable
Plan assets at the beginning of the year		
Expected return on plan assets		

Disclosure required under Accounting Standard 15 - Employee Benefits. (Contd.)

	As at March 31, 2014	As at March 31, 2013
Contribution by the Company		
Benefits paid		
Actuarial (gain) / loss		
Plan assets at the end of the year		
Liability recognised in the financial statement		
Cost for the year		
Current service cost	49,914	45,698
Interest cost	47,298	40,389
Return on plan assets	0	0
Actuarial (gain) / loss	(31,180)	(51,458)
Net cost	66,032	34,629
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
Present value of obligation as at the end of the year		
Current Liability	3,14,316	2,77,945
Non Current Liability	2,77,254	2,47,593
Total	5,91,570	5,25,538
Main actuarial assumptions		
Discount rate	9.00%	8.25%
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.

18. Provision for non-performing assets of Rs. 59,75,970/- is net off of Rs.30,24,030/- being excess provision written back of Non-performing assets/diminution in value of assets. (Previous year: Provision for Non-performing assets written back of Rs.3,42,120/- is net off of Rs.10,00,000/- being provision for Non-performing assets/diminution in value of assets).
19. 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.
20. Bad Debts written off during the year is Rs. 21,24,030/-(Previous year: Bad Debts recovery of Rs.1,32,880/- is net of bad debts written off of Rs.10,67,120).
21. Schedule to the Balance sheet of a non-deposit taking Non-Banking Financial Company, as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 has not been annexed with the Balance sheet as on 31/03/2014 as the Company has voluntarily surrendered the NBFC Certificate of Registration (CoR) during the year under review which has been accepted by RBI vide its letter dated 13/02/2014 w.e.f. 29/01/2014. In view of this, Statutory Reserve u/s 451C of the RBI Act, 1934 has not been created and Contingent Provisions against Standard Assets as per relevant guidelines of RBI has not been made in the financial statements.
22. During the year, 11,32,983 Fully Paid-up Equity Shares of Rs.10/-each have been bought back by the Company from the existing share holders at a price of Rs.14.50 per share and the Paid up Capital of the Company got reduced by Rs.1,13,29,830/-.
23. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/disclosure.
24. Notes 1 to 22 form an integral part of financial statements.

As per our report of even date

For Agiwal & Associates

(Firm Registration No: 000181N)

Chartered Accountants

For and behalf of the Board

(P.C.Agiwal)

Partner

M.No.080475

S.K.Agarwal

Managing Director

H.Consul
Company Secretary

K.K.Soni
Director-Finance & CFO

May 26, 2014
New Delhi

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

1. Name of the Subsidiary Company	VLS Securities Ltd.	VLS Asset Management Ltd.
2. Financial Year of the Subsidiary Company ended on	31.03.2014	31.03.2014
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 31.3.2014	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 31.3.2014	Net Profit Rs.22,98,091	Net Loss Rs.1,070
ii) For the previous Financial Year	Net Profit Rs.12,14,172	Net Loss Rs.1,068
b) Dealt within the accounts of VLS Finance Ltd.		
i) For the subsidiary's Financial Year ended on 31.3.2014	NIL	NIL
ii) For the previous financial years	NIL	NIL

Cash Flow Statement for the Year ended 31st March, 2014
(Rupees in Lacs)

	For the Year ended 31/03/2014		For the Year ended 31/03/2013	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		415.58		371.59
<i>Adjustments for:</i>				
Interest and Finance Charges	1.97		15.55	
Depreciation	41.98		48.73	
Loss on sale of Fixed Assets	0.22		1.27	
(Income)/Loss from Investments	(145.13)		636.39	
Dividend Income	(754.10)		(17.67)	
Leave encashment Provisions	0.66		0.35	
NPA Provisions and adjustments	59.76	(794.64)	(3.32)	681.30
Operating Profit before Working Capital Changes		(379.06)		1,052.89
<i>Adjustments for:</i>				
Trade & Other Payables	111.79		(205.80)	
Inventories	(302.17)		11.68	
Trade & Other Receivables	5,665.41	5,475.03	1,405.46	1,211.34
Cash Generated from Operations		5,095.97		2,264.23
Less: Taxes Paid (Net of Refunds)		(23.85)		65.23
Net Cash Flow from Operating Activities (A)		5,119.82		2,199.00
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Net Proceeds from Fixed Assets		(3.16)		(16.53)
Purchase of Shares (Net)		(6,669.62)		(940.64)
Dividend Income		754.10		17.67
Net Cash used/generated from Investing Activities (B)		(5,918.68)		(939.50)
C CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Bought back of Equity Share Capital (including securities premium)		(164.28)		0.00
Interest Paid		(1.97)		(15.55)
Net Cash Flow from Financing Activities (C)		(166.25)		(15.55)
Net Increase/ (Decrease) in Cash & Cash Equivalents(A+B+C)		(965.11)		(1,243.95)
Opening Balance of Cash & Cash Equivalents		1,313.68		69.73
Closing Balance of Cash & Cash Equivalents		348.57		1,313.68

Notes:-

- Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 211.75 lacs (Previous Year Rs.386.77 lacs), which are pledged with them as security for overdraft facility.
- Previous year's figures have been regrouped/reclassified wherever applicable.

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

P.C. Agiwal
Partner
M.No:080475

May 26th, 2014
New Delhi

For and behalf of the Board

S.K.Agarwal
Managing Director

K.K. Soni
Director-Finance & CFO

H. Consul
Company Secretary

VLS SECURITIES LIMITED

**REGD. OFF : 2nd FLOOR, 13, SANT NAGAR, EAST OF KAILASH,
NEW DELHI-110065, Ph: 011-46656666, FAX: 011-46656699
CIN: U74899DL1994PLC062123,**

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DIRECTORS' REPORT

To

The Members of **VLS SECURITIES LIMITED**

Your Directors are pleased to present the 20th Annual Report of your Company together with Audited Annual Accounts for the year ended on 31st March, 2014.

Financial Results

During the year under review, your Company generated gross revenue of Rs. 86.31 lacs as against Rs. 76.63 lacs in the previous year. The Company earned a post tax profit of Rs. 23.05 lacs for the year under review as against Rs. 12.18 lacs earned in the preceding year.

Dividend

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

Operations

Your Company earned brokerage of Rs. 31.95 lacs during the year under review, as compared to Rs. 3.39 lacs earned during the previous year. The Company is continuing its efforts to increase its retail broking business.

The Company is also doing business 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 a Category – I Merchant Banker and Portfolio Manager registered with SEBI.

During the Financial year 2013-14, the company proposed to raise the capital by issue of 2,50,000 equity shares through rights issue. However, the proposal could not be implemented due to non receipt of requisite approval from National Stock Exchange ("NSE") in terms of NSE rules in time. The NSE has not granted approval as on date as the Exchange has not accepted the treatment of fractional shares arising from rights issue by the Company. In view of this the Board is contemplating to withdraw the application and shelve the issue for time being.

The Company also proposed to set up a Wholly Owned Subsidiary (WOS) in UAE and step down subsidiaries in UK/UK territories. The subsidiaries shall undertake business in the areas of Wealth Management, AMC, Broking, Investment Banking and other financial services. The Company had applied to the NSE and SEBI for grant of requisite No Objection Certificate (NOC), the approval of which is awaited.

Future Outlook

During the year under review, the volatility maintained its visibility in stock market. The global scenario also portrayed instability in view of downtrend in developed economies. With improvement in global situation, the Indian markets are expected to improve 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 is 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 27/05/2013, 07/09/2013, 30/12/2013 and 31/03/2014 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.

Your Board has recommended subject to approval of members, the appointment of Shri P. K. Sharan and Shri R. K. Goswami as an Independent Directors in terms of Section 149 of the Companies Act, 2013, with effect from the date of the ensuing Annual General Meeting of your Company. Your Board on the recommendation of the Nomination and Remuneration Committee has also recommended for the approval of the Members for the change of terms of appointment of Shri S. K. Agarwal –Managing Director of the Company by making him liable to retire by rotation, as per the provisions of the Companies Act, 2013 with effect from the date of the ensuing AGM of your Company.

Appropriate resolutions seeking your approval to the aforesaid appointments are appearing in the Notice convening the 20th AGM of the Company. Shri P. K. Sharan and Shri R. K. Goswami by virtue of being Independent Directors of your Company in terms of the provisions of the Companies Act, 2013, will not be liable to retire by rotation during the period of their respective terms of appointment approved by the Members of the Company. The re-appointment of Independent Directors and change in the category of Executive Director has been made in order to comply with provisions of the Companies Act, 2013 which are required to be approved by the members.

Audit Committee

During the year, 2 meetings of the Audit Committee were held on 27/05/2013 and 30/12/2013. 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 31st March 2014, 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 31st March, 2014 on a going concern basis.

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 139 of the Companies Act, 2013 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. In terms of section 139 (2) read with Rule 6 of Companies (Audit and Auditors) Rules, 2014, the present auditors can be appointed for three consecutive terms of one year each starting from present proposal before being subjected to compulsory rotation of Auditors.

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.

Green initiative in Corporate Governance:

As a continuing endeavor towards the Go Green initiative the Company proposes to send future correspondence and documents like the notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form, to the email address provided by the Members. You may kindly note that as a Member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

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 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 regulatory authorities, Clients, Bankers and Associates.

For and on behalf of the Board of Directors

**Place : New Delhi
Date : 24/05/2014**

**S.K. Agarwal
Managing Director**

**K.K. Soni
Director**

INDEPENDENT AUDITORS' REPORT

To the members of VLS Securities Ltd.

Report on Financial Statements

We have audited the accompanying financial statements of VLS Securities Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow Statement of the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 227(3) of the Act, 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, Statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Statement of Profit and 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;
 - e) On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of The Companies Act 1956;

For Agiwal & Associates
(Firm Registration No.000181N)
Chartered Accountants
(Priyanka Goel)
Partner
Membership No. 531837

Place: New Delhi
Date: 24.05.2014

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN OUR REPORT OF EVEN DATE

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material

discrepancies were noticed on such verification.

- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of fixed assets having effect on going concern.
- (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 31-03-2014.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2014.
- (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) 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

(Priyanka Goel)
Partner
Membership No. 531837

Place: New Delhi
Date: 24.05.2014

BALANCE SHEET AS AT 31.03.2014 (Amount in Rs.)

Particulars	Note No	As at 31.03.2014	As at 31.3.2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	15,00,00,000	15,00,00,000
(b) Reserves and Surplus	4	1,00,44,565	7,738,788
Total 1		16,00,44,565	15,77,38,788
(2) Non-Current Liabilities			
(a) Long Term Provisions	5	2,41,796	2,27,565
Total 2		2,41,796	2,27,565
(3) Current Liabilities			
(a) Trade Payables	6	15,37,71,278	19,07,082
(b) Other Current Liabilities	7	8,90,104	4,80,314
(c) Short-Term Provision	8	7,043	6,353
Total 3		15,46,68,425	23,93,749
Total (1+2+3)		31,49,54,786	16,03,60,102
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	9	44,007	50,527
Intangible Assets		7,405	12,341
(b) Non-Current Investments	10	12,30,55,058	9,74,05,058
(c) Deferred Tax Assets (Net)	11	69,855	62,513
(d) Long-Term Loans and Advances	12	2,49,94,193	1,00,45,788
Total 4		14,81,70,518	10,75,76,227
(2) Current Assets			
(a) Trade Receivables	13	11,61,702	20,00,439
(b) Cash and Cash Equivalents	14	27,94,594	1,36,48,172
(c) Short-Term Loans and Advances	15	16,12,02,265	3,64,76,406
(d) Other Current Assets	16	16,25,707	6,58,858
Total 5		16,67,84,268	5,27,83,875
Total (4+5)		31,49,54,786	16,03,60,102

See accompanying notes forming part of financial statements

As per our report of even date

For Agiwal & Associates

(F. R. N. 000181N)

Chartered Accountants

Priyanka Goel
Partner
Membership No. 531837
Place : New Delhi
Date : 24.05.2014

For and on behalf of the Board

S.K. Agarwal
Managing Director

K.K.Soni
Director

T.B. Gupta
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

Particulars	Note No	Year Ended 31.03.2014	Year Ended 31.03.2013
I. Revenue from Operations	17	32,02,133	19,76,788
II. Other Income	18	54,29,577	56,86,691
III. Total Revenue (I+II)		86,31,765	76,63,479
IV. Expenses:			
Purchase (Securities)		6,702	16,35,796
Operating Expenses	19	7,21,262	8,77,546
Employee Benefit Expense	20	40,13,187	28,44,418
Depreciation and Amortization Expense		20,656	26,071
Other Expenses	21	12,84,370	10,72,099
Total Expenses (IV)		60,46,177	64,55,930
V. Profit/(Loss) before tax (III-IV)		25,85,588	12,07,549
VI. Less: Tax Expenses			
(1) Current Tax		2,87,153	-
(2) Deferred Tax		(7,342)	(10,684)
(2) Earlier Year Adjustment		-	-
VII. Profit After Tax		23,05,777	12,18,233
Less: Adjustment of Tax Provision of Earlier Year		-	-
VIII. Profit(Loss) For The Year (V-VI)		23,05,777	12,18,233
VIII. Earning Per Equity Share (of Rs.10/- each)			
Basic and Diluted		0.15	0.08

As per our report of even date

For Agiwal & Associates

(F. R. N. 000181N)

Chartered Accountants

Priyanka Goel
Partner
Membership No. 531837
Place : New Delhi
Date : 24.05.2014

For and on behalf of the Board

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. 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

- Fixed assets are stated at cost less accumulated depreciation.
- 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

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

- Investments are classified into non-current investments and current investments.
- Non-current 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.
- The Company follows 'FIFO method' for calculating the cost of each investment sold by the Company for determining the profit/loss.
- For quoted shares which are not traded in the stock exchanges, the total cost has been taken as Rs. 1/-

g) Taxation

- Provision for taxation is made on the basis of taxable profit in accordance with the Income Tax Act, 1961.
- 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 31.03.2014	Year ended 31.03.2013
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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	15,00,00,000
1,50,00,000 Equity shares (Previous Year 1,50,00,000 Equity Shares) of Rs.10/- each, fully paid up in cash	15,00,00,000	15,00,00,000

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

	As at 31.03.2014		As at 31.03.2013	
Equity Shares	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)
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.

	As at 31.03.2014	As at 31.03.2013
VLS Finance Ltd. (including 600 shares held through its nominees)	1,49,50,000	1,49,50,000

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

	As at 31.03.2014		As at 31.03.2013	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd. (including 600 shares held through its nominees)	1,49,50,000	99.67	1,49,50,000	99.67

Note 4
Reserves & Surplus
As per Last Balance Sheet

Opening Balance	77,38,788	65,20,555
Add: Profit for the year	23,05,777	12,18,233
Total	1,00,44,565	77,38,788

NOTE 9 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As on 01/04/2013	Additions during the year	Deletion during the year	As at 31.03.2014	Upto 01/04/2013	For the year	Adjustments	Upto 31.03.2014	Up to 31.03.2014	As at 31/03/2013
TANGIBLE ASSETS										
Computers	38,57,809	9,200	-	38,67,009	38,38,863	11,258	-	38,50,121	16,888	18,946
Office Equipments	2,88,205	-	-	2,88,205	2,59,969	3,928	-	2,63,897	24,308	28,236
Furniture & Fixtures	71,112	-	-	71,112	67,767	534	-	68,301	2,811	3,345
Sub-total (A)	42,17,126	9,200	-	42,26,326	41,66,599	15,720	-	41,82,319	44,007	50,527
INTANGIBLE ASSETS										
Software	1,04,000	-	-	1,04,000	91,659	4,936	-	96,595	7,405	12,341
Sub-total (B)	1,04,000	-	-	1,04,000	91,659	4,936	-	96,595	7,405	12,341
Total (A+B)	43,21,126	9,200	-	43,30,326	42,58,258	20,656	-	42,78,914	51,412	62,868
Previous Year	43,21,126	-	-	43,21,126	42,32,187	26,071	-	42,58,258	62,868	88,939

Note - 10

PARTICULARS	As at 31.03.2014	As at 31.03.2013
Non-Current Investments	Rs	Rs
Non trade -At cost-Fully paid up (QUOTED)		
Investment in Equity Instruments of Other entities		
40,75,000 (P.Y.8,15,000 Equity Shares of Rs.5/- each)		
Equity Shares of	9,72,35,355	9,72,35,355
Rs.1/- each of Relaxo Footwear Ltd.		
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
5000 (P.Y.5000) Equity Shares of Rs.1/- each of Lanco Infratech Limited	1,66,198	166,198
200 (P.Y.200) Equity Shares of Rs.10/- each of UTI Master Plus 91	3,252	3,252
4,50,000 (P.Y.Nil) Equity Shares of Rs.10/- Surana Industries Limited.	2,56,50,000	-
Total Non-Current Investment	12,30,55,058	9,74,05,058
Aggregate amount of quoted investments	12,30,55,058	9,74,05,058
Aggregate market value of quoted investments	1,22,06,51,162	47,98,15,325

	As at 31.03.2014	As at 31.03.2013
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Note 11
Deferred Tax

a. Deferred Tax Liabilities		
Depreciation on Fixed Assets	(7,037)	(9,768)
b. Deferred Tax Assets		
Employee Benefits	76,892	72,281
Net Deferred Tax Liabilities	69,855	62,513

Note 5
Long Term Provisions

Provision for Leave Encashment	2,41,796	2,27,565
Total	2,41,796	2,27,565

Note 6
Trade Payables

Related Party		
Holding Company	11,84,86,287	17,42,765
Others Payables	3,52,84,991	1,64,317
Total	15,37,71,278	19,07,082

Note 7
Other Current Liabilities

Statutory Liabilities	3,45,398	1,02,779
Others Payables	5,44,706	3,77,535
Total	8,90,104	4,80,314

Note 8
Short-Term Provisions

Provision for Leave Encashment	7,043	6,353
Total	7,043	6,353

Note 12
Long-Term Loans and Advances

(Unsecured, considered good)		
Deposits with Others	2,27,00,000	78,00,000
Advance Income Tax and Tax Deducted as source	18,97,581	30,13,723
Less : Provision for Taxation	(287,153)	(1,620,690)
Staff Loan and Advances	6,83,765	8,52,755
Total	2,49,94,193	1,00,45,788

Note 13
Trade Receivables

(Unsecured, considered good)		
Debts outstanding for a year exceeding 6 months from the date they are due for payment	-	-
Others	11,61,702	20,00,439
Total	11,61,702	20,00,439

Note 14
Cash & Cash Equivalents

Cash on Hand	11,940	6,169
Balance with Banks		
- Current Account	17,82,654	16,42,003
- Fixed Deposit with Banks*	10,00,000	1,20,00,000
Total	27,94,594	1,36,48,172

* Fixed deposits with bank include deposits of Rs.10 Lacs (Previous Year Rs.120 Lacs) with maturity of more than 12 months

Note 15
Short Term Loans & Advances

(Unsecured, considered good)		
Margin Deposit	15,98,00,000	3,58,00,000
Prepaid Expenses	7,25,672	1,05,879
Staff Loan and Advances	6,76,593	5,70,527
Total	16,12,02,265	3,64,76,406

Note 16
Other Current Assets

Interest Accrued but not due	14,92,039	6,24,993
Others	1,33,668	33,865
Total	16,25,707	6,58,858

Note 17
Revenue From Operations

Sale (Securities & Currency Derivatives)	6,685	16,37,604
Income from Brokerage	31,95,503	3,39,184
Total	32,02,188	19,76,788

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Note 18		
Other Income		
Interest on Fixed Deposit	37,41,107	44,48,403
Dividend Income	16,30,033	12,22,917
Gain on Sale of Investment in Shares	-	7,084
Income relating to earlier year	-	-
Miscellaneous Income	19,058	8,287
Misc. Provisions written back	39,379	-
Total	54,29,577	56,86,691

Note 19
Operating Expenditure

SEBI Fees	3,56,152	5,51,039
NSE Capital Market subscription	-	1,00,000
V-Sat Charges	8,257	1,01,674
Transaction and Other NSE Charges	3,56,853	1,24,833
Total	7,21,262	8,77,546

Note 20
Employee Benefit Expenses

Salaries and Wages	35,38,444	23,66,291
Staff Welfare Expenses	581	430
Contribution to Provident and other Funds	4,74,162	4,77,697
Total	40,13,187	28,44,418

Note 21
Other Expenses

Rent	60,000	60,000
Rates & Taxes	1,04,988	70,078
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and other Consultancy Charges	1,20,800	1,18,000
Repair & Maintenance	24,481	7,864
Travelling and Conveyance	4,41,769	3,89,556
Insurance	4,391	5,137
Miscellaneous Expenses	14,701	17,180
Business Promotion	1,53,830	1,03,355
News Papers, Books & Periodicals	1,12,879	78,021
Communication Expenses	1,31,180	1,10,123
Printing & Stationery	2,679	2,725
Directors Sitting Fee	8,000	8,000
Auditors Remuneration		
- Statutory Audit fees	16,854	16,545
- Tax audit fees	5,618	5,515
- Certification fees	2,200	-
- Out of pocket expenses	20,000	20,000
Total	12,84,370	10,72,099

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	Nil	Nil	Nil	Nil	Nil	Nil
Previous Year (Currency Derivatives)	Nil	Nil	4,81,000	16,35,796	4,81,000	16,37,604	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
Defined Benefit Plans
Long Term Compensated Absences as per actuarial valuation as on 31.03.2014

Actuarial Assumptions	Gratuity As at 31.03.2014	Gratuity As at 31.03.2013	Leave Encashment (Amount in Rs.)	
			As at 31.03.2014	As at 31.03.2013
Discount rate (per annum)	9%	8%	9%	8.25%
Salary Growth Rate rate of	5%	6%	5%	5%
Expected return	8.75%	-	NA	NA
Mortality	IAML 2006-08 Ultimate	-	IAML 2006-08 Ultimate	LIC 94- 96 Ultimate
I. Expenses recognized in statement of profit and loss				
Interest cost	1,36,250	1,13,850	21,053	17,671
Current service cost	97,387	38,554	14,084	14,482
Expected return on plan assets	(1,48,091)	(1,32,969)	(20,216)	(12,425)
Net actuarial loss/ (gain) recognized in the year	1,81,054	(61,633)	-	-
Net expenses recognized	2,66,600	(42,198)	14,921	19,728
II. Net liability/(assets) recognized in the balance sheet at the year end				
Present value of obligation at the end of period	19,28,583	15,13,892	2,48,839	2,33,918
Fair value of the plan asset at the end of period	18,79,177	16,86,474	2,48,839	2,33,918
Funded status [(surplus/ (deficit))]	49,406	1,72,582	(2,48,839)	(2,33,918)
Net asset/(liability) as at 31.03.2014	(49,406)	1,72,582	(2,48,839)	(2,33,918)
III. Change in present value of obligation during the year				
Present value of obligation at the beginning of period	15,13,892	14,23,121	2,33,918	2,14,190
Interest cost	1,36,250	1,13,850	21,053	17,671
Current service cost	97,387	38,554	14,084	14,482
Benefits paid	-	-	-	-
Actuarial loss/ (gain) on obligations	1,81,054	(61,633)	(20,216)	(12,425)
Present value of obligation at the year end	19,28,583	15,13,892	2,48,839	2,33,918
IV. Change in present value of fair value of plan assets				
Fair value of plan assets as at the beginning of period	16,86,474	14,68,066	-	-
Expected return on plan assets	1,48,091	1,32,969	-	-
Contributions	44,612	85,439	-	-
Benefits paid	-	-	-	-
Actuarial loss/ (gain)	-	-	-	-
Fair value of plan assets at the year end	18,79,177	16,86,474	-	-

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	
	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
Brokerage earned	26,38,005/-	1,01,067/-	Nil	Nil
Reimbursement amount claimed	15,06,285/-	22,96,344/-	Nil	Nil
Rent and other charges paid	1,20,000/-	1,20,000/-	Nil	Nil
Payable to Holding Company at the year end	11,84,86,287/-	17,42,764/-	Nil	Nil

28. Calculation of Earning per share

Particulars	Equivalent No. of Shares Year ended 31.03.2014	Equivalent No. of Shares Year ended 31.03.2013
Basic and diluted		
Total Shares outstanding	15,00,000	15,00,000
Weighted Average of Shares	1,50,00,000	1,50,00,000
Profits after taxes	23,05,777/-	12,18,233/-
EPS (In Rs.)	0.15	0.08

29. 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

Priyanka Goel

Partner

Membership No. 531837

Place : New Delhi

Date : 24.05.2014

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, 2014

	Amount (Rs.)	
	As at 31.03.2014	As at 31.03.2013
A. Cash Flow from Operating Activities		
Net Profit before Tax	25,85,588	12,07,549
Adjustments for:-		
Dividend Income	(1,630,033)	(1,22,917)
Depreciation	20,656	26,071
Profit from sale of Fixed Assets	-	-
Gain on Sale of Investments	-	(7,084)
Provision for Leave Encashment	14,921	19,728
	(1,594,456)	(1,184,202)
Operating Profit before Working Capital Changes	9,91,132	23,347
Adjusted for:		
Trade Payables	15,22,73,986	7,31,429
Trade and Other Receivables	(128,112)	(506,382)
Short Term Loans and Advances	124,725,859	1,27,884
	2,74,20,015	3,52,931
Cash Generated from Operations	2,84,11,147	3,76,278
Less: Tax Payment	(287,153)	-
Cash Flow from Operating Activities	2,81,23,994	3,76,278
Prior Period Items	-	-
Net Cash from Operating Activities	2,81,23,994	3,76,278
B. Cash Flow from Investing Activities		
Purchase of Investments	(25,650,000)	-
Sale of Investments	-	1,11,692
Additions in Fixed Assets	9,200	-
Long Term Loans and Advances	(14,948,405)	(967,815)
Proceeds from Sale of Fixed Assets	-	-
Dividend Income	16,30,033	12,22,917
Net Cash (used in)/ Generated from Investing Activities	(38,977,572)	3,66,794
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share	-	-
Interest paid	-	-
Net Cash (used in)/ Generated from Financing Activities	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(10,853,578)	7,43,072
Opening Balance of Cash & Cash Equivalents	1,36,48,172	1,29,05,100
Closing Balance of Cash & Cash Equivalents	27,94,594	1,36,48,172

As per our report of even date
For Agiwal & Associates
(F.R.N. 000181N)
Chartered Accountants
Priyanka Goel
Partner
Membership No.531837
Place : New Delhi
Date : 24.05.2014

For and on behalf of the Board

S.K. Agarwal Managing Director	K.K.Soni Director	T.B. Gupta Director
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VLS ASSET MANAGEMENT LTD.

REGD. OFF : 2nd FLOOR, 13, SANT NAGAR, EAST OF KAILASH,
NEW DELHI-110065, Ph: 011-46656666, FAX: 011-46656699
CIN: U74899DL1995PLC065812, email: vaml@vlsfinance.com

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 19th Annual Report of your Company together with the Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date.

Financial Results

The Company has incurred a loss of Rs. 1079/- 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 K. K. Soni and Shri Anurag Bhatnagar - Directors shall be retiring by rotation at the ensuing Annual General Meeting and being eligible has 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 31st March, 2014, 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 31st March, 2014 on a going concern basis.

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 139 of the Companies Act, 2013 to act as the Auditors of the Company, if appointed. The Board of Directors recommends their appointment. The Board may also be authorised to fix their remuneration.

Auditors Report

The observations made by Auditors M/s. Agiwal & Associates, Chartered Accountants 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
Date : 21/5/2014

S. K. Agarwal Director	S. C. Agarwal Director
----------------------------------	----------------------------------

INDEPENDENT AUDITORS' REPORT

To the members of VLS Asset Management Limited

We have audited the accompanying financial statements of VLS Asset Management Limited ("the Company") which comprise the balance sheet as at 31st March, 2014 and the statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Accounting issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- In the case of Statement of Profit and Loss, of the loss for the year ended on that date;
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date; and

Report on Other Legal and Regulatory Requirements

- as required by section 227(3) of the Act, we report that:
 - 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;
 - in our opinion, proper books of account as required by law have been kept by the Company so far as appeared from our examination of those books;
 - the Balance Sheet, Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
 - in our opinion, the Balance Sheet, Statement of Profit and Loss and the cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
 - on the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2014 from being appointed as a director in terms of clause (g) of sub-section (a) of section 274 of the Companies Act, 1956.
- 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.

For Agiwal & Associates
(Firm Registration No.000181N)
Chartered Accountants
(Priyanka Goel)
Partner
Membership No. 531837

Place: New Delhi
Date: 21.05.2014



BALANCE SHEET AS AT 31st MARCH, 2014		Amount in Rs.	
Particulars	Note No	As at 31.3.2014	As at 31.3.2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	7,07,000	7,07,000
(b) Reserves and Surplus	4	(1,616,047)	(1,614,968)
		<u>(909,047)</u>	<u>(907,968)</u>
(2) Non-Current Liabilities			
Long-Term Borrowings	5	9,19,954	9,18,932
		<u>9,19,954</u>	<u>9,18,932</u>
(3) Current Liabilities			
Other Current Liabilities	6	5,431	5,431
		<u>5,431</u>	<u>5,431</u>
Total		<u><u>16,338</u></u>	<u><u>16,395</u></u>
II. Assets			
(1) Non-current assets			
		-	-
(2) Current assets			
Cash and Cash Equivalents	7	16,338	16,395
		<u>16,338</u>	<u>16,395</u>
Total		<u><u>16,338</u></u>	<u><u>16,395</u></u>
Significant Accounting Policies	1		
Other notes forming part of the accounts	9 to 12		
As our report of even date For Agiwal & Associates (F.R.N. 000181N) Chartered Accountants		For and on behalf of the Board	
Priyanka Goel Partner	S.K.Agarwal Director	S.C.Agarwal Director	
Membership No. 531837 Place : New Delhi Date : 21.05.2014			

STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH, 2014			
Amount in Rs.			
Particulars	Note No	Year Ended 31.3.2014	Year Ended 31.3.2013
I. Revenue from Operations		-	-
II. Other Income		-	-
III. Total Revenue (I +II)		<u>-</u>	<u>-</u>
IV. Expenses:			
Employee Benefit Expense		-	-
Financial Costs		-	-
Depreciation and Amortization Expense		-	-
Other Expenses	8	1,079	1,077
Total Expenses (IV)		<u>1,079</u>	<u>1,077</u>
V. Profit/(Loss) before tax (III-IV)		(1,079)	(1,077)
		<u>(1,079)</u>	<u>(1,077)</u>
VI. Profit/(Loss) for the year		<u>(1,079)</u>	<u>(1,077)</u>
VII. Earning per equity share (OF Rs.10/- each)			
Basic and Diluted		(0.015)	(0.015)
Significant Accounting Policies	1		
Other notes forming part of the accounts	9 to 12		
As our report of even date For Agiwal & Associates (F.R.N. 000181N) Chartered Accountants		For and on behalf of the Board	
Priyanka Goel Partner	S.K.Agarwal Director	S.C.Agarwal Director	
Membership No. 531837 Place : New Delhi Date : 21.05.2014			

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 1
Corporate Overview

The Company was incorporated to function as Asset Management Company of the Mutual Fund proposed to be floated by VLS Finance Ltd., the Holding Company. However, it could not take up business because the said proposal was shelved due to 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

	As at 31.03.2014	As at 31.3.2013
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
	<u>10,00,00,000</u>	<u>10,00,00,000</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

Equity Shares	As at 31.03.2014		As at 31.3.2013	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	70,700	7,07,000	70,700	7,07,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>70,700</u>	<u>7,07,000</u>	<u>70,700</u>	<u>7,07,000</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.

	As at 31.03.2014	As at 31.3.2013
VLS Finance Ltd.	7,07,000	7,07,000
(along with nominee shareholder of VLS Finance Ltd.)		

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

VLS Finance Ltd.	As at 31.03.2014		As at 31.3.2013	
	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

	As at 31.03.2014	As at 31.3.2013
Surplus		
At the Beginning of the Accounting year	(1,614,968)	(1,613,891)
Additions during the year	(1,079)	(1,077)
Total	<u>(1,616,047)</u>	<u>(1,614,968)</u>

Note 5
Unsecured Long Term Borrowings

From Holding Company i. e. VLS Finance Ltd.

	As at 31.03.2014	As at 31.3.2013
(Non- interest bearing)	9,19,594	9,18,572
Director Loan	360	360
Total	<u>9,19,954</u>	<u>9,18,932</u>

Note 6
Other Current Liabilities

	As at 31.03.2014	As at 31.3.2013
Audit Fee Payable	5,431	5,431
Total	<u>5,431</u>	<u>5,431</u>

Note 7
Cash & Cash Equivalents

	As at 31.03.2014	As at 31.3.2013
(a) Balance with Banks		
- Current Account	16,338	16,395
(b) Cash-in-Hand	-	-
Total	<u>16,338</u>	<u>16,395</u>

Note 8
Other Expenses

	As at 31.03.2014	As at 31.3.2013
Filing Charges	1,022	1,021
Bank Charges	57	56
Total	<u>1,079</u>	<u>1,077</u>

9 Deferred Tax Liability/ Deferred Tax Asset
There is no deferred tax asset/liability for 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 at 31.03.2014	As at 31.03.2013
Holding Company	Opening Balance	9,18,932	9,17,911
	Transactions during the year	1,022	1,021
	Closing Balance	9,19,954	9,18,932

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

S. No.	Particulars	Year Ended 31 st March 2014	Year Ended 31 st March 2013
1.	Net Profit/Loss after Tax	(1,079)	(1,077)
2.	Weighted Average number of Equity Shares	70,700	70,700
3.	Face value per Share	10	10
4.	Basic & Diluted Earning Per Share	(0.015)	(0.015)

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

As our report of even date

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

Chartered Accountants

Priyanka Goel
Partner

Membership No. 531837

Place : New Delhi

Date : 21.05.2014

For and on behalf of the Board

S.K.Agarwal
Director

S.C.Agarwal
Director

consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, based on our audit and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Agiwal & Associates
Chartered Accountants
(FRN : 000181N)

(P.C.Agiwal)

Partner

(M.No. 080475)

Place : New Delhi

Date: 26th May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31st March, 2014

(Amount in Rupees)

Cash Flow Statement for the Year ended 31st March 2014		
	As at 31.03.2014	As at 31.03.2013
A. Cash Flow from operating activities		
Net Profit (Loss) before Tax	(1079)	(1077)
Adjustment for :-		
Operating Profit before working capital changes	(1079)	(1077)
Increase / (Decrease) in trade payables & Others	-	-
Cash Generated from Operations	(1079)	(1077)
Net Cash From Operating Activities	(1079)	(1077)
B. Cash Flow From Financing activities		
Proceeds from borrowings	1079	1077
Net Cash From Financing Activities	1079	1077
Net increase in Cash & Cash Equivalents (A+B)	-	-
C. Cash & Cash Equivalents at the beginning of the Year	16395	16451
D. Cash & Cash Equivalents at the end of the year	16338	16394
Increase/(Decrease) in Cash & Cash Equivalents (D-C)	(57)	(56)

As per our report of even date attached hereto

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

For & on behalf of the Board of Directors

Chartered Accountants

Priyanka Goel
Partner

S.K.Agarwal
Director

S.C.Agarwal
Director

Membership No. 531837

Place : New Delhi

Date : 21.05.2014

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of **VLS FINANCE LIMITED** on the Consolidated Financial Statements of VLS Finance Limited and its Subsidiaries.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of VLS FINANCE LIMITED ("the Parent Company"), and its subsidiaries namely VLS Securities Limited and VLS Asset Management Limited which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	38,78,42,420	39,91,72,250
(b) Reserves & Surplus	3	165,91,06,682	162,70,87,309
(2) Minority Interests			
(a) Share Capital		5,06,000	5,06,000
(b) Reserves & Surplus		16,658	12,606
- Opening		7,677	4,052
- Add: For the year			
		24,335	16,658
(3) Non-current liabilities			
(a) Other Long Term Liabilities	4	8,00,00,360	8,00,00,360
(b) Long Term Provisions	5	21,07,82,487	20,17,01,533
(4) Current liabilities			
(a) Trade payables	6	3,84,25,612	11,05,738
(b) Other Current Liabilities	7	14,73,386	11,48,828
(c) Short Term Provisions	8	2,84,297	2,84,298
Total		237,84,45,579	231,10,22,974
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
- Tangible Assets	9	6,75,36,336	7,14,11,693
- Intangible Assets	9	59,190	98,648
(b) Non-current Investments	10	168,42,94,110	97,66,85,834
(c) Deferred tax assets (Net)	11	1,49,43,030	1,93,62,061
(d) Long-term loans and advances	12	15,34,60,683	17,47,05,101
(2) Current assets			
(a) Inventories- Share stock-in-trade	13	4,05,31,451	1,03,14,615
(b) Trade receivables	14	16,81,05,896	80,24,61,342
(c) Cash and cash equivalents	15	3,76,68,238	14,50,32,198
(d) Short-term loans and advances	16	20,85,23,489	10,77,23,577
(e) Other current assets	17	33,23,156	32,27,905
Total		237,84,45,579	231,10,22,974
Significant Accounting Policies	1		

As per our report of even date.

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

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

P.C. Agiwal
Partner

M.No. 080475

May 26th, 2014
New Delhi

K.K.Soni
Director-Finance & CFO

H.Consul
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2014				(Amount in Rupees)	
	Note No	For the year ended on 31st March, 2014		For the year ended 31st March, 2013	
I Revenue from operations	18	3817,20,88,942		2322,89,42,772	
II Other Income		1,35,680		10,805	
III Total Revenue (I+II)		3817,22,24,622		2322,89,53,577	
IV Expenses					
Purchase of Shares/Securities/Commodities		3807,36,50,788		2313,29,87,681	
Change in stock of shares	19	(30,216,836)		11,68,097	
Employee benefits expense	20	1,59,32,245		1,31,65,487	
Finance costs	21	1,97,607		15,55,454	
Depreciation and Amortisation expense	9	42,18,473		48,99,464	
Administrative & Other Expenses	22	6,42,99,652		3,68,12,287	
V. Total Expenses		3812,80,81,929		2319,05,88,470	
VI. Profit before tax (IV-V)		4,41,42,693		3,83,65,107	
VII. Less: Tax Expenses					
Current Tax /MAT		25,98,188		71,04,995	
Deferred Tax		44,19,031		1,15,83,567	
VIII. Profit before Minority interest share of P/L (VI-VII)		3,71,25,474		1,96,76,545	
Less: Minority Interest share on Profit		7,677		4,052	
IX Profit for the year		3,71,17,797		1,96,72,493	
EARNING PER SHARE					
Basic Earning per Share (Rs.)		0.96		0.49	
Diluted Earning per Share (Rs.)		0.94		0.49	
Face Value per Share (Rs.)		10.00		10.00	
Significant Accounting Policies	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 26th, 2014
New Delhi

For and behalf of the Board

S.K.Agarwal
Managing Director

K.K.Soni
Director-Finance & CFO

H.Consul
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2014

HOLDING COMPANY OVERVIEW (VLS FINANCE LIMITED)

The Holding company is a public limited company registered under the Companies Act, 1956 and is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Calcutta Stock Exchange and Madras Stock Exchange. The Holding company was Non-Banking Finance Company (NBFC) duly registered with Reserve Bank of India. The NBFC Certificate of Registration (CoR) with Reserve Bank of India (RBI) has voluntarily been surrendered by the Holding Company during the year under review which has been accepted by RBI vide its letter dated 13/02/2014 w.e.f. 29/01/2014. The Holding Company had applied for membership of Bombay Stock Exchange (BSE) during the year under review and the same has been approved by BSE vide letter dated 14/05/2014. The SEBI Registration Certificate in connection thereto is awaited.

I. SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENTS:-

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.

(Amount in Rupees)

As at 31st March, 2014 As at 31st March, 2013

2. SHARE CAPITAL

AUTHORISED CAPITAL

15,00,00,000 Equity Shares of Rs.10/- each **150,00,00,000** 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 **40,26,25,000** 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 **39,79,50,000** 39,79,50,000
(Previous year 3,97,95,000 Equity Shares of Rs.10/- each)

Less: 11,32,983 Equity Shares of Rs.10/- each fully paid-up for cash bought back on 11/02/2014 **1,13,29,830** 0

38,66,20,170 39,79,50,000

Add: Amount forfeited on 4,67,500 Equity Shares **12,22,250** 12,22,250
(Previous year 4,67,500 Equity Shares) **38,78,42,420** 39,91,72,250

(of the above, 3,31,62,500 equity share fully paid-up has 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

	As at 31/03/2014		As at 31/03/2013	
	Number	In Rupees	Number	In Rupees
Equity Shares at the beginning of the year	3,97,95,000	39,79,95,000	3,97,95,000	39,79,50,000
Less: Equity Shares bought back	11,32,983	1,13,29,830	0	0
Equity Shares at the end of the year	3,86,62,017	38,66,20,170	3,97,95,000	39,79,50,000

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

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of shares held	% of Holding
VLS Capital Limited	1,23,42,227	31.92	1,23,26,339	30.97

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, whenever, 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 (Contd..)

(Amount in Rupees)

		(Amount in Rupees)				(Amount in Rupees)	
		As at	As at			As at	As at
		31st March, 2014	31st March, 2013			31st March, 2014	31st March, 2013
3 RESERVES & SURPLUS							
a) GENERAL RESERVE							
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) STATUTORY RESERVE							
Opening Balance		13,02,13,355	12,65,21,477				
Add: Transfer from surplus in the Statement of Profit & Loss		<u>0</u>	<u>36,91,878</u>				
Closing Balance	Total (b)	<u>13,02,13,355</u>	<u>13,02,13,355</u>				
c) SECURITY PREMIUM RESERVE ACCOUNT							
As per last Balance Sheet		96,78,46,235	96,78,46,235				
Less: Premium @ Rs. 4.50/- per share on 11,32,983 Equity Shares bought back on 11/02/2014		<u>50,98,424</u>	<u>0</u>				
	Total (c)	<u>96,27,47,811</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>							
d) CAPITAL REDEMPTION RESERVE ACCOUNT							
As per last balance sheet		0	0				
Add: Transfer from surplus in the statement of Profit & Loss towards 11,32,983 Equity Shares of Rs. 10/- Each fully paid-up for cash bought back on 11/02/2014		<u>1,13,29,830</u>	<u>0</u>				
	Total (c)	<u>1,13,29,830</u>	<u>0</u>				
e) SURPLUS IN STATEMENT OF PROFIT AND LOSS							
Opening Balance		23,21,43,789	21,76,38,743				
Less: Transfer to Capital Redemption Reserve account		<u>1,13,29,830</u>	<u>0</u>				
Add: Transfer from statement of Profit and loss		<u>3,71,17,797</u>	<u>1,96,72,493</u>				
Add: Prior Year Tax provisions and adjustments		<u>0</u>	<u>(1,475,569)</u>				
	Total	<u>25,79,31,756</u>	<u>23,58,35,667</u>				
				Less : Appropriations			
				-Statutory Reserve u/s 45IC of the RBI Act, 1934	0	36,91,878	
				Closing Balance	Total (e)	<u>25,79,31,756</u>	<u>23,21,43,789</u>
				Grand Total (a) to (e)	<u>165,91,06,682</u>	<u>162,70,87,309</u>	
4 Other Long-Term liabilities							
- Loan from Directors		360	360				
-Others		<u>8,00,00,000</u>	<u>8,00,00,000</u>				
	Total	<u>8,00,00,360</u>	<u>8,00,00,360</u>				
5 Long-Term provisions							
(a) Provision for Employee benefits		5,56,112	4,75,158				
(b) Provision for diminution in value of assets		<u>21,00,00,000</u>	<u>20,10,00,000</u>				
(c) Contingent Provisions against Standard Assets		<u>2,26,375</u>	<u>2,26,375</u>				
	Total	<u>21,07,82,487</u>	<u>20,17,01,533</u>				
6 Trade payables							
(a) Micro, Small and Medium Enterprises		0	0				
(b) Other trade payables		<u>3,84,25,612</u>	<u>11,05,738</u>				
	Total	<u>3,84,25,612</u>	<u>11,05,738</u>				
7 Other current liabilities							
(a) Statutory liabilities		14,73,386	7,71,293				
(b) Others		<u>0</u>	<u>3,77,535</u>				
	Total	<u>14,73,386</u>	<u>11,48,828</u>				
8 Short-Term provisions							
Provision for Employee benefits		2,84,297	2,84,298				
	Total	<u>2,84,297</u>	<u>2,84,298</u>				

9 FIXED ASSETS

(Amount in Rupees)

Sl. No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2013	Additions during the year	Sales Adjustments	Cost As at 31-03-2014	Upto 31.03.2013	For the year	Sales Adjustments	Upto 31-03-2014	As at 31-03-2014	As at 31.03.2013
TANGIBLE ASSETS											
1 Assets for own use:											
A Buildings		9,78,64,951	66,200	0	9,79,31,151	2,97,47,696	34,09,172	0	3,31,56,868	6,47,74,283	6,81,17,255
B Temporary Structures		6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
C Vehicles		42,00,931	0	0	42,00,931	23,90,102	4,68,622	0	28,58,724	13,42,207	18,10,829
D Office Equipments		10,68,060	89,743	36,663	11,21,140	6,80,657	60,299	14,393	7,26,563	3,94,577	3,87,403
E Furniture & Fixtures		9,46,737	70,694	0	10,17,431	8,13,011	24,199	0	8,37,210	1,80,221	1,33,726
F Air Conditioners		10,74,892	6,500	0	10,81,392	5,58,379	72,486	0	6,30,865	4,50,527	5,16,513
G Computers		50,83,613	92,791	0	51,76,404	47,86,703	1,37,414	0	49,24,117	2,52,287	2,96,910
H Electrical Installations		2,44,954	0	0	2,44,954	2,28,094	2,345	0	2,30,439	14,515	16,860
I Generator		4,30,905	0	0	4,30,905	3,98,709	4,478	0	4,03,187	27,718	32,196
2 Assets on Lease		120,66,66,568	0	0	120,66,66,568	120,66,66,568	0	0	120,66,66,568	1,00,000	1,00,000
		<u>131,82,70,346</u>	<u>3,25,928</u>	<u>36,663</u>	<u>131,85,59,611</u>	<u>124,68,58,653</u>	<u>41,79,015</u>	<u>14,393</u>	<u>125,10,23,275</u>	<u>6,75,36,336</u>	<u>7,14,11,693</u>
INTANGIBLE ASSETS											
Computer Software		4,08,000	0	0	4,08,000	3,09,352	39,458	0	3,48,810	59,190	98,648
Grand Total		<u>131,86,78,346</u>	<u>3,25,928</u>	<u>36,663</u>	<u>131,89,67,611</u>	<u>124,71,68,005</u>	<u>42,18,473</u>	<u>14,393</u>	<u>125,13,72,085</u>	<u>6,75,95,526</u>	<u>7,15,10,341</u>
Previous Year		131,84,45,795	16,76,347	14,43,796	131,86,78,346	124,35,61,734	48,99,464	12,93,193	124,71,68,005	7,15,10,341	7,48,84,061

10 NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	QUANTITY			AMOUNT (In Rs.)	
	FACE VALUE	AS AT 31.03.2014	AS AT 31.03.2013	AS AT 31.03.2014	AS AT 31.03.2013
A. IN EQUITY SHARES					
1. Un-quoted & Fully Paid					
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
B S Traders P Ltd	100	0	2,55,000	0	3,50,00,000
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	2,77,100	13,85,50,000	13,85,50,000
VLS Capital Ltd	10	88,20,833	48,20,833	19,38,53,947	7,38,53,947
Dewdrop Career Solutions Pvt. Ltd.	10	10,000	0	12,50,000	0
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
BMS IT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
	SUB-TOTAL (A-1)			<u>82,03,22,187</u>	<u>73,40,72,187</u>
2. Quoted & Fully Paid					
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
ACCELYA KALE SOLUTIONS LTD	10	3,00,000	87,337	12,42,69,774	3,07,29,484
ADITYA BIRLA CHEMICALS (INDIA) LTD	10	2,00,000	0	2,82,35,226	0

11 NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	QUANTITY			AMOUNT (In Rs.)	
	FACE VALUE	AS AT 31.03.2014	AS AT 31.03.2013	AS AT 31.03.2014	AS AT 31.03.2013
BANK OF BARODA	10	2	2	502	502
BHARAT HEAVY ELECTRICALS LTD	2	0	1,500	0	3,12,414
BLISS GVS PHARMA LTD	1	3,26,000	21,990	1,00,85,795	6,65,638
BANCO PRODUCTS (INDIA) LTD.	2	5,00,000	0	3,16,06,167	0
CEAT LTD.	10	7,70,414	0	17,13,10,278	0
CENTUM ELECTRONICS LTD.	10	43,849	0	76,02,421	0
DOLPHIN OFFSHORE ENTERPRISES (I) LTD.	10	1,00,000	0	82,59,949	0
D PHARMA LTD	10	200	200	1	1
ESSEL PROPAC LTD.	2	1,50,000	0	74,24,960	0
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813
GODAVARI POWER & ISPAT LTD	10	0	200	0	20,196
HIND OIL EXPLORATION LTD	10	0	1,200	0	3,76,253
HIMATSINGKA SEIDE LTD	5	0	1,000	0	38,073
HDFC BANK LTD	2	0	100	0	64,318
HT MEDIA LTD.	2	5,00,000	0	3,98,30,997	0
INDRAPRASTHA MEDICAL CORPORATION LTD.	10	2,937	4,000	1,01,602	1,38,506
ITC LTD	1	500	500	97,020	97,020
IFGL REFRACTORIES LTD.	10	2,02,810	0	1,24,22,867	0
ICICI BANK LTD	10	0	100	0	1,09,374
IGARASHI MOTORS INDIA LTD.	10	2,00,000	0	2,50,80,769	0
JP ASSOCIATES LTD	2	0	2,750		



CONSOLIDATED FINANCIAL STATEMENTS

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

NON-CURRENT INVESTMENTS (at cost)					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2014	AS AT 31.03.2013	AS AT 31.03.2014	AS AT 31.03.2013
JSW ENERGY LTD	10	0	700	0	43,356
LANCO INFRA TECH LTD	1	5,000	5,000	1,66,198	1,66,198
NTPC LTD	10	0	250	0	38,879
MERCATOR LINES LTD	1	0	3,000	0	87,440
MUNJAL SHOWA LTD.	2	2,00,000	0	1,53,60,017	0
NANDAN DENIM LTD.	10	3,40,199	0	1,18,67,097	0
NEO CORP INTERNATIONAL LTD.	10	13,54,436	0	1,57,66,409	0
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828
ORIENT REFRACTORIES LTD.	1	5,00,000	0	2,78,28,797	0
PUNJAB WIRELESS LTD	10	500	500	1	1
POLARIS FINANCIAL TECHNOLOGY LTD.	5	2,50,000	0	3,89,81,264	0
RELAXO FOOTWEAR LTD (++)	1	86,03,880	17,20,776	13,14,21,104	13,14,21,104
RELIANCE INDUSTRIES LTD.	10	900	1,000	8,88,432	9,91,343
RELIANCE MEDIAWORKS LTD.	5	0	500	0	1,11,689
RUNEECHA TEXTILES LTD	10	3,57,600	3,57,600	17,88,000	17,88,000
SUJANA METAL LTD.	5	0	4,000	0	32,383
SURANA INDUSTRIES LTD.	10	4,50,000	4,50,000	2,56,50,000	6,41,67,120
TATA MOTORS LTD	10	0	500	0	1,34,770
TATA STEEL LTD	10	300	300	2,05,413	2,05,413
TAMILNADU NEWSPRINT AND PAPERS LTD.	10	4,00,000	0	5,20,91,292	0
TECHNOCRAFT INDUSTRIES (INDIA) LTD.	10	6,992	0	6,31,703	0
UFLEX LTD.	10	1,400	1,400	2,12,700	2,12,700
TCI INDUSTRIES LTD.	10	9,699	9,699	5,76,607	5,76,607
WELSPUN INDIA LTD.	10	5,000	0	3,41,333	0
CLARIS LIFESCIENCES LTD.	10	800	0	1,56,635	0
STRIDES ARCOLAB LTD.	10	72,527	0	6,38,27,883	0
UTIMASTER PLUS 91	0	200	0	3,252	3,252
SUB-TOTAL (A-Z)				85,68,77,514	23,55,19,238
Total B (A1+A2)				1167,71,99,701	96,95,91,425
I. Aggregate value of quoted investments			At Cost	85,68,77,514	23,55,19,238
			Market Value	354,54,23,928	109,58,27,363
II. Aggregate value of un-quoted investments		Others	At Cost	82,03,22,187	73,40,72,187
D. INVESTMENT IN IMMOVABLE PROPERTIES:-				70,94,409	70,94,409
TOTAL (C)				70,94,409	70,94,409
GRAND TOTAL (B+C)				1,68,42,94,110	97,66,85,834

(+) Bonus Shares received, hence cost of acquisition is NIL

(++) Face Value has been reduced from Rs 5 to Rs. 1 on account of Split and there is corresponding increase in number of shares

(Amount in Rupees)

	As at 31st March, 2014	As at 31st March, 2013
11 Deferred tax		
a) Deferred tax Assets		
i) Accumulated Losses	3,52,70,590	4,08,31,712
ii) Employee Benefits	2,68,827	2,42,792
Total (a)	3,55,39,417	4,10,74,504
b) Deferred tax Liabilities		
i) Depreciation on Fixed Assets	2,05,96,387	2,17,12,443
Total (b)	2,05,96,387	2,17,12,443
Deferred tax assets (net)	(Total a-b) 1,49,43,030	1,93,62,061
12 Long Term Loans and advances		
A) Unsecured, considered good		
i) Loans & advances	8,00,00,000	8,00,00,000
ii) Staff Loans and advances	10,00,981	10,40,128
iii) Advances recoverable in cash or kind or for value to be received-	10,01,997	27,29,093
iv) Security Deposit with Govt Department	1,500	1,500
v) Security Deposit with others	2,42,92,124	92,91,324
vi) Margin Money with Share Brokers	0	3,00,00,000
vii) Advance Income Tax and Tax Deducted at Source	6,80,09,931	7,15,11,408
Less: Tax Provisions	2,08,45,850	1,98,68,352
Total A (i+ii+iii+iv+v+vi+vii)	15,34,60,683	17,47,05,101
B) Doubtful		
i) Advances recoverable in cash or kind or for value to be received-	71,26,220	71,26,220
Less: Provision for Bad & doubtful Debts	71,26,220	71,26,220
Total B	0	0
Total (A+B)	15,34,60,683	17,47,05,101

13 INVENTORIES - SHARE STOCK IN TRADE

(At Cost or market price, whichever is lower)

Name of the Company	As on 31.03.2014		As on 31.03.2013	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Stock of Quoted Equity shares (Fully Paid)				
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	7,560	1,000	9,190
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	3,903	10	3,461
SOUTH ASIAN ENTERPRISES LTD	17,11,289	2,12,19,984	17,11,289	1,03,01,960
SWEDE. INDIA LTD	200	1	200	1
AXIS LIQUID FUND	13,387	1,90,00,000	0	0
SWEDE. INDIA LTD	97	3,00,000	0	0
Total	20,39,683	4,05,31,451	20,26,199	1,03,14,615

(Amount in Rupees)

	As at 31st March, 2014	As at 31st March, 2013
--	------------------------	------------------------

14 Trade Receivables

a) Unsecured-Considered good

Due from share brokers

1. Due for more than six months	0	0
2. Others	16,81,05,896	80,24,61,342
Total (a)	16,81,05,896	80,24,61,342

b) Doubtful

Instalments Receivable

1. Due for more than six months	0	30,24,030
2. Others	0	0
Sub-total	0	30,24,030

Less: Provision for Bad & doubtful Debts

	0	30,24,030
Total (b)	0	0
Total (a+b)	16,81,05,896	80,24,61,342

15 Cash and Cash Equivalents

a) Cash on Hand

b) Balances with banks

1. In Current Accounts	1,40,66,585	34,79,036
2. In Deposit Accounts-less than 12 months maturity (Previous year Rs. 1175.77 Lacs)	2,11,75,099	11,75,76,747
3. In Deposit Accounts- more than 12 months maturity (Previous year Rs. 220.00 Lacs)	10,00,000	2,20,00,000
Total (a+b)	3,76,68,238	14,50,32,198

16 Short Term Loans and advances

Unsecured and considered good

i) Loans and advances

ii) Staff Loans and advances

iii) Advances Recoverable in cash or in kind or for value to be received

iv) Margin Money deposit with share brokers

v) Prepaid Expenses

	6,00,000	8,00,000
	12,70,802	11,82,056
	35,43,691	98,29,800
	20,23,00,000	9,57,00,000
	8,08,996	2,11,721
Total	20,85,23,489	10,77,23,577

17 Other Current Assets

a) Interest Accrued but not due

b) Interest Receivables

c) Others

	31,89,488	31,88,640
	0	5,400
	1,33,668	33,865
Total	33,23,156	32,27,905

(Amount in Rupees)

	Year ended 31st March, 2014	Year ended 31st March, 2013
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18 REVENUE FROM OPERATIONS

Sale of Shares/Securities/Commodities

Income from Other credit operations

Income from Investments

Bad Debts Recovered

	3805,22,41,806	2326,67,15,986
	2,82,93,891	2,27,35,425
	9,15,53,245	(60,641,519)
	0	1,32,880
Total	3817,20,88,942	2322,89,42,772

19 CHANGE IN STOCK OF SHARES

Closing Stock of Shares

Less: Opening Stock of Shares

Change in Stock of Shares - Increase/(Decrease)

	4,05,31,451	1,03,14,615
	1,03,14,615	1,14,82,712
	3,02,16,836	(1,168,097)

20 EMPLOYEE BENEFIT EXPENSES

Salaries

Staff Amenities

Employer's Contribution to PF, ESI, Gratuity Fund etc.

	1,39,84,266	1,14,23,377
	5,19,057	4,28,424
	14,28,922	13,13,686
Total	1,59,32,245	1,31,65,487

21 FINANCE COST

Bank/Finance Charges

Other borrowing costs

	26,406	10,968
	1,71,201	15,44,486
Total	1,97,607	15,55,454



CONSOLIDATED FINANCIAL STATEMENTS

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd...)

(Amount in Rupees)

	Year ended 31st March, 2014	Year ended 31st March, 2013
22 ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Business Promotion	27,61,460	18,09,253
Consultancy, Legal & Service Charges	2,52,99,185	1,51,55,346
Communication Expenses	28,30,488	9,58,535
Electricity & Water Charges	5,65,159	4,93,763
Insurance	5,47,030	34,292
Office Expenses	37,09,027	24,46,666
Shares Transaction Charges	3,81,977	2,38,027
SEBI Membership Fees	3,56,152	5,51,039
NSE Capital Market Subscription	0	1,00,000
Travelling Expenses & Conveyance	39,04,574	17,24,422
Rates & Taxes	56,24,524	19,64,345
Rent	42,00,000	42,00,000
Repairs & Maintenance		
Others	14,30,738	24,24,257
Miscellaneous Expenses	34,80,276	39,55,505
Auditors' Remuneration		
a) Audit Fees	1,62,922	1,51,377
b) For Other Services		
— For Tax audit	73,034	61,695
— For certification	2,95,000	1,40,300
— Out of pocket expenses	55,000	50,000
Internal Auditors' Remuneration		
— Fees	85,000	90,000
— Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	9,06,000	4,58,000
Provision for Non-Performing Assets (Net)	59,75,970	(342,120)
Contingent Provisions against Standard Assets	0	10,750
Bad debts written off	21,24,030	0
Loss on sale/transfer of Fixed Assets	21,820	1,26,903
Prior year expenses	2,286	1,932
Total	6,42,99,652	3,68,12,287

23. NOTES FORMING PART OF CONSOLIDATED 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
Bank Deposits include fixed deposits of Rs.2,11,75,099/- (Previous Year – Rs.3,86,76,747/-) pledged by VLS Finance Ltd with the banks as security for availing overdraft facilities.
- As for most part of the year under review, the Company was NBFC, 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 (Holding Company).
- 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 intrade as on 01.04.2013		Purchases		Sales		Closing Stock intrade as on 31.03.2014	
	Qty.*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.
Shares	2026199	10314615	19519252	4583558943	19519252	4543164080	2026199	21231451
(Previous year)	2026199	11482712	190925	94483979	190925	94476646	2026199	10314615
Commodities	Nil	Nil	119898	13004123810	119898	13024983695	Nil	Nil
(Previous year)	Nil	Nil	95094	23036867905	95094	23170601736	Nil	Nil
Liquid Fund	Nil	Nil	335370422	20485968035	335356938	20484094031	13484	19300000
(Previous year)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Currency Derivatives	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(Previous Year)	Nil	Nil	481	1635796	481	1637604	Nil	Nil

- * Quantity of Shares is in numbers Liquid Funds is in Units 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:-
1) Shri S.K. Agarwal (Managing Director in VLS Finance Ltd. and VLS Securities Ltd.)
2) Shri K.K. Soni (Director-Finance & CFO in VLS Finance Ltd)
Associates:- South Asian Enterprises Ltd.
Summary of transactions with the above related parties is as follows:-

(Amount in Rs.)

Particulars	Associates	Key Managerial Personnel	Others
Remuneration to Managing Director.		25,01,462 (Previous year: 22,71,662)	
Remuneration of Director-Finance & CFO-Part of the year w.e.f. 14-11-2013		3,73,621 (Previous year:)	
Other Charges received	NIL (Previous year:7,357)		

9. Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal Managing Director	Paid to Shri K. K. Soni Director-Finance & CFO
Remuneration	Rs. 19,50,000 (Previous Year – Rs. 17,82,000)	Rs. 3,03,683 (Previous Year – Rs. Nil)
Perquisites	Rs. 5,51,462 (Previous Year – Rs. 4,89,662)	Rs. 69,938 (Previous Year – Rs. Nil)

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.

10. Earning Per Share

Calculation of EPS (Basic and Diluted)

Particulars	Equivalent No. of Shares	
	Year ended 31 st March, 2014	Year ended 31 st March, 2013
Basic and Diluted		
Total Shares Outstanding	3,86,62,017	3,97,95,000
Profit after Taxes	Rs. 3,71,25,474	Rs. 1,96,76,545
EPS	Rs. 0.96	Rs. 0.49
EPS - Diluted	Rs. 0.94	Rs. 0.49

- The Company has made the provision for Taxation / MAT payable under the Income Tax Act, 1961 of Rs.25,98,188/- (Previous year Rs. 71,04,995/-). Out of this Rs.23,11,035/- (Previous year Rs. 71,04,995/-) relates to VLS Finance Ltd , Rs.2,87,153/- (Previous year Rs. Nil) relates to VLS Securities Ltd.

- The Holding Company remained a Non-Banking Financial Company for most part of the year under review and was mainly engaged in finance business including dealings through Stock and Commodity Exchanges. As activities of the Holding Company for most part of the year related to 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)	770,40,299	29,90,307

- Income from Other credit operations grouped under Revenue from Operations includes Interest Receipts (Gross) of Rs. 2,13,58,388/- (Previous Year Rs.2,23,96,241/-) and Tax Deducted at Source thereon of Rs. 21,32,890/- (Previous Year Rs. 22,37,291).

- Expenditure in Foreign Exchange:- Foreign Travel Expenses in respect to VLS Finance Ltd-Rs. 1,75,216/- (Previous year Rs. 41,588).

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 31.03.2014
1.	VLS Securities Ltd.	India	99.67
2.	VLS Asset Management Ltd.	India	99.15

- Provision for non-performing assets of Rs.59,75,970/- is net off of Rs.30,24,030/- being excess provision written back of Non-performing assets/diminution in value of assets (Previous year: Provision for Non-performing assets written back of Rs.3,42,120/- is net off of Rs.10,00,000/- being provision for Non-performing assets/diminution in value of assets) of VLS Finance Ltd.
- 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.
- Bad Debts written off during the year is Rs.21,24,030/- (Previous Year: Bad Debts recovery of Rs.1,32,880/- is net of bad debts written off of Rs.10,67,120/-) of VLS Finance Ltd.
- Schedule to the Balance sheet of a non-deposit taking Non-Banking Financial Company, as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 has not been annexed with the Balance sheet as on 31/03/2014 as the Holding Company has voluntarily surrendered the NBFC Certificate of Registration (CoR) during the year under review which has been accepted by RBI vide its letter dated 13/02/2014 w.e.f. 29/01/2014. In view of this, Statutory Reserve u/s 45IC of the RBI Act, 1934 has not been created and Contingent Provisions against Standard Assets as per relevant guidelines of RBI has not been made in the financial statements of VLS Finance Ltd.
- During the year, 11,32,983 Fully Paid-up Equity Shares of Rs.10/-each have been bought back by the Holding Company from the existing share holders at a price of Rs.14.50 per share and the Paid up Capital of the Holding Company got reduced by Rs.1,13,29,830/-.
- Notes 1 to 23 form an integral part of 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
(Firm Registration No: 000181N)
Chartered Accountants
(P.C.Agiwal)
Partner
M.No.080475

For and behalf of the Board

S.K.Agarwal
Managing Director

K.K.Soni
Director-Finance & CFO

H.Consul
Company Secretary

Consolidated Cash Flow Statement for the Year ended 31st March, 2014

(Rupees in Lacs)

	For the Year Ended 31/03/2014	For the Year Ended 31/03/2013
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	441.43	383.65
Adjustments for:		
Interest and Finance Charges	1.97	15.55
Depreciation	42.18	48.99
Loss on sale of Fixed Assets	0.22	1.27
(Income)/Loss from Investments	(145.13)	636.31
Dividend Income	(770.40)	(29.90)
Leave encashment Provisions	0.81	0.55
NPA Provisions and adjustments	59.76	(3.32)
Operating Profit before Working Capital Changes	(369.16)	1,053.10
Adjustments for:		
Trade & Other Payables	1,634.54	(198.49)
Inventories	(302.17)	11.68
Trade & Other Receivables	4,267.39	1,392.01
Cash Generated from Operations	5,230.60	2,258.30
Less: Taxes Paid (Net of Refunds)	(20.98)	65.23
Net Cash Flow from Operating Activities (A)	5,251.58	2,193.07
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Net Proceeds from Fixed Assets	(3.25)	(16.53)
Purchase of Shares (Net)	(6,926.12)	(939.52)
Dividend Income	770.40	29.90
Net Cash used/generated from Investing Activities (B)	(6,158.97)	(926.15)
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Bought back of Equity Share Capital (including securities premium)	(164.28)	0.00
Interest Paid	(1.97)	(15.55)
Net Cash Flow from Financing Activities (C)	(166.25)	(15.55)
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)	(1,073.64)	1,251.37
Opening Balance of Cash & Cash Equivalents	1,450.32	198.95
Closing Balance of Cash & Cash Equivalents	376.68	1,450.32

Notes:-

- Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 211.75 lacs (Previous Year Rs. 386.77 lacs), which are pledged with them as security for overdraft facility.
- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date
For Agiwal & Associates
(Firm Registration No: 000181N)
Chartered Accountants
(P.C.Agiwal)
Partner
M.No.080475

For and behalf of the Board

S.K.Agarwal
Managing Director

K.K.Soni
Director-Finance & CFO

H.Consul
Company Secretary

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

VLS FINANCE LTD.**Regd. Office:- 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi – 110 065.****CIN: L65910DL1986PLC023129, email: vls@vsnl.com, Website: www.vlsfinance.com****Phone: 011-46656666, FAX: 011-46656699****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 27th 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 Thursday, 25th day of September, 2014 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 31st March, 2014, 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 Somesh Mehrotra (DIN: 00109902) who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 139, 141 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, M/s. Agiwal & Associates, Chartered Accountants, (Firm’s Regn. No. 000181N) 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 authorised by the Audit Committee/ Board.”

SPECIAL BUSINESS:

4. To consider approval of borrowing limits and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s), as a **Special Resolution:**
“**RESOLVED THAT** in supersession of resolution passed at the Annual General Meeting held on 23rd May, 1995, the consent of the Company be and is hereby accorded to the Board of Directors (“Board”) in terms of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), to borrow from time to time any sum or sums of money for the purpose of Company’s business, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate for the time being of paid-up capital of the Company and Free Reserves (Reserves not set apart for any specific purpose) provided that the aggregate of the monies so borrowed and / or to be borrowed and outstanding at any time shall not exceed Rs. 500.00 Crores (Rupees Five Hundred Crores only).
RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may be necessary, proper, desirable or expedient to give effect to this resolution.”
5. To approve mortgage/creation of charge on assets of Company to secure its borrowing and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s), as a **Special Resolution through Postal Ballot:**
“**RESOLVED THAT** in supersession of the resolution passed at the Annual General Meeting held on 23rd May, 1995, the consent of the Company be and is hereby accorded to authorise the Board of Directors of the Company, in terms of Section 180 (1)(a) of the Companies Act, 2013:-
 - a) to mortgage and/or charge the immovable and/or movable properties of the Company, all or in part, wheresoever situate, present and future, in favour of , or
 - b) to confer power to enter upon and take possession of the assets of the Company, on the Public Financial Institutions, Scheduled Banks and/or Foreign Banks/

Institutions/other entities to secure any Rupee loan/foreign Currency Loan/Assistance sanctioned in favour of the Company by the said Institutions/Banks/other entities together with interest, costs charges and other amounts payable in respect thereof with such ranking and other terms of the sanctions for amounts not exceeding at any time in aggregate Rs 500.00 Crores (Rupees Five Hundred Crores only).

RESOLVED FURTHER THAT mortgage/ charge/ hypothecation / encumbrance to be created by the Company aforesaid may rank prior / pari-passu / subservient with/to the mortgage / charge / hypothecation / encumbrance already created or to be created by the Company as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt relating thereto that may arise in regard to creating mortgage / charge/ hypothecation / encumbrance as aforesaid.”

6. To consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:-**
“**RESOLVED THAT** subject to the provisions of Sections 196, 197 and 203 and Schedule V and other applicable provisions of the Companies Act, 2013 and such other laws, rules and regulations as may be applicable and other approvals as may be required, consent of the Company be and is hereby accorded to the revision in the remuneration and terms of appointment of Shri S.K. Agarwal - Managing Director, as follows:

a. Salary

Basic salary of Rs. 1,60,000/-(Rupees One Lac Sixty Thousand Only) per month.

b. Perquisites

In addition to the aforesaid salary, the Managing Director will be entitled to the following:

- i. HRA/ Leased Accommodation: Rs.54,400/- (Rupees Fifty Four Thousand Four Hundred Only) per month.
- ii. Medical Reimbursement:
Expenses incurred for the Managing Director and the family subject to a ceiling of Rs.15,000/- (Rupees Fifteen Thousand only) per annum.
- iii. Leave Travel Concession: For the Managing Director and his family incurred not exceeding Rs.60,000/- (Rupees Sixty Thousand only) per annum.
- iv. Reimbursement of expenses for Books and Periodicals upto Rs. 55,800/-(Rupees Fifty five Thousand Eight Hundred only) per annum.
- v. Reimbursement of secretarial services upto Rs. 12,500/-(Rupees Twelve Thousand five Hundred only) per month.
- vi. Reimbursement of expenses for Business Promotion upto Rs. 36,000/-(Rupees Thirty Six Thousand only) per annum.
- vii. Provident Fund, Gratuity payable, entitlement & encashment of leave as per rules of the Company.
- viii. Facility of Chauffeur driven car for use on Company’s business as per rules of the Company.
- ix. Facility of Telephones or provision of similar equipments/facilities for official purpose will be free & not to be considered as perquisites except that the charges for personal long distance calls will be billed by Company to Managing Director.

Explanation : ‘Family’ for the purpose of this clause means spouse & dependent children of the Managing Director.

- c. **Sitting Fees:-** The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof.

RESOLVED FURTHER THAT Shri S. K. Agarwal will be liable to retire by rotation notwithstanding the contrary provision contained in Articles of Association of the Company and all other terms and conditions of service as contained in the agreement dated 22.07.2013 entered into between the

Company and the Managing Director will remain unchanged except as modified herein above or earlier by the members.

RESOLVED FURTHER THAT the revision in remuneration shall be effective from 1st April, 2014, for residual period of appointment of Managing Director unless enhanced during the intervening period, in accordance with applicable provisions of Companies Act, 2013 and/or other law(s), for the time being in force.

RESOLVED FURTHER THAT the Board be and is hereby authorized to vary and/or revise the remuneration of the Managing Director within the permissible limits under the provisions of the Companies Act, 2013 or any statutory amendment/modification thereof, from time to time, to settle any question or difficulty in connection therewith or incidental thereto and to do all such things, deeds and acts including delegation of powers herein to any person/committee as may be deemed necessary or expedient for giving effect to said revision and in case it is required to obtain the consent of Company in this regard, to the end and intent that it shall be deemed to have been accorded expressly by authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to take all necessary steps in this regard in order to comply with all the legal, procedural and other formalities and further to authorise any of its committee or any of its directors and/or any of the officer of Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

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

"RESOLVED THAT subject to the provisions of Section 196, 197 and 203 and Schedule V and other applicable provisions of the Companies Act, 2013 and such other laws, rules and regulations as may be applicable and other approvals as may be required, consent of the Company be and is hereby accorded to the revision in the remuneration and terms of appointment of Shri K.K. Soni - Director-Finance & CFO, as follows:

a. Salary

Basic salary of Rs. 1,55,000 /-(Rupees One Lac Fifty Five Thousand Only) per month.

b. Perquisites

In addition to the aforesaid salary, the Director-Finance & CFO will be entitled to the following:

- i. HRA/ Leased Accommodation: Rs.50,000/- (Rupees Fifty Thousand) per month.
- ii. Medical Reimbursement: Expenses incurred for the Director-Finance & CFO and the family subject to a ceiling of Rs.15,000/- (Rupees Fifteen Thousand only) per annum.
- iii. Leave Travel Concession: For the Director-Finance & CFO and his family incurred not exceeding Rs.60,000/- (Rupees Sixty Thousand only) per annum.
- iv. Reimbursement of expenses for Books and Periodicals upto Rs. 55,800/-(Rupees Fifty five Thousand Eight Hundred only) per annum.
- v. Reimbursement of secretarial services upto Rs. 12,500/- (Rupees Twelve Thousand five Hundred only) per Month.
- vi. Reimbursement of expenses for Business Promotion upto Rs. 36,000/-(Rupees Thirty Six Thousand only) per annum.
- vii. Provident Fund, Gratuity payable, entitlement & encashment of leave as per rules of the Company.
- viii. Facility of Chauffeur driven car for use on Company's business as per rules of the Company.
- ix. Facility of Telephones or provision of similar equipments/facilities for official purpose will be free & not to be considered as perquisites except that the charges for personal long distance calls will be billed by Company to Director-Finance & CFO.

Explanation : 'Family' for the purpose of this clause means spouse & dependent children of the Director-Finance & CFO.

- c. Sitting Fees :-** The Director-Finance & CFO shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof.

RESOLVED FURTHER THAT Shri K. K. Soni will be liable to retire by rotation notwithstanding the contrary provision contained in Articles of Association of the Company and all other terms and conditions of service as contained in the agreement dated

28.01.2013 entered into between the Company and him will remain unchanged except as modified herein above or earlier by the members.

RESOLVED FURTHER THAT the revision in remuneration shall be effective from 1st October, 2014, for residual period of appointment of Director-Finance & CFO unless enhanced during the intervening period, in accordance with applicable provisions of Companies Act, 2013 and/or other law(s), for the time being in force.

RESOLVED FURTHER THAT the Board be and is hereby authorized to vary and/or revise the remuneration of the Director-Finance & CFO within the permissible limits under the provisions of the Companies Act, 2013 or any statutory amendment/ modification thereof, from time to time, to settle any question or difficulty in connection therewith or incidental thereto and to do all such things, deeds and acts including delegation of powers herein to any person/committee as may be deemed necessary or expedient for giving effect to said revision and in case it is required to obtain the consent of Company in this regard, to the end and intent that it shall be deemed to have been accorded expressly by authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby also authorised to take all necessary steps in this regard in order to comply with all the legal, procedural and other formalities and further to authorise any of its committee or any of its directors and/or any of the officer of Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

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

"RESOLVED THAT, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/ directives made thereunder, the Clause 49 of Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Shri B. M. Oza (DIN 00138488) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines."

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

"RESOLVED THAT, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/ directives made thereunder, the Clause 49 of Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Dr. S. Ramesh (DIN 00126120) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines."

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

"RESOLVED THAT, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/ directives made thereunder, the Clause 49 of Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Shri Ajit Kumar (DIN 00106597) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines."

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

"RESOLVED THAT, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/ directives made thereunder, the Clause 49 of

Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Shri M. G. Diwan (DIN 00001097) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines.”

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

“**RESOLVED THAT**, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/directives made thereunder, the Clause 49 of Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Shri B. B. Tandon (DIN 00740511) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines.”

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

“**RESOLVED THAT**, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/directives made thereunder, the Clause 49 of Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Shri Gian Vijeshwar (DIN 00009686) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines.”

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

“**RESOLVED THAT**, in terms of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the rules/directives made thereunder, the Clause 49 of Listing Agreement including any statutory modification or re-enactment thereof for the time being in force, Shri A. K. Puri (DIN 00106469) who was appointed as director liable to retire by rotation be and is hereby appointed an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five consecutive years from the date of this meeting upto conclusion of 32nd Annual General Meeting of the Company to be held in calendar year 2019, or till such earlier date to conform with the policy on retirement as may be determined by Board of Directors and/or applicable statutes, rules, regulations or guidelines.”

*By Order of the Board
For VLS Finance Ltd.*

Place: New Delhi
Date: 11/08/2014

H. Consul
Company Secretary

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 (“AGM”).
4. Members who wish to obtain information about the Company or view the financials of Company, may visit the Company's website viz. www.vlsfinance.com
5. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its member. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their Depository Participant. Members holding shares in physical form are requested to send their e-mail address to the Registrar and Transfer Agents M/s. RCMC Share Registry Pvt. Ltd., B-25/1, First Floor, Okhla Industrial Area Phase-II, New Delhi-110020.
6. In terms of provisions of Section 108, 109 and 110 of the Companies Act, 2013 read with Rule 20, 21 and 22 of Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement for votes cast through e-voting, ballot by post and by poll at Annual General Meeting on the business to be transacted in Annual General Meeting of the Company on 25/09/2014 along with item to be transacted through postal ballot, the Board of Directors of the Company has appointed Shri V. B. Aggarwal, Practicing Company Secretary, as the Scrutinizer.

The procedure with respect to e-voting is provided below: -

- A. In case of Members who receive the Notice in electronic mode:
 - (a) Open e-mail and open PDF file viz. ‘VLS e-voting.pdf’ with your Client ID No. or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (b) Launch internet browser by typing the URL: <https://www.evoting.nsdl.com/> and click on ‘Shareholder - Login’.
 - (c) Insert user ID and password as initial password stated in (a) above. Click on ‘Login’.
 - (d) Password change menu appears. Change the password with a new password of your choice with minimum 8 digits/ characters or combination thereof. Please do not share your password with any other person and take utmost care to keep your password confidential.
 - (e) Home page of e-voting opens, Click on ‘e-voting: Active E-voting Cycles’ and select the Electronic Voting Event Number (EVEN) of VLS Finance Limited.
 - (f) Now you are ready for e-voting as ‘Cast Vote’ page opens.
 - (g) Cast your vote by selecting appropriate option and click on ‘Submit’. Thereafter click on ‘Confirm’ when prompted.
 - (h) Upon confirmation, the message ‘Vote cast successfully’ will be displayed. Thereafter you will not be allowed to modify your vote.
 - (i) Corporate and institutional shareholders (companies, trusts, societies etc.) are required to send a scanned copy (in PDF/ JPG format) of the relevant Board Resolution/appropriate authorisation, with the specimen signature(s) of the authorised signatory(ies) duly attested, to the Scrutinizer through e-mail at complianceofficer@vlsfinance.com with a copy marked to NSDL's e-mail ID evoting@nsdl.co.in
- B. In case of Members who receive the Notice by post:
 - (a) User ID and initial password is provided in the separate slip.
 - (b) Please follow the steps from Sl. Nos. (b) to (i) mentioned in (A) above, to cast your vote.
- C. Members already registered with NSDL for e-voting can use their existing user Id and password for Login. Thereafter please follow the steps from Sl. Nos. (e) to (i) mentioned in (A) above, to cast your vote.
- D. In case of any queries, you may refer to the Frequently Asked Questions for Shareholders and e-voting User Manual for

Shareholders available under the Downloads section of NSDL's e-voting website www.evoting.nsdl.com. You may also address your queries relating to e-voting to the e-mail ID complianceofficer@vlsfinance.com.

- E. **The period for e-voting starts at 9.00 a.m. on Friday, 19th September, 2014 and ends at 6.00 p.m. on Sunday, 21st September, 2014. E-voting shall be disabled by NSDL at 6.00 p.m. on 21st September, 2014.**
- F. General Information
- Every Client ID No./ Folio No. shall have one e-vote, irrespective of the number of joint holders.
 - Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member as on Thursday, 18th September, 2014.
 - E-voting right cannot be exercised by a proxy.
 - The members may cast their vote by either of the three means viz. e-voting facility, ballot form by post and ballot form at general meeting. In case vote is cast by more than one means then vote cast by e-voting will be counted and vote by other means will be treated as invalid. In case of item relating to postal ballot vote cast by e-voting will be counted and voting by postal ballot will be treated as invalid.
 - The results of e-voting alongwith the Scrutinizer's Report, will be available on the Company's corporate website www.vlsfinance.com under the section 'Investor Relations' and on the website of NSDL within two days of passing of resolution at the AGM. Such Results will also be forwarded to the Stock Exchange where the Company's shares are listed. The result of postal ballot will be declared within seven days after 30th day of dispatch of notice.
- The Register of Members of the Company shall remain closed from 18.09.2014 to 25.09.2014 (both days inclusive).
 - The Company has retained M/s RCMC Share Registry Pvt. Ltd., ("Registrar & Transfer Agent") at B-25/1 First Floor, Okhla Industrial Area Phase II, New Delhi-110020 (Phone Nos. 011 – 26387320, 26387321, 26387323 and Fax 011-26387322) 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 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065 Phone No. 46656666, Fax: 46656699. Dedicated Investor Services e-mail: hconsul@vlsfinance.com
 - 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/transmission/transposition 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/transmission/transposition of shares. This is for information of all investors.
 - 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 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in prescribed Form no. SH-14 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.
 - The shares of the Company are traded in demat segment only w.e.f. 28th 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).

- All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of the AGM.
- 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 and Admission Slips may not be distributed at the AGM.
- Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at this AGM is annexed hereto and forms part of this notice.
- 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. Since no dividend has been declared since 1999, no unpaid / unclaimed dividend remains liable to be transferred to IEPF.
- Information regarding Directors:

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

Sl. 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 11/08/2014.	Chairman/ Member of the Committees of other companies as on 11/08/2014.	Whether qualified u/s 164(2) of the Companies Act, 2013.
1.	Shri Somesh Mehrotra (DIN:00109902)	06/04/1967	06/06/1994	M.Com. Industrialist having over 25 years experience in financial services, administration and amusement industry.	a) VLS Capital Ltd. b) VLS Commodities (P) Ltd. c) Om Sai Sports Ltd.	NL NL NL	Yes

(B) Shareholding of above Director as on 11/08/2014

S. No.	Name of Directors	No. of Shares held in Company	Percentage
1.	Shri Somesh Mehrotra	884691	2.29

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

ITEM NO.4

As per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("CA-2013"), the borrowings in excess of the paid-up Capital and free reserves require approval of members in General Meeting by way of special resolution. The existing borrowing limits as sanctioned by the members in the Annual General Meeting held on 23rd May, 1995 were upto a ceiling of Rs. 500 crores u/s 293(1)(d) read with 293(1)(a) of the Companies Act, 1956 and which was otherwise valid at present upto 11/09/2014 by virtue of repealing provisions of the CA-2013 and Ministry's circular No. 4/2014 dated 23/03/2014. However, in view of validity period being till 11/09/2014 only, the said approval is needed to be obtained afresh under the provisions of CA-2013 to avoid any ambiguity.

The approval of the Members by way of special resolution for borrowing upto the maximum limit of Rs. 500 Crores (Rupees Five Hundred Crores only) is therefore now being sought, by way of a Special Resolution, pursuant to Section 180(1)(c) of the Companies Act, 2013.

The Directors recommend the Special Resolution at item no. 4 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution.

ITEM NO.5

The Board already has the approval of members of the Company under section 293(1)(a) of the companies Act, 1956 vide resolution dated 23/05/1995 for creation of charge/encumbrance on assets of the Company to secure its borrowings.

Under Section 180 of the Companies Act, 2013 ("the Act"), notified as on September 12, 2013, the powers of the Board are required to be exercised only with the consent of the Company by a Special Resolution through postal ballot which includes e-voting. The Ministry of Corporate Affairs ("MCA") has vide its General Circular No 4/2014 dated March 25, 2014 clarified that the Ordinary Resolution passed under Section 293(1)(a) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act for a period of one year from the date of notification of Section 180 of the Act i.e. upto 11/09/2014.

The approval of the Members by way of special resolution for creation of a mortgage or charge on the assets of the Company through postal ballot in terms of section 110 of the Act, read with Rule 22(16)(i) of Companies (Management and Administration) Rules 2014, is therefore now being sought, pursuant to Section 180(1)(a) of the Act for borrowings upto Rs. 500 Crores (Rupees Five Hundred Crores Only).

Members are requested to carefully follow the instructions before filling postal ballot form. The duly completed postal ballot form should be received within 30 days of dispatch of notice. Forms received after that date will be deemed to have not been received. The result of postal ballot will be placed on noticeboard and website of the Company after 30th day of dispatch of notice, as soon as it is received from scrutinizer and the resolution shall be taken as passed effectively on the date of announcement of result on notice board/ website if the result indicate that requisite majority have assented to the resolution.

The Directors recommend the Special Resolution at item no.5 of the accompanying Notice for the approval of the Members of the Company through postal ballot.

None of the Directors and Key Managerial Personnel of the Company or their relatives is directly or indirectly concerned or interested in this Resolution.

ITEM NO.6

Shri S. K. Agarwal (DIN: 00106763) was appointed as the Managing Director of the Company with effect from 21st August, 2013 for a period of 3 years and his terms of appointment were approved by the members of the Company at the Annual General Meeting held on 25/09/2013 with liberty to the Board to revise the remuneration component as and when deemed fit. The members had also approved revision in remuneration of Shri S. K. Agarwal- Managing Director w.e.f. 01/04/2013 in the Extraordinary General Meeting of the Company held on 21/12/2013. The Board in its meeting held on 11/08/2014, concurring to the recommendations made by Nomination and Remuneration Committee of the Board had approved the revision in the remuneration payable to Managing Director effective from 1st April, 2014 as set out in the resolution sought to be approved in the accompanying notice. The Board had also approved modification in terms of appointment of Managing Director by categorizing him as director liable to retire by rotation during his tenure as Managing Director in order to comply with provisions of section 152(6) of the Companies Act, 2013 subject to approval of members. All other terms and conditions of service of Managing Director will remain unchanged.

The remuneration package of Shri S. K. Agarwal – Managing Director proposed to be revised is given in the accompanying notice.

A copy of the resolution passed by the Board of Directors on 11/08/2014 revising the remuneration of Shri S. K. Agarwal as Managing Director and the agreement entered into between the Company and Shri S. K. Agarwal on 22/07/2013 is available for inspection by the members of the Company at Registered office of the Company on all working days till the date of the Annual General Meeting from 11.00 a.m. to 1.00 p.m.

The Board of Directors recommends the resolution for your approval. Shri S. K. Agarwal does not hold any shares in the Company.

None of the Directors or Key Managerial Personnel or their relatives directly or indirectly except Shri S. K. Agarwal is concerned or interested in the resolution.

ITEM NO.7

The Company has renewed the appointment of Shri K. K. Soni as CFO of the Company on the terms stated in agreement dated 28/01/2013 with tenure upto 31/01/2016. Shri K. K. Soni (DIN: 00106037) was appointed as director on 14/11/2013 and on said appointment, he was redesignated as Director-Finance & CFO with tenure upto 31/01/2016 and his terms of appointment were approved by the members of the Company as contained in agreement dated 28/01/2013 at the Extraordinary General Meeting of the Company held on 21/12/2013 with liberty to the Board to revise the remuneration as and when deemed fit.

Shri K. K. Soni is also Managing Director of VLS Capital Ltd. and is drawing remuneration from that Company. In compliance of provisions of Companies Act, 2013, he will be resigning as Managing Director from that Company w.e.f. closing hours of 30/09/2014 as he can not be Key Managerial Personnel ("KMP") at more than one place. He would continue as Director in VLS Capital Ltd. As he will continue as Director-Finance & CFO of the Company which is a KMP post, it is proposed to revise the remuneration of Director-Finance & CFO w.e.f. 01/10/2014 to commensurate with remuneration structure of organization, in general.

The Board in its meeting held on 11/8/2014, concurring to the recommendations made by Nomination and Remuneration Committee of the Board had approved the revision in the remuneration payable to Director-Finance & CFO effective from, 1st October, 2014 as set out in the resolution sought to be approved in the accompanying notice. The Board had also approved modification in terms of appointment of Director-Finance & CFO by categorizing him as director liable to retire by rotation during his tenure as Director-Finance & CFO in order to comply with provisions of section 152(6) of the Companies Act, 2013 subject to approval of members. All other terms and conditions of service of Director-Finance & CFO will remain unchanged.

A copy of the resolution passed by the Board of Directors on 11/08/2014 revising the remuneration of Shri K. K. Soni as Director-Finance & CFO and the agreement entered into between the Company and Shri K. K. Soni on 28/01/2013 is available for inspection by the members of the Company at Registered office of the Company on all working days till the date of the Annual General Meeting from 11.00 a.m. to 1.00 p.m.

The Board of Directors recommends the resolution for your approval. Shri K. K. Soni does not hold any shares in the Company.

None of the Directors or KMP or their relatives directly or indirectly except Shri K. K. Soni is concerned or interested in the resolution.

ITEM NO.8 to 14

Section 149 of Companies Act, 2013 provides that Independent Directors shall hold office for a term upto 5 (Five) consecutive years. The Board of Directors has decided to appoint the Independent Directors for a term of 5 (Five) consecutive years. Further, pursuant to the provisions of Section 152 of Companies Act, 2013, Independent Directors are not liable to retire by rotation. Therefore, considering the provisions of Companies Act, 2013, the Independent Directors shall not be liable to retire by rotation.

Copy of the draft letters for respective appointments of Directors as Independent Directors setting out the terms and conditions are available for inspection by Members at the Registered Office on all working days of the Company upto and including the day of the Meeting from 11.00 a.m. to 1.00 p.m.

Further, in the opinion of the Board, all the proposed appointees as Independent Directors, fulfill the conditions specified in the Act and the Rules made thereunder and that the proposed Independent Directors are independent of the management.

None of the Directors or Key Managerial Personnel or their relative(s) is/are in any way concerned or interested, in passing of the above mentioned resolution, except the appointee Director(s) and their relatives.

Details of Directors seeking appointment/re-appointment at the Annual General Meeting.

(In pursuance of clause 49 of the Listing Agreement with Stock Exchanges)

Name of director	Shri B. M. Oza IFS (Retd.) (DIN 00138488)	Shri M.G. Diwan(DIN 00001097)
Age	78 years	83 years
Qualification	M.A. (Economics) Diploma in Demographic Training	M.Sc., F.I.A., F.A.S.I., F.I.I.I.
Date of appointment	30/06/2001	17/03/1994
Expertise	He is a distinguished Diplomat with over 50 years of experience in administration and international affairs	He is former Chairman of LIC of India having experience of more than 58 years in the field of Insurance, Actuarial Services Finance, Investments and administration.
Directorship as on 31/03/2014	NIL	G.M. Breweries Ltd., Marketing Research Corporation of India Ltd., Shriram Chits (Maharashtra) Ltd., GDA Trusteeship Ltd., Indian Institute of Public Opinion Pvt. Ltd., D.S. Actuarial Education Services Pvt. Ltd., M/s. K. A. Pandit Consultants & Acturics- Partner, Ville Parle Kalpataru Co-operative Housing Society Ltd.- Member
Chairman/ Member of Audit committee as on 31/03/2014	NIL	G.M. Breweries Ltd. - Member
Chairman/ Member of Shareholders'/ Investors Grievance committee as on 31/03/2014	NIL	NIL
Chairman/ Member of Remuneration committee as on 31/03/2014	NIL	G.M. Breweries Ltd.- Member
Shareholding in the Company	NIL	NIL
Relationship between directors inter-se	NIL	NIL
Name of director	Shri Ajit Kumar IAS (Retd.)(DIN 00106597)	Dr. S. Ramesh IAS (Retd.) (DIN 00126120)
Age	72 years	78 years
Qualification	M.A. (English)	M.A., M.P.A. (Harvard), Ph.d
Date of appointment	29/10/2003	30/06/2001
Expertise	He has held various important positions in Government of India including that of Defence Secretary, Finance Secretary and Secretary, Ministry of Industries. He has vast experience in administration, planning and government affairs.	He is former Secretary to the Govt. of U.P. having over 5 decades experience in administration, planning and govt. affairs.
Directorship as on 31/03/2014	Singer India Ltd.	South Asian Enterprises Ltd.
Chairman/ Member of Audit committee as on 31/03/2014	Singer India Ltd. - Member	South Asian Enterprises Ltd.-Member
Chairman/ Member of Shareholders'/ Investors Grievance committee as on 31/03/2014	NIL	NIL
Chairman/ Member of Remuneration committee as on 31/03/2014	Singer India Ltd. - Chairman	NIL
Shareholding in the Company	NIL	NIL
Relationship between directors inter-se	NIL	NIL
Name of director	Shri Gian Vijeshwar(DIN 00009686)	
Age	69 years	
Qualification	M.A. (Public Administration)	
Date of appointment	31/01/2007	
Expertise	He is an eminent figure in Indian amusement industry and had pioneered in establishment of amusement parks in India, the first being 'Appu Ghar' in Delhi. He has over 40 years of rich experience in general management, financial administration and project management.	
Directorship as on 31/03/2014	Appu Ghar Entertainment Pvt. Ltd., International Recreation Parks Pvt. Limited, Unitech Amusement Parks Limited, Appu	

	Ghar Securities and Solutions Private Limited, Appu Ghar Holdings Private Limited, G.K. Holdings Pvt. Ltd., International Amusement Solutions Limited, International Amusement and Infrastructures Limited, International Amusement Limited, South Asian Enterprises Ltd., VLS Capital Limited, GKMR Corporate Solutions Pvt. Limited, Incomtra International Commodities Traders Pvt. Ltd., International Recreation and Amusement Limited, RV Buildtech & Amusement Pvt. Ltd., VGRM Infrastructure & Amusement Pvt. Ltd., GV Buildcon & Amusement Pvt. Ltd., Appu Ghar Recreation Parks Pvt. Ltd.	
Chairman/ Member of Audit committee as on 31/03/2014	International Amusement and Infrastructures Limited- Member International Amusement Limited- Member	
Chairman/ Member of Shareholders'/ Investors Grievance committee as on 31/03/2014	International Amusement Limited- Chairman	
Chairman/ Member of Remuneration committee as on 31/03/2014	International Amusement and Infrastructures Limited - Member	
Shareholding in the Company	Nil	
Relationship between directors inter-se	Nil	

Name of director	Shri B. B. Tandon (DIN 00740511) IAS (Retd.)	Shri A. K. Puri (DIN 00106469)
Age	73 years	79 years
Qualification	M.A., LL.B, CAIIB	M.Sc., LL.B., C.A.I.I.B.
Date of appointment	22/10/2008	07/05/1998
Expertise	He is a retired IAS officer of 1965 batch and was Chief Election Commissioner of India from 16/05/2005 to 29/06/2006. He has held various top-level posts in the Government of India including as Additional Secretary- Ministry of Company Affairs and at State level as Principal Secretary (Power) - Govt. of Himachal Pradesh. He has also served on the Board of several Public Sector Undertakings. He has over 4 decades of experience in policy making, administration and Government affairs	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 52 years experience in the field of Banking, Finance and Administration.
Directorship as on 31/03/2014	Ambuja Cement Foundation u/s 8 of the Companies Act, 2013, Adani Power Ltd., ACB (India) Ltd., Oriental Carbon & Chemicals Ltd., Jaiprakash Power Ventures Ltd., Exicom Tele-Systems Ltd., Birla Corporation Ltd., Dhampur Sugar Mills Ltd., Bhushan Steel Ltd., Filatex India Ltd., Schrader Duncan Ltd., Jaypee Infratech Ltd., Ambience Pvt. Ltd., Jinbhuvish Power Generations Private Limited, JPVL Trust- Trustee	NIL
Chairman/ Member of Audit committee as on 31/03/2014	Adani Power Ltd.-Chairman Oriental Carbon & Chemicals Ltd.-Member, Jaiprakash Power Ventures Ltd. - Member, Birla Corporation Ltd. - Member, Bhushan Steel Ltd.-Chairman, Filatex India Ltd.-Member, Schrader Duncan Ltd.-Member.	NIL
Chairman/ Member of Shareholders'/ Investors Grievance committee as on 31/03/2014	Adani Power Ltd.-Member, Ambience Pvt. Ltd.-Member.	NIL
Chairman/ Member of Remuneration committee as on 31/03/2014	Adani Power Ltd.- Chairman, ACB (India) Ltd.-Member, Oriental Carbon & Chemicals Ltd.- Member, Exicom Tele-Systems Ltd.- Member, Birla Corporation Ltd.-Member, Dhampur Sugar Mills Ltd.- Member.	NIL
Shareholding in the Company	Nil	NIL
Relationship between directors inter-se	NIL	NIL

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

Place: New Delhi
Date :11/08/2014

Annual Report for financial year 2013-14 is being sent separately.

VLS FINANCE LIMITED

CIN: L65910DL1986PLC023129

Registered Office: 2ndFloor, 13, Sant Nagar, East of Kailash, New Delhi-110065

email: vls@vsnl.com, Website: www.vlsfinance.com, Phone: 011-46656666, FAX: 011-46656699

Form of Proxy

(Pursuant to Section 105(6) of Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s):	
Registered Address:	
E-Mail id:	
Folio No./DP ID/Client ID:	
No. of Shares Held	

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1.	Name:		Signature of proxy	
	Address:			
	E-Mail id:			
Or failing him				
2.	Name:		Signature of proxy	
	Address:			
	E-Mail id:			
Or failing him				
3.	Name:		Signature of proxy	
	Address:			
	E-Mail id:			

as my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on the 25th day of September at 3:30 P.M. at The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

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ATTENDANCE CARD

TWENTY SEVENTH ANNUAL GENERAL MEETING

Thursday, the 25th day of September, 2014

NAME OF THE ATTENDING MEMBER(S) (IN BLOCK LETTERS)	
* Folio No.	
DP ID No.	
Client ID No.	
No. of Shares Held	
NAME OF PROXY (IN BLOCK LETTERS, TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF MEMBER)	

I hereby record my presence at the 27th Annual General Meeting of the Company at 25th day of September, 2014 at 3:30P.M. at The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

* Applicable in case of shares held in physical form.

Member/ Proxy Signature

NOTES:

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

Resolution number	Description	(Optional)	
		For	Against
Ordinary Business			
1	To receive, consider and adopt the Audited Balance Sheet of the Company as at 31 st March, 2014, 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 Somesh Mehrotra (DIN: 00109902) who retires by rotation and being eligible, offers himself for re-appointment.		
3	To appoint the Auditors and to fix their remuneration		
Special Business			
4	To approve the borrowing limits upto Rs.500 crores.		
5	To approve mortgage/creation of charge on assets of Company to secure its borrowing upto Rs.500 crores.	Through Postal Ballot only	
6	To approve revision in the remuneration and terms of appointment of Shri S.K.Agarwal- Managing Director (DIN: 00106763)		
7	To approve revision in the remuneration and terms of appointment of Shri K.K. Soni - Director-Finance & CFO (DIN: 00106037)		
8	To approve appointment of Shri B. M. Oza (DIN 00138488) as Independent Director.		
9	To approve appointment of Dr. S. Ramesh (DIN 00126120) as Independent Director.		
10	To approve appointment of Shri Ajit Kumar (DIN 00106597) as Independent Director.		
11	To approve appointment of Shri M. G. Diwan (DIN 00001097) as Independent Director.		
12	To approve appointment of Shri Gian Vijeshwar (DIN 00009686) as Independent Director.		
13	To approve appointment of Shri B. B. Tandon (DIN 00740511) as Independent Director.		
14	To approve appointment of Shri A. K. Puri (DIN 00106469) as Independent Director.		

Signed this day of 2014

Signature of Shareholder _____ Signature of Proxy Holder(s) _____

Affix Revenue Stamp

NOTE :

1. 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. A Proxy need not be a Member.
2. The form should be signed across the stamp as per specimen signature registered with the Company.
3. In case of jointholding, all the jointholders must sign the proxy form.
4. It is optional to put a "X" in the appropriate column against the resolution indicated in the box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



VLS FINANCE LIMITED

REGD. OFF. : 2ND FLOOR, 13, SANT NAGAR, EAST OF KAILASH, NEW DELHI- 110065.
CIN: L65910DL1986PLC023129, email: vls@vsnl.com, Website: www.vlsfinance.com
Phone: 011-46656666, FAX: 011-46656699

POSTAL BALLOT FORM

- 1 Name of the Member :
(1st holder in case of Joint holding)
- 2 Registered address of sole
/first named Member.
- 3 Registered folio No./DP ID No. and Client ID No.*
(* Applicable to investors holding shares in dematerialized form)
- 4 Number of Shares held
- 5 Name of the Jointholder(s)
- 6 I/We hereby exercise my/ our vote in respect of the special resolution to be passed through postal ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the tick(✓) mark at the appropriate box below:

Serial No.	Particulars	No. of Shares	I/We assent to the resolution (for)	No. of Shares	I/We dissent to the resolution (Against)
1	To approve mortgage/creation of charge on assets of Company to secure its borrowing upto Rs.500 crores.				

Place:

Date:

Signature of the Member (s)

Note: Please read the instructions overleaf.

INSTRUCTIONS FOR FILLING THE POSTAL BALLOT FORM

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the Company by post addressed to scrutinizer. Envelops, containing Postal Ballots if sent by courier or registered post or delivered personally at the expense of the members will also be accepted.
2. Vote can be exercised by E-voting facility provided for this purpose and details thereof has been provided in accompanying notice. Members are requested to exercise vote either by postal ballot or e-voting. In case voting is exercised both through e-voting and postal ballot, the vote through e-voting will supersede postal ballot in all cases i.e. voting by postal ballot will be rendered invalid.
3. Incomplete/Unsigned Postal Ballot Form will be rejected. Vote exercised through multiple forms i.e. more than one form will render the vote invalid and all forms will be treated as invalid.
4. Duly completed Postal Ballot Form should reach the Company within 30th day from the date of dispatch of notice as displayed on Company's website which will also be advertised in newspapers as prescribed. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
5. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of the notice.
6. The Postal Ballot shall not be exercised by a proxy.
7. In case of shares held by companies, trusts, societies etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board Resolution/ Authority letter together with attested specimen signature(s).
8. The Scrutinizer's decision on the validity of the Postal Ballot will be final.
9. This form should be completed and signed by the member (as per the specimen signature registered with the Company). In case of jointholding, this form should be completed and signed by the first named member and in his/her absence, by the next named member.



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BALLOT FORM

- 1 Name of the Member:.....
(1st holder in case of Joint holding)
- 2 Registered address of sole /first named Member.
- 3 Registered folio No./DP ID No. and Client ID No.*
(* Applicable to investors holding shares in dematerialized form)
- 4 Number of Shares held
- 5 Name of the Jointholder (s)
- 6 I/We hereby exercise my vote in respect of Ordinary/Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Serial No.	Particulars	No. of Shares held by me/us	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1	To receive, consider and adopt the Audited Balance Sheet of the Company as at 31 st March, 2014, 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 Somesh Mehrotra (DIN: 00109902) who retires by rotation and being eligible, offers himself for re-appointment.			
3	To appoint the Auditors and to fix their remuneration.			
4	To approve the borrowing limits upto Rs.500 crores as Special Resolution .			
5	To approve mortgage/creation of charge on assets of Company to secure its borrowing upto Rs.500 crores as Special Resolution .	Through	Postal	Ballot Form only
6	To approve revision in the remuneration and terms of appointment of Shri S.K. Agarwal - Managing Director (DIN: 00106763)			
7	To approve revision in the remuneration and terms of appointment of Shri K.K. Soni - Director-Finance & CFO (DIN: 00106037)			
8	To approve appointment of Shri B. M. Oza (DIN 00138488) as Independent Director.			
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13	To approve appointment of Shri B. B. Tandon (DIN 00740511) as Independent Director.			
14	To approve appointment of Shri A. K. Puri (DIN 00106469) as Independent Director.			

Place:
Date:

Signature of the Member (s)

Note: Please read the instructions overleaf

INSTRUCTIONS FOR FILLING THE BALLOT FORM

1. A member desiring to exercise vote by ballot may complete this Ballot Form and send it to the Company by post addressed to scrutiner. Envelops, containing Ballots if sent by courier or registered post or delivered personally at the expense of the members will also be accepted. The member may choose to tender the ballot form at the time of Annual General Meeting in the ballot box kept at the venue.
2. Vote can be exercised by E-voting facility provided for this purpose and details thereof has been provided in accompanying notice. Members are requested to exercise vote either by ballot or e-voting. In case voting is exercised both through e-voting and ballot, the vote through e-voting will supersede ballot in all cases i.e. voting by ballot will be rendered invalid.
3. This form should be completed and signed by the member (as per the specimen signature registered with the Company). In case of joint holding, this form should be completed and signed by the first named member and in his/her absence, by the next named member.
4. Incomplete/Unsigned Postal Ballot Form will be rejected. Vote exercised through multiple forms i.e. more than one form will render the vote invalid and all forms will be treated as invalid.
5. Duly completed Ballot form should reach the Company not later than the conclusion of Annual General Meeting on Thursday, the 25th day of September, 2014. Ballot form received after this date will be strictly treated as if the reply from the member has not been received.
6. Voting rights for ballot shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of the notice.
7. The Ballot shall not be exercised by a duly appointed proxy except in Annual General Meeting.
8. In case of shares held by companies, trusts, societies etc. the duly completed Ballot Form should be accompanied by a certified true copy of Board Resolution/ Authority letter together with attested specimen signature(s).
9. The decision of Scrutinizer on the validity of Ballot form will be final.