



XXVI ANNUAL REPORT 2012-2013

VLS FINANCE LTD.

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

NOTICE

26TH 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 Wednesday,
the 25th day of September, 2013

SHARE TRANSFER & INVESTOR SERVICES

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

Our e-mail address :

- ✉ For investor services : hconsul@vlsfinance.com
- ✉ 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

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th 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 Wednesday, 25th day of September, 2013 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, 2013, 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 Ajit Kumar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B. M. Oza who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. S. Ramesh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act, 1956 M/s. Agiwal & Associates, Chartered Accountants, (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:

6. Approval of Reappointment of Shri S. K. Agarwal as Managing Director.

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

“**RESOLVED THAT** pursuant to the provisions of Section 316 and Section 269 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Article No.108 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for reappointment of Shri S. K. Agarwal who is also Managing Director of VLS Securities Ltd., as Managing Director of Company for a period of three years w.e.f. 21st August, 2013 (i.e. from 21/08/2013 to 20/08/2016) on such remuneration as set out in explanatory statement annexed to this notice and on such other terms and conditions as are expressed and contained in the agreement entered into for this purpose between the Company and the Managing Director.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the

said Managing Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory 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 necessary or expedient for giving effect to said appointment.”

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

Place: New Delhi
Date : 22/07/2013

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.
4. The Register of Members of the Company shall remain closed from 18.09.2013 to 25.09.2013 (both days inclusive).
5. The Company has retained M/s. RCMC Share Registry Pvt. Ltd., (“Registrar & Transfer Agent”) at *B-106, Sector -2, Noida, U.P. 201301 (Phone Nos. 0120 - 4015880, 4015886) w.e.f. 01/04/2003* for entire shareholder services. All correspondence, therefore, may be addressed to the said Registrar & Transfer Agent. However, for any further assistance in said matters, queries may be addressed to the Company Secretary at Registered Office at 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065 Phone No. 46656666, Fax: 46656699. Dedicated Investor Services e-mail: hconsul@vlsfinance.com
6. SEBI vide circular ref. no. MRD/DoP/Cir-05/2009 dated May 20, 2009 has clarified that providing the PAN information will be mandatory for transactions in securities in physical form as well. Amongst others, all transactions involving transfer/ 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.

7. Members are requested to intimate the change in address, if any, to the Company's Registrar or the Company at its Registered Office for shares held in physical mode. Members can avail the facility of nomination in respect of shares held by them in physical form, in accordance with the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in prescribed form no. 2B duly filled in, to the Registrar & Transfer Agent of Company. Members holding shares in demat (Electronic) form are requested to notify any change in address, mandate/bank details/nominations to their respective Depository Participants. The changes effected by depository participants will automatically be reflected in Company's records upon updation of beneficiary owners list provided by Depositories.
8. The shares of the Company are traded in demat segment only w.e.f. 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).
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting except on Saturdays, Sundays and other Holidays.
10. Member/Proxies are requested to bring their copies of the Annual Report to the meeting and the attendance slip duly filled in, for attending the meeting. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
11. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act 1956, for Item No. 6 of the notice is annexed hereto and forms part of this notice.
12. The Unpaid/unclaimed dividends up to 31/03/95 had been transferred to General Revenue Account of Central Government and can be claimed from the Central Government in prescribed form. Pursuant to Section 205A of the Companies Act, 1956 ("the Act") all unclaimed/unpaid dividends after 31/03/95 up to the financial year 1997-99 (18 months) has been credited to Investor Education & Protection Fund ('IEPF'). Please note that once unclaimed dividend is transferred to IEPF of the Central Government in accordance with the regulations, no claim shall lie against the Company or IEPF in respect thereof. No dividend is pending for transfer to IEPF in terms of the provisions of Section 205C of the Companies Act, 1956.
13. 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 22/07/2013.	Chairman/Member of the Committees of other Companies as on 22/07/2013.	Whether qualified u/s 274 (1) (g) of the Companies Act, 1956.
1.	Shri Ajit Kumar IAS (Retd.)	27/01/1942	29/10/2003	M.A. (English) 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.	Singer India Ltd.	i) Audit Committee-Member ii) Remuneration Committee-Chairman	Yes
2.	Shri B. M. Oza IFS (Retd.)	28/08/1936	30/06/2001	M.A. (Economics) Diploma in Demographic Training. He is a distinguished Diplomat with over 50 years of experience in administration and international affairs.	NIL	NIL	Yes
3.	Dr. S. Ramesh IAS (Retd.)	28/10/1936	30/06/2001	M.A., M.P.A. (Harvard), Ph.d. He is former Secretary to the Govt. of U.P. having over 5 decades experience in administration, planning and govt. affairs.	1. South Asian Enterprises Ltd.	Audit Committee-Member	Yes

(B) Shareholding of above stated Directors as on 22/07/2013

Sl No.	Name of Directors	No. of Shares held in Company	Percentage
1.	Shri Ajit Kumar	Nil	Nil
2.	Shri B. M. Oza	Nil	Nil
3.	Dr. S. Ramesh	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO.6

Shri S. K. Agarwal was reappointed as Managing Director of the Company w.e.f. 21st August, 2013 by the Board of Directors in its meeting held on 22/07/2013 on the terms and conditions as contained in agreement entered into between the Company and Shri S. K. Agarwal for this purpose on that date, subject to such approvals as may be required. Shri S.K. Agarwal is Commerce Graduate & Associate of Indian Institute of Bankers. He is former banker having vast experience in the Banking and Financial Services.

Shri S. K. Agarwal, at the time of his re-appointment as Managing Director of the Company, was also the Managing Director of VLS Securities Ltd., a subsidiary of the Company. He continues to hold said position by virtue of his reappointment by the Board of Directors of VLS Securities Ltd. in its meeting held on 27/05/2013 for a further period of 3 years w.e.f. 01.07.2013. He is not drawing any remuneration from said subsidiary.

Shri S. K. Agarwal is also Director in VLS Asset Management Ltd., Risk Software Solution Pvt. Ltd. and VLS Capital Limited.

Shri S. K. Agarwal's appointment as Managing Director is being made in accordance with the conditions specified in Part I of Schedule XIII and the remuneration payable is within the ceiling laid down in Part II thereof and the requirements of Part III thereof are being complied with. The Remuneration Committee had for the time being recommended the same remuneration package for the Managing Director which is currently drawn by him and reproduced below :

a. Salary

Basic salary of Rs. 1,15,000 /-(Rupees One Lac Fifteen Thousand Only) per month.

b. Perquisites

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

- i. HRA/ Leased Accommodation: Rs.33,500/- (Rupees Thirty Three Thousand Five 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.48,000/- (Rupees Forty Eight Thousand only) per annum.
- iv. Reimbursement of expenses for Books and Periodicals upto Rs. 47,400/-(Rupees Forty Seven Thousand Four Hundred only) per annum.

- v. Reimbursement of secretarial services upto Rs. 12,500/- (Rupees Twelve Thousand Five Hundred only) per month.
- vi. Provident Fund, Gratuity payable, entitlement & encashment of leave as per rules of the Company.
- vii. Facility of Chauffeur driven car for use on Company's business as per rules of the Company.
- viii. 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 from the date of his appointment.

In terms of Article No.109 of the Articles of Association of the Company, Shri S. K. Agarwal shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

The aforesaid appointment of Shri S. K. Agarwal as Managing Director on the terms and conditions as set out in the agreement entered into between Shri S. K. Agarwal and the Company is subject to the approval of the members. The members may also authorize the Board to review the remuneration of Managing Director with in the ceiling prescribed under the Companies Act, 1956 as and when thought fit, without further approval from members. The Board recommends the appointment of Shri S. K. Agarwal as Managing Director of the Company as set out in item No. 6 of the Notice.

Shri S. K. Agarwal does not hold any shares in the Company.

A copy of the agreement entered into between the Company and Shri S. K. Agarwal and the resolution of the Board for his reappointment as Managing Director is available for inspection by the members of the Company at Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on all working days till the date of the Annual General Meeting except on Saturdays, Sundays and other holidays. In terms of Section 302 of the Companies Act, 1956, this may be construed as abstract of terms and conditions of appointment of Shri S. K. Agarwal as Managing Director.

None of the Directors except Shri S. K. Agarwal is concerned or interested in the resolution. The Board of Directors recommend passing of the Ordinary Resolution.

By Order of the Board
For VLS Finance Ltd.

Place: New Delhi
Date: 22/07/2013

H. Consul
Company Secretary

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty Sixth Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2013.

1. Financial Results (Rs. in Lakhs)

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012*
Gross Receipts	232213.50	213661.45
Profit before Interest & Depreciation	435.47	422.21
Less: Interest & Finance Charges	15.55	66.53
Profit before depreciation	420.32	355.68
Less: Depreciation	48.73	171.69
Profit before Tax	371.59	183.99
Less: Provision for Taxation/(credits)	187.00	(31.01)
Profit after Tax	184.59	215.00
Surplus brought forward from previous year	2127.45	1953.25
Previous year adjustments/other adjustment	(14.75)	2.20
Available for Appropriation	2297.29	2170.45
Appropriations:		
To General Reserve	0.00	0.00
To Statutory Reserve (under RBI Act, 1934)	36.92	43.00
Total Appropriations	36.92	43.00
Surplus c/f	2260.37	2127.45

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

2. Management Discussion and Analysis

Financial Review

During the year under review, the gross receipts increased to Rs. 232213.50 lacs from Rs. 213661.45 lacs in the previous year. The profit before tax for the year under review stood at 371.59 lacs as compared to Rs. 183.99 lacs of the previous year. However, the profit after tax for the year was Rs. 184.59 lacs as compared to profit after tax of Rs. 215.00 lacs of the previous year due to provision for deferred tax.

Industry Structure and Development

The global economy in financial year 2012-2013 showed some improvement though slowly but did not recover to the extent anticipated in the beginning of the financial year. Due to sluggish growth, many European economies experienced recession resulting in high unemployment, banking fragility, fiscal tightening and bearish market. The U.S. economy improved marginally, driven mainly by housing and the consumer sectors; however, capital investments remained sluggish. Among the Asian economies, deceleration in industrial output and exports weakened India's economy growth significantly. The weak macro environment and slower growth caused the margin environment to remain volatile with downward bias. The continuing tightening measures by Reserve Bank of India to curb inflation adversely effected the industrial growth due to costly funds. Accordingly, the financial sector's performance was not up to the mark.

The proportion of income of Company from commodity market activities has consistently increased in past and has crossed 50% mark of total income in the financial year under review. In the recent meetings with Reserve Bank of India's officials, it has been pointed out that in their view the income from commodity trading would not constitute income

from financial services or investment activities and thus continuing the Company's registration as an NBFC may be reviewed in terms of conditions/regulations for registration as NBFC. In view of this, the Company may be required to surrender its registration with RBI as NBFC.

The Board is contemplating, in such an eventuality, to take up the membership of a recognised stock exchange or a commodity exchange as a trading member to facilitate present line of business of the Company.

Outlook, Risks and Concerns

The Company's operation during the year under review, as in earlier years, continued to be capital/commodity market centric. Your Company has been making a judicious use of risk hedging tools for generating revenues in a risk neutral environment.

Your Company's performance is closely linked to those of the stock and commodities markets. Consequently, the growth prospects for 2013-14 are likely to be broadly reflective of those trends. In the projected scenario of low to moderate growth, continuing inflation and high interest rates, your Company will continue to strive for meaningful growth, focusing as always on a balanced portfolio mix and efficient cost management, in order to sustain profitability.

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

Opportunities and Threats

The infrastructure sector and allied areas are expected to give better returns and it is intended to invest in these areas through joint ventures, corporate advisory services, investment appraisal and syndication. The Company is carefully gauging each opportunity in terms of risks and rewards involved and hopes to tie up successful ventures in the near future 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 and RBI regulations. The Company ensures that the regulatory guidelines are complied with at various levels. The internal audit reports are regularly monitored by the Audit Committee.

Segment wise Performance

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

Cautionary Statement

The statements in the above analysis, describing the Company's projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable Security Laws and Regulations. The actual results may differ from those expressed or

implied. Important factors that could make a difference to the Company's operations include changes in government regulations, tax regimes, economic developments within the country and abroad, and other related factors.

3. Dividend

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

4. Directors

Shri Ajit Kumar, Shri B. M. Oza and Dr. S. Ramesh - Directors would retire by rotation at the forthcoming Annual General Meeting and all, being eligible, offer themselves for reappointment. To enable the Company to obtain their continued valuable direction, guidance and assistance in conduct of the affairs of your Company, it is recommended that their reappointment be approved. The Board has re-appointed Shri S. K Agarwal as Managing Director of the Company for next 3 years w.e.f. 21/08/2013 subject to members' approval.

5. Directors' Responsibility Statement

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

- a. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- b. 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;
- c. 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
- d. that they have prepared the Annual Accounts for the financial year ended 31st March, 2013 on a 'going concern' basis.

6. Corporate Governance and Compliance Certificate

We have reported in Annexure-1 to this report, the extent of compliance of Corporate Governance practices in accordance with Clause 49 of Listing Agreement.

7. Auditors

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

8. Auditors' Report

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

9. Statutory Information

Not being a manufacturing Company, your Company is advised that Form A prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy and Technology Absorption, is not applicable to it. It is informed that during the year under review, the Company did not absorb any new technology or carried out any R&D related activity for this purpose. However, use of energy efficient devices, wherever possible, in conducting business of Company is part of administration policies. There was no proposal during the year under review for buy back of shares by the Company. Details of foreign exchange earnings and outgo are given below:

Foreign Exchange earnings	:	Nil
Foreign Exchange outgo	:	Rs. 41,588/-

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 2013-2014 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 19. 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. 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 31/3/2013 in respect of the Subsidiary Companies, is enclosed with Annual Accounts of the Company.

13. Consolidated Financial Statements

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

14. 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 : 22/7/2013

M. P. Mehrotra
Director

S. K. Agarwal
Managing Director

Annexure-1
REPORT ON CORPORATE GOVERNANCE

Our Mission:

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

Corporate Philosophy:

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

1. BOARD OF DIRECTORS

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

The attendance record of Directors for the year ended on 31/03/2013 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 2012-2013	Whether attended AGM held on 28/09/2012	No. of Directorships in other Public Limited Companies as on 22/7/2013	No. of Committee positions held in other Public Limited Companies	
						Chairman	Member
1)	Shri Ajit Kumar (Chairman)	Non-Executive, Independent	4	NO	1	-	1
2)	Shri S. K. Agarwal (Managing Director)	Executive, Non-Independent	4	YES	3	1	-
3)	Shri Somesh Mehrotra	Non-Executive, Promoter	1	NO	2	-	-
4)	Shri A. K. Puri	Non-Executive, Independent	4	NO	-	-	-
5)	Shri M. G. Diwan	Non-Executive, Independent	1	NO	4	-	1
6)	Dr. S. Ramesh	Non-Executive, Independent	4	YES	1	-	1
7)	Shri B. M. Oza	Non-Executive, Independent	3	NO	-	-	-
8)	Shri M. P. Mehrotra	Non-Executive, Promoter	4	NO	8	2	2
9)	Shri Gian Vijeshwar	Non-Executive, Independent	0	NO	7	-	2
10)	Shri B. B. Tandon	Non-Executive, Independent	4	NO	13	1	7

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

b) During the year ended 31/03/2013, 4 (Four) Board Meetings were held with one meeting in every quarter on 29/05/2012, 6/08/2012, 10/11/2012 and 4/02/2013.
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 31.03.2013:

S.No.	Name of the Director	Salary (In Rs.)	Perquisites (In Rs.)	Sitting fee (In Rs.)	Commission (In Rs.)	Total (In Rs.)
1)	Shri Ajit Kumar	N.A.	N.A.	40,000	N.A.	40,000
2)	Shri S.K. Agarwal	17,82,000	4,89,662	0	0	22,71,662
3)	Shri Somesh Mehrotra	N.A.	N.A.	10,000	N.A.	10,000
4)	Shri B.M. Oza	N.A.	N.A.	48,000	N.A.	48,000
5)	Dr. S. Ramesh	N.A.	N.A.	80,000	N.A.	80,000
6)	Shri A.K. Puri	N.A.	N.A.	80,000	N.A.	80,000
7)	Shri M.G. Diwan	N.A.	N.A.	10,000	N.A.	10,000
8)	Shri M. P. Mehrotra	N.A.	N.A.	80,000	N.A.	80,000
9)	Shri Gian Vijeshwar	N.A.	N.A.	0	N.A.	0
10)	Shri B. B. Tandon	N.A.	N.A.	1,02,000	N.A.	1,02,000

Notes:

- Currently, the Company does not have any stock option scheme.
- No other remuneration, except sitting fee is paid to Non-Executive Directors.
- Shri M. P. Mehrotra and Shri Somesh Mehrotra held 285 and 404106 equity shares of the Company respectively as on 31.03.2013. 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.
- The service contract in case of Managing Director is 3 years with notice period of 3 months. All the Non-Executive Directors are liable to retire by rotation.

f) Code of Conduct

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

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

Pursuant to Clause 49 (1) (D) of the Listing Agreement entered into with Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with Code of Conduct from all the Board Members and Senior Management personnel of the Company for the period under review, which ended on 31/03/2013.

Date: 22/7/2013
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 1/4/2012 the Audit Committee consisted of Dr. S. Ramesh (Chairman of the Committee) with Shri A.K. Puri, Shri M. P. Mehrotra and Shri B. B. Tandon as members. The Board, in its meeting held on 4/02/2013, nominated Shri Ajit Kumar -Director of Company as a member of Audit Committee. The majority of the members are Independent Directors including chairman of the committee. All the members of committee are financially literate in terms of relevant stipulation under Clause- 49 of the Listing Agreement and two members have extensive experience in areas of finance, taxation and other financial services.

b) Terms of reference

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

c) Meetings and attendance

During the year ended on 31/03/2013, 4 (Four) Audit Committee Meetings were held on 29/05/2012, 6/08/2012, 10/11/2012 and 4/02/2013. 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	4	0	4	4	4

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

a) Composition and terms of reference

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

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

b) Meetings and attendance

During the year under review, 11 (Eleven) meetings of Shareholders/ Investors Grievance Committee were held on 30/04/2012, 29/05/2012, 30/06/2012, 24/07/2012, 29/08/2012, 17/10/2012, 19/11/2012, 20/12/2012, 12/01/2013, 18/02/2013 and 12/03/2013.

The summary of meetings attended by members of Committee as under :

Name	Shri B.M. Oza	Shri S. K. Agarwal	Shri B. B. Tandon
Attendance in 11 meetings	9	11	11

c) Shareholders Complaints

The Company had received 2 complaints during the financial year ended 31st March, 2013. 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	2	2
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	2	2

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

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

4. GENERAL BODY MEETINGS

a) Details of the last three Annual General Meetings

Financial year ended	Date	Time	Venue
March 31, 2012	September 28, 2012	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road 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, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2010	September 21, 2010	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

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

- 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.
- In the AGM held on 21.9.2010, a Special Resolution was passed for approval of raising funds under section 81(1A) of the Companies Act, 1956.

c) Postal ballots

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

5. DISCLOSURES

a) Related party transactions

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

b) Statutory compliance, penalties and strictures

The Company has complied with all applicable requirements of Stock Exchange, SEBI and other statutory authorities on all matters related to capital market during the year under review. The details of penalties/strictures on the Company in last three years are as under:
The adjudicating officer SEBI, vide letter dated 31/03/2003 had imposed a penalty of Rs.5 lakhs on Company for alleged violation of regulation 10 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 in the matter of transfer of 3,44,658 shares of Trackparts of India Ltd. The Company had preferred an appeal against the said order vide appeal no. 61/2003 before Hon'ble Securities Appellate Tribunal, Mumbai (SAT), but the appeal was dismissed by said Tribunal vide order dated 17.11.2005. The Company had appealed before the Hon'ble Supreme Court against decision of Hon'ble Tribunal. In the mean time, the Company was advised that in order to settle the issue, the Company may approach SEBI for a consent order in the matter. The requisite application was made by the Company vide application dated 10th June, 2008 which has been accepted by SEBI and the Company has paid Rs.10,97,280/- towards settlement charges on 09/02/2010. Subsequently the Supreme Court on 16/07/2010 heard the matter and disposed off the case in terms of aforesaid settlement made according to SEBI's guidelines for consent order.

c) Legal Proceedings

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

d) Compliance of Non-mandatory requirements

- i) The Company does not maintain separate office for the Non-Executive Chairman. However, he may claim reimbursement of expenses incurred for performance of duties as Chairman. No expenses on this account have been claimed during the year under review.
- ii) Remuneration Committee
The Remuneration Committee as on 01/04/2012 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. No meeting of the Committee was held during the financial year 2012-13.
- iii) The Company does not have a documented Whistle blower policy at present, but no person is denied access to Audit Committee. Further, the existing working setup also provides unfettered approach to management by the employees in reporting any matter envisaged to be covered in the whistle blower policy.
- iv) The Board has so far not adopted Peer group evaluation of Directors and restricting the tenure of Independent Directors to nine years in aggregate as recommended in Listing Agreement. The individual contribution of Directors in fulfilling their responsibilities as Director inter alia in strategic management of Company forms basis of internal evaluation by the Board.
- v) There was no qualification in the Auditor's Report on the Annual Accounts of the Company for the year under review.
- vi) The Company has adhered to applicable directions of Reserve Bank of India (RBI) for Non Banking Finance Companies.

6. COMMUNICATION TO SHAREHOLDERS

- a) The Company does not send newsletter to shareholders on quarterly or half yearly basis. The Company publishes un-audited quarterly results and annual audited results in prescribed format, in two newspapers viz. The Financial Express and Jansatta regularly. The said results are also made available on the Company's website <http://www.vlsfinance.com> and www.corpfilng.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**.
- b) The official news releases and presentations made to analysts/ institutional investors shall also be posted on the website as and when made. No presentation was, however, made by Company to Analysts etc during the year under review.
- c) The Management Discussion and Analysis forms part of Annual Report for the year under review. The Company, however, assumes no responsibility in respect of forward looking statements, which may be amended or modified in future on the basis of subsequent developments or events.
- d) The Company also dedicated an e-mail ID exclusively for redressal of Investor Complaints in compliance of Clause 47 (f) of Listing Agreement namely hconsul@vlsfinance.com which is also displayed on the Company's website www.vlsfinance.com under heading 'contact us'.

7. SHAREHOLDERS INFORMATION

a) Annual General Meeting

- Date and time	:	Wednesday, 25 th September, 2013 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 18-09-2013 to 25-09-2013 (both days inclusive)
- Buy back of shares	:	During the year under review, there was no proposal by the Company to buy back its shares.
- Dividend payment date	:	Not Applicable as no dividend has been recommended.

b) Listing at Stock Exchanges

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

1. BSE Limited (formerly The Bombay Stock Exchange), Mumbai. (Code:511333)
2. The National Stock Exchange of India Ltd., Mumbai. (Code: VLSFINAC)
3. The Calcutta Stock Exchange Ltd., Kolkata. (Code: 032019)
4. The Madras Stock Exchange Ltd., Chennai.

The annual listing fee has been paid to all the Stock Exchanges as mentioned above up to the year 2013-2014. However, de-listing confirmation is yet to be received from the Calcutta Stock Exchange Ltd. and the Madras Stock Exchange Ltd.

c) Stock Market data

(Source: Metastock)

Monthly highs, lows and trading volume for the Financial Year 2012-2013:

Months	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr-12	15.25	12.60	364766	15.27	12.70	289357
May-12	13.95	11.55	173003	13.90	11.90	151182
Jun-12	15.75	10.85	518096	15.70	11.50	350069
Jul-12	14.00	11.00	431400	14.09	11.65	260843
Aug-12	14.50	11.00	338709	14.44	11.71	222197
Sep-12	14.20	11.80	369940	14.15	11.81	217488
Oct-12	16.00	12.85	337604	14.90	12.81	296802
Nov-12	15.20	12.15	307752	14.95	12.30	282537
Dec-12	16.85	12.80	583900	16.90	12.60	423637
Jan-13	17.20	13.45	466014	17.37	13.40	814156
Feb-13	14.45	11.20	239225	14.60	11.25	212999
Mar-13	12.70	8.70	229716	12.75	8.70	138681
Total			4360125			3659948

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. 01/04/2013 for entire shareholder services viz. processing request for transfer, other shareholder services, dematerialisation of holding, providing connectivity services with depositories in compliance of SEBI's circular No.D&CC/F/TTC/CIR-15/2002 dated 27/12/2002.

e) Investors Correspondence

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

f) Distribution of shareholding as on March 31, 2013

Slab of share holdings (No. of shares)	No. of share holders	%age	Nominalvalue of shares held (Rs.)	%age
1-500	13824	51.6738	31491810.00	7.9135
501-1000	9840	36.0339	65017150.00	16.3380
1001-2000	1948	7.0814	28383240.00	7.1324
2001-3000	530	1.8775	13777520.00	3.4621
3001-4000	220	0.8148	7996630.00	2.0095
4001-5000	192	0.6872	9048980.00	2.2739
5001-10000	303	1.0415	22477290.00	5.6483
10001 and above	241	0.7900	219757380.00	55.2224
Total	27098	100.0000	397950000.00	100.0000

According to categories of shareholders as on March 31, 2013

Sl. No.	Categories	No. of shares	Amount in Rs.	Percentage of shareholding
1	Promoters, Directors and Relatives	15508032	155080320.00	38.9698
2	Financial Institution and Banks	9500	95000.00	0.0239
3	Mutual Fund	100	1000.00	0.0003
4	FII's	300	3000.00	0.0008
5	Corporate Bodies	2764019	27640190.00	6.9456
6	Clearing Members	153731	1537310.00	0.3863
7	Indian Public	21022201	210222010.00	52.8262
8	Trust	30000	300000.00	0.0754
9	NRI/OCBs/FN	307117	3071170.00	0.7717
	Grand Total	39795000	397950000.00	100.0000

g) Dematerialisation of Shares and liquidity

89.66% of the total share capital of Company was held in dematerialized form as on 31/03/2013. 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 31/03/2013.

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, 2013	End of July, 2013
Quarter ending September 30, 2013	Mid of November, 2013
Quarter ending December 31, 2013	Mid of February, 2014
Year ending March 31, 2014 #	End of May, 2014
Annual General Meeting for the year ended March 31, 2013	25 th September, 2013

For the quarter ending 31/03/2014 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 2012-13.

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, 2013, 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: 22/7/2013
 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 2013
3.	Type of Audit observation	Un-Qualified
4.	Frequency of Observation	Not Applicable

S.K. Agarwal
 Managing Director

K.K. Soni
 Executive Director & 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, 2013, 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.

- 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. 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 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - 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

- 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274(1) (g) of the Act.

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

Place: New Delhi
Date: 28th May, 2013

ANNEXURE TO AUDITORS REPORT

REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE

Re: VLS Finance Ltd. for the year ended 31st March 2013

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets *except assets on lease, which are in the possession of the lessee*, have been physically verified by the management at the reasonable interval. No material discrepancies were noticed on such verification as informed to us.
- (c) In our opinion and according to information and explanations given to us, the Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The securities held as stock-in-trade have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock-in-trade followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and book records which are not material in relation to the Company, have been properly dealt with in the books of accounts.
- (iii) (a) The Company has granted interest free unsecured loan to the subsidiary company listed in the register maintained under section 301 of the Companies Act, 1956 and the amount outstanding from one subsidiary company as on 31.03.2013 is Rs.9,18,572/-.
- (b) In our opinion the terms and conditions of such unsecured loan given by the Company are prima facie not prejudicial to interest of the Company.
- (c) As per information given to us, the aforesaid loan given to the subsidiary company is payable on demand and there is no overdue amount at the year end.
- (d) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of its business, for the purchase of fixed assets and for purchase/sale of securities. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system during the year.
- (v) (a) To the best of our knowledge and belief and according to information and explanations given to us, the transactions that needed to be entered into the register maintained in pursuance to section 301 of the Companies Act, 1956, have been so entered.
- (b) According to information and explanation given to us, the transaction, made in pursuance of contracts or arrangements entered into Register(s) maintained under section 301 of the Companies Act, 1956 as aggregating to Rs. 5,00,000/- (Rs. Five Lacs only) or more in respect of each party have been made during the period at the rates which are reasonable having regard to prevailing market rates.
- (vi) The Company has not accepted any deposits from the public during the year. Hence provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and rules of Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system, commensurate with its size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, maintenance of cost records as prescribed by the Central Govt. under section 209(1) (d) of the Act, is not required as the Company is not in the manufacturing activity.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax and any other statutory dues with the appropriate authorities. There was no outstanding against any undisputed statutory dues as on 31.03.2013.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2013.
- (x) The Company neither have accumulated losses at the end of the year, nor incurred cash losses during the current financial year or in the immediately preceding Financial Year.
- (xi) On the basis of the verification of records and information and explanations given to us, the Company does not owe any dues to financial institutions or banks. The Company has not issued any debentures during the year.
- (xii) The Company has maintained proper record for dealing and trading in shares, securities, debentures and timely entries have been made therein. The shares, securities and debentures and other investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Act.
- (xiii) In our opinion and according to information and explanations given to us, the Company has not given any Guarantee for loans taken by others from Banks or Financial Institutions.
- (xiv) The Company has not raised any Term Loan during the year.
- (xv) According to the cash flow statement and other records examined by us and the information and explanations given to us, on overall basis, the funds raised on short-term basis have not been used during the year for long-term investments.
- (xvi) The Company has not made any preferential allotment of shares to any party covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xvii) To the best of our knowledge and information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

Place: New Delhi
Date: 28th May, 2013

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

BALANCE SHEET AS AT 31st March, 2013

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	39,91,72,250	39,91,72,250
(b) Reserves & Surplus	3	162,09,80,147	160,39,96,327
(2) Non-current liabilities			
(a) Long Term Provisions	4	20,14,73,968	20,04,32,398
(3) Current liabilities			
(a) Trade payables	5	9,35,989	4,49,461
(b) Other Current Liabilities	6	8,06,68,514	8,25,31,060
(c) Short Term Provisions	7	2,77,945	2,74,136
Total		<u>230,35,08,813</u>	<u>228,68,55,632</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
- Tangible Assets	8	7,13,61,166	7,46,51,276
- Intangible Assets	8	86,307	1,43,846
(b) Non-current Investments	9	102,94,81,776	100,06,28,186
(c) Deferred tax assets (Net)	10	1,92,99,548	3,08,93,799
(d) Long-term loans and advances	11	16,55,77,885	13,65,17,376
(2) Current assets			
(a) Inventories- Share stock-in-trade	12	1,03,14,615	1,14,82,712
(b) Trade receivables	13	80,04,60,903	84,41,23,880
(c) Cash and cash equivalents	14	13,13,67,631	69,73,762
(d) Short-term loans and advances	15	7,29,89,935	18,14,28,545
(e) Other current assets	16	25,69,047	12,250
Total		<u>230,35,08,813</u>	<u>228,68,55,632</u>
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:80475

S.K.Agarwal
 Managing Director

M.P. Mehrotra
 Director

May 28th, 2013
 New Delhi

K.K.Soni
 Executive Director & CFO

H.Consul
 Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2013

(Amount in Rupees)

	Note No.	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
I Revenue from operations	17	2322,12,87,580	2135,25,91,665
II Other Income		62,518	1,35,53,548
III Total Revenue (I+II)		<u>2322,13,50,098</u>	<u>2136,61,45,213</u>
IV Expenses			
Purchase of Shares/Securities/Commodities		2313,13,51,885	2126,60,01,784
Change in stock of shares	18	11,68,097	95,14,487
Employee benefits expenses	19	1,03,21,069	1,20,71,194
Finance cost	20	15,55,398	66,52,908
Depreciation	8	48,73,393	1,71,68,971
Administrative & Other Expenses	21	3,49,21,621	3,63,36,728
V. Total Expenses		<u>2318,41,91,463</u>	<u>2134,77,46,072</u>
VI. Profit before tax (IV-V)		3,71,58,635	1,83,99,141
VII. Less: Tax Expenses			
Current Tax - MAT		71,04,995	35,42,667
Deferred Tax		1,15,94,251	(6,643,515)
VIII. Profit for the year (VI-VII)		<u>1,84,59,389</u>	<u>2,14,99,989</u>
EARNING PER SHARE			
Basic and Diluted Earning per Share (Rs.)		0.46	0.54
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:80475

S.K. Agarwal
 Managing Director

M.P. Mehrotra
 Director

May 28th, 2013
 New Delhi

K.K.Soni
 Executive Director & CFO

H.Consul
 Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS
1 Significant Accounting Policies for the year ended on 31st March 2013
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 long-term investments and current investments.
- Long-term investments are valued at cost. Provision for diminution in value of investment is made scrip-wise to recognize a decline other than temporary in nature.
- Current investments are valued, scrip wise, at cost or market price, whichever is lower.
- The Company follows "FIFO Method" for calculating the cost of each investment sold by the Company for arriving at the profit/loss.

F. DEFERRED REVENUE EXPENDITURE

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

G. PROVISION FOR RETIREMENT BENEFITS
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 profit and loss account.

(Amount in Rupees)

	As at 31st March, 2013	As at 31st March, 2012
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)		
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>39,91,72,250</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

	No. of Equity Shares	
Outstanding as at 1st April 2012 / 1st April 2011	3,97,95,000	3,97,95,000
Outstanding as at 31st March 2013 / 31st March 2012	3,97,95,000	3,97,95,000

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rupees)

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

Name of the Shareholder	As at 31st March 2013		As at 31st March 2012	
	No of Share held	% of Holding	No. of Share held	% of Holding
VLS Capital Limited	1,23,26,339	30.97	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, 2013	As at 31st March, 2012
--	------------------------	------------------------

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	12,65,21,477	12,22,21,479
Add: Transfer from surplus in the Statement of Profit & Loss	36,91,878	42,99,998
Closing Balance	13,02,13,355	12,65,21,477
Total (b)	13,02,13,355	12,65,21,477

c) SECURITY PREMIUM RESERVE ACCOUNT

As per last Balance Sheet	96,78,46,235	96,78,46,235
Total (c)	96,78,46,235	96,78,46,235

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

d) SURPLUS IN STATEMENT OF PROFIT AND LOSS

Opening Balance	21,27,44,685	19,53,25,138
Add: Transfer from statement of Profit and loss	1,84,59,389	2,14,99,989
Add/(Less): Prior year tax provisions and adjustments	(1,475,569)	2,19,556
	22,97,28,505	21,70,44,683

8 FIXED ASSETS

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2012	Additions during the year	Sales/ Adjustments	Cost As at 31-03-2013	Upto 31.03.2012	For the Year	Sales/ Adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31.03.2012
TANGIBLE ASSETS											
Assets for own use:											
A	Buildings	9,78,64,951	0	0	9,78,64,951	2,61,62,578	35,85,118	0	2,97,47,696	6,81,17,255	7,17,02,373
B	Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
C	Vehicles	29,79,507	15,29,362	3,07,938	42,00,931	22,14,635	4,59,922	2,84,456	23,90,101	18,10,830	7,64,872
D	Office Equipments	10,11,221	39,058	2,70,429	7,79,850	5,57,737	61,473	1,98,523	4,20,687	3,59,163	4,53,484
E	Furniture & Fixtures	8,75,623	0	0	8,75,623	7,16,430	28,816	0	7,45,246	1,30,377	1,59,193
F	Air Conditioners	10,28,892	46,000	0	10,74,892	4,76,410	81,969	0	5,58,379	5,16,513	5,52,482
G	Computers	20,29,305	61,927	8,65,429	12,25,803	15,67,416	1,90,630	8,10,214	9,47,832	2,77,971	4,61,889
H	Electrical Installations	2,44,954	0	0	2,44,954	2,25,370	2,724	0	2,28,094	16,860	19,584
I	Generator	4,30,905	0	0	4,30,905	3,93,507	5,202	0	3,98,709	32,196	37,398
Z	Assets on Lease	120,66,66,568	0	0	120,66,66,568	120,61,66,568	4,00,000	0	120,65,66,568	1,00,000	5,00,000
		131,38,20,661	16,76,347	14,43,796	131,40,53,212	123,91,69,385	48,15,854	12,93,193	124,26,92,046	7,13,61,166	7,46,51,276
INTANGIBLE ASSETS											
	Computer Software	3,04,000	0	0	3,04,000	1,60,154	57,539	0	2,17,693	86,307	1,43,846
	Grand Total	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
	Previous Year	131,33,81,535	7,43,126	0	131,41,24,661	122,21,60,568	1,71,68,971	0	123,93,29,539	7,47,95,122	9,12,20,967

9. NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
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
Anchal Fintrade P.Ltd	100	0	35,000	0	35,00,000
Alok Fintrade P.Ltd	100	0	5,000	0	5,00,000
B S Traders P Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P Ltd	100	0	10,000	0	10,00,000
Kanoria Properties P Ltd	100	0	80,000	0	80,00,000
Generatio Next Medical Services Co Pvt Ltd	100	0	42,000	0	42,00,000
Pranjal Investments P Ltd	100	0	56,000	0	56,00,000
Sunair Hotels Ltd.	10	95,94,824	95,94,824	23,59,48,240	23,59,48,240
Appu Ghar Entertainment Pvt Ltd	10	2,77,100	2,77,100	13,85,50,000	13,85,50,000
VLS Capital Ltd	10	48,20,833	48,20,833	7,38,53,947	7,38,53,947
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
BMS IT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
Eha infrastructure P Ltd	10	0	4,90,000	0	49,36,750
		SUB TOTAL (A-I)		73,40,72,187	76,18,08,937

NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
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	87,337	0	3,07,29,484	0
BANK OF BARODA	10	1	1	251	251
BHARAT HEAVY ELECTRICALS LTD	2	1,500	0	3,12,414	0
BLISS GVS PHARMA LTD	1	21,990	0	6,65,638	0
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813
GODAVARI POWER & ISPAT LTD	10	200	500	20,196	68,920
HIND OIL EXPLORATION LTD	10	1,200	1,200	3,76,253	3,76,253
HIMAT SINGKA SEIDE LTD	5	1,000	0	38,073	0
HDFC BANK LTD	2	100	0	64,318	0
INDRAPRASTHA MEDICAL CORPORATION LTD	10	4,000	2,000	1,38,506	95,426
ITC LTD	1	500	500	97,020	97,020
IDFC LTD	10	0	500	0	59,675
ICICI BANK LTD	10	100	0	1,09,374	0
JP ASSOCIATES LTD	2	2,750	750	2,02,155	84,337
JSW ENERGY LTD	10	700	1,000	43,356	1,27,194
JK TYRE INDUSTRIES LTD	10	0	1,000	0	1,09,215

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

NON-CURRENT INVESTMENTS (at cost)						
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)		
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012	
NTPC LTD	10	250	250	38,879	48,000	
MERCATOR LINES LTD	1	3,000	3,000	87,440	87,440	
NHPC LTD	10	0	5,000	0	1,61,730	
NOIDA TOLL BRIDGE CO LTD	10	0	2,000	0	64,600	
JAYASWAL NECO INDUSTRIES LTD	10	0	2,000	0	88,671	
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828	
RELAXO FOOTWEAR LTD	5	9,05,776	9,05,776	3,41,85,749	3,41,85,749	
RELIANCE INDUSTRIES LTD	10	1,000	1,000	9,91,343	9,91,343	
RELIANCE MEDIAWORKS LTD	5	500	500	1,11,689	1,11,689	
RUNEECHA TEXTILES LTD	10	3,57,600	3,57,600	17,88,000	17,88,000	
SHIVA TEXYARN LTD	10	0	1,000	0	62,175	
SUJANA METAL LTD	5	4,000	4,000	32,383	32,383	
SURANA INDUSTRIES LTD	10	4,50,000	0	6,41,67,120	0	
TATA MOTORS LTD	10	500	0	1,34,770	0	
TATA STEEL LTD	10	300	300	2,05,413	2,05,413	
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	
SUB-TOTAL (A-2)				13,81,14,180	4,24,19,840	
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	
C. DEBENTURES & BONDS						
Unquoted & Fully Paid-up						
Eha infrastructure Pvt Ltd (0% optionally convertible debentures)						
	1,00,000	0	390	0	3,90,00,000	
ICICI Bond (12%)						
	1,00,000	0	1	0	1,04,000	
SUB-TOTAL C				0	3,91,04,000	
TOTAL D (A1+A2+B+C)				102,23,87,367	99,35,33,777	
I. Aggregate value of quoted investments						
				At Cost	13,81,14,180	4,24,19,840
				Market Value	61,60,12,038	24,48,63,867
II. Aggregate value of un-quoted investments - In Subsidiaries						
				At Cost	15,02,01,000	15,02,01,000
				- Others At Cost	73,40,72,187	80,09,12,937
E. INVESTMENT IN IMMOVABLE PROPERTIES:-						
					70,94,409	70,94,409
TOTAL (E)				70,94,409	70,94,409	
GRAND TOTAL (D+E)				102,94,81,776	100,06,28,186	
(+ Bonus Shares received, hence cost of acquisition is NIL)						

(Amount in Rupees)

As at 31st March, 2013 As at 31st March, 2012

10 Deferred tax

a) Deferred tax Assets			
i) Accumulated Losses	4,08,31,712	5,37,59,044	
ii) Employee Benefits	1,70,511	1,59,275	
Total (a)	4,10,02,223	5,39,18,319	
b) Deferred tax Liabilities			
i) Depreciation on Fixed Assets	2,17,02,675	2,30,24,520	
Total (b)	2,17,02,675	2,30,24,520	
Deferred tax assets (net)	(Total a-b)	1,92,99,548	3,08,93,799

11 Long Term Loans and advances

A) Unsecured, considered good			
i) Loans & Advances to Related Parties			
Loans to subsidiaries			
	9,18,572	9,17,551	
Total (i)	9,18,572	9,17,551	
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			
	1,87,373	3,24,461	
Total (iii)	1,87,373	3,24,461	
iv) Advances recoverable in cash or kind or for value to be received-			
	27,29,093	14,79,093	
Total (iv)	27,29,093	14,79,093	

v) Security Deposit with Govt Department	1,500	1,500
vi) Security Deposit with others	14,91,324	14,87,524
vii) Margin Money deposit with share brokers	3,00,00,000	0
viii) Advance Income Tax and Tax Deducted at Source	6,84,97,685	9,08,03,969
Less: Tax Provisions	1,82,47,662	3,84,96,722
Total (viii)	5,02,50,023	5,23,07,247
Total A (i+ii+iii+iv+v+vi+vii+viii)	16,55,77,885	13,65,17,376

B) Doubtful

i) Loans & advances			
Less: Allowance for Non-performing assets			
	0	10,00,000	
	0	10,00,000	
ii) Advances recoverable in cash or kind or for value to be received-			
	71,26,220	73,68,340	
Less: Allowance for Non-performing assets	71,26,220	73,68,340	
	0	0	
Total B (i+ii)	0	0	
Total A (A+B)	16,55,77,885	13,65,17,376	

12 INVENTORIES-SHARE STOCK IN TRADE

(At Cost or market price, whichever is lower)

Name of the Company	As on 31.03.2013		As on 31.03.2012	
	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	9,190	1,000	13,000
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	3,461	10	4,072
SOUTH ASIAN ENTERPRISES LTD	17,11,289	1,03,01,960	17,11,289	1,14,65,636
SWEDE INDIA LTD	200	1	200	1
Total	20,26,199	1,03,14,615	20,26,199	1,14,82,712

(Amount in Rupees)

As at 31st March, 2013 As at 31st March, 2012

13 Trade Receivables
a) Unsecured-Considered good

Due from share brokers			
1. Due for more than six months			
	0	0	
2. Others			
	80,04,60,903	84,41,23,880	
Total (a)	80,04,60,903	84,41,23,880	

b) Doubtful

Instalments Receivable			
1. Due for more than six months			
	30,24,030	31,24,030	
2. Others			
	0	0	
Sub-total	30,24,030	31,24,030	
Less: Allowance for Non-performing Assets			
	30,24,030	31,24,030	
Total (b)	0	0	
Total (a+b)	80,04,60,903	84,41,23,880	

14 Cash and Cash Equivalents

a) Cash on Hand	19,70,246	25,90,496
b) Balances with banks		
1. In Current Accounts		
	18,20,638	32,99,682
2. In Fixed Deposits (*)		
	12,75,76,747	10,83,584
(*) Fixed Deposits with banks include deposits of Rs. 100.00 lacs (Previous Year: Rs. NIL) with maturity of more than 12 months.		
Total (a+b)	13,13,67,631	69,73,762

15 Short Term Loans and advances

Unsecured, considered good			
i) Advances to Related Parties			
Receivables from subsidiaries			
	7,42,764	9,15,374	
ii) Loans and advances			
	8,00,000	0	
iii) Staff Loans and advances			
	6,11,529	4,60,096	
iv) Advances Recoverable in cash or in kind or for value to be received			
	98,29,800	70,19,493	
v) Margin Money deposit with share brokers			
	6,09,00,000	17,29,00,000	
vi) Prepaid Expenses			
	1,05,842	1,33,582	
Total	7,29,89,935	18,14,28,545	

16 Other Current Assets

a) Interest Accrued but not due	25,63,647	250
b) Interest Receivables	5,400	12,000
Total	25,69,047	12,250

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

	Year ended 31st March, 2013	Year ended 31st March, 2012
17 REVENUE FROM OPERATIONS		
Sale of Shares/Securities/Commodities	2326,50,78,382	2133,00,19,956
Income from Other credit operations	1,79,47,838	5,07,94,903
Income from Investments	(61,871,520)	(28,223,194)
Bad Debts Recovered (Net)	1,32,880	0
Total	2322,12,87,580	2135,25,91,665
18 CHANGE IN STOCK OF SHARES		
Closing Stock of Shares	1,03,14,615	1,14,82,712
Less: Opening Stock of Shares	1,14,82,712	2,09,97,199
Change in Stock of Shares -Increase / (Decrease)	(1,168,097)	(9,514,487)
19 EMPLOYEE BENEFITS EXPENSES		
Salaries	90,57,086	91,33,590
Staff Amenities	4,27,994	4,93,257
Employer's Contribution to PF, ESI, Gratuity Fund etc.	8,35,989	24,44,347
Total	1,03,21,069	1,20,71,194
20 FINANCE COST		
Bank / Finance Charges	10,912	16,003
Other borrowing costs	15,44,486	66,36,905
Total	15,55,398	66,52,908
21 ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Business Promotion	17,05,898	15,24,616
Consultancy, Legal & Service Charges	1,50,77,346	1,49,96,434
Communication Expenses	8,48,412	9,23,168
Electricity & Water Charges	4,57,763	3,52,429
Insurance	29,155	30,816
Office Expenses	23,65,920	22,83,387
Securities Transaction Tax	9,996	8,969
Shares Transaction Charges	1,524	6,203
Travelling Expenses & Conveyance	16,31,622	22,77,772
Rates & Taxes	18,93,246	18,60,579
Rent	42,00,000	42,00,000
Repairs & Maintenance		
—Others	20,95,637	13,99,710
Miscellaneous Expenses	39,38,325	54,33,337
Auditors' Remuneration		
a) Audit Fees	1,34,832	1,32,360
b) For Other Services		
—For Tax audit	56,180	55,150
— For certification	1,40,300	1,40,300
—Out of pocket expenses	30,000	30,000
Internal Auditors' Remuneration		
— Fees	50,000	50,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	4,50,000	5,24,000
Allowance for Non-performing assets (Net)	(342,120)	22,624
Contingent Provisions against Standard Assets	10,750	(2,500)
Bad debts written off	0	57,376
Loss on sale/written off of Fixed Assets	1,26,903	0
Prior year expenses	1,932	21,998
Total	3,49,21,621	3,63,36,728

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
 - Share Transfer Stamps of Rs. Nil/- (Previous Year Rs.1,416/-).
 - Bank Deposits include fixed deposits of Rs.3,86,76,747/- (Previous Year – Rs.10,83,548/-) pledged with the banks as security for availing overdraft facilities.
- The Company has followed the applicable Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies regarding Capital Adequacy, Asset Classification, provisioning for and income recognition on non-performing assets.
- Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

Trading Items	Opening Stock in trade as on 01.04.2012		Purchases		Sales		Closing Stock in trade as on 31.03.2013	
	Qty.*	ValueRs.	Qty*	ValueRs.	Qty*	ValueRs.	Qty*	ValueRs.
Shares	2026199	11482712	190925	94483979	190925	94476646	2026199	10314615
(Previous year)	2026199	20997199	160791	93898236	160791	93917027	2026199	11482712
Commodities	Nil	Nil	95094	23036867905	95094	23170601736	Nil	Nil
(Previous year)	Nil	Nil	208739	21171976186	208739	21235975527	Nil	Nil
Currency (Derivatives)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(Previous year)	Nil	Nil	2	127363	2	127402	Nil	Nil

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

6. Income from investments include:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	17,67,390	9,83,063
Interest on Debentures and Bonds (Gross)	Nil	8,745
Tax Deducted at Source	Nil	Nil

- Interest Receipts (Gross) Rs.1,79,47,838/- (inclusive of interest of Rs.35,45,052/- on Fixed Deposits and of Rs.1,42,19,788/- on margin money with share brokers and other interest received of Rs.1,82,998/-) (Previous Year Rs. 4,77,94,903/-, inclusive of interest of Rs.1,60,84,983/- on Fixed Deposits and Rs.3,16,77,569/- on margin money with share brokers and other interest received of Rs.32,351/-) grouped under Income from Operations includes Tax Deducted at Source amounting to Rs.17,92,451/- (Previous Year Rs. 47,77,056/-).
- The Current Assets, Loans and advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- The term of lease agreements in respect of Leased Assets have expired and the assets continue in the possession of lessees. However, the said assets have been included in the block of fixed assets of the Company pending the transfer of titles.
- Related Party Disclosure
Followings are the related parties:-
Subsidiaries: - VLS Securities Ltd. (99.67%) and VLS Asset Management Ltd (99.15%),
Key Managerial Personnel: - Shri S.K.Agarwal (Managing Director)
Associates: - South Asian Enterprises Ltd.
Summary of transactions with the above related parties is as follows:-

(Amount in Rs.)

Particulars	Subsidiaries	Associates	Key Managerial Personnel	Others
Purchase of Securities	Rs.8,28,79,356 (Previous year Rs. 1,84,12,993)			
Sale of Securities	Rs.5,62,55,295 (Previous year Rs.3,17,32,775)			
Purchase of Currency	Nil (Previous year Rs.1,27,363)			
Sale of Currency	Nil (Previous year Rs.1,27,402)			
Rent and other Charges received	1,20,000 (Previous year. Rs. 1,20,000)	Rs.7,357 (Previous year Rs.6,011)		
Other charges paid	Rs.22,96,344 (Previous year. Rs.21,84,172)			
Remuneration to Managing Director			Rs.22,71,662 (Previous year. Rs. 22,58,273)	
Due from Subsidiaries (outstanding balance as on 31.03.2013)	Rs.16,61,336 (Previous year. Rs. 18,32,925)			

11. Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal
Remuneration	Rs. 17,82,000/- (Previous Year – Rs. 17,82,000/-)
Perquisites	Rs. 4,89,662/- (Previous Year – Rs. 4,76,273/-)

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 2013	Year ended 31 st March 2012
Basic and Diluted		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 1,84,59,389	Rs. 2,14,99,989
EPS	Rs. 0.46	Rs. 0.54

- Expenditure in Foreign Exchange:-
Foreign Travel Expenses Rs. 41,588/- (Previous year Rs 5,87,906).
- A non interest bearing amount of Rs. 9,18,572/- (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 being a Non-Banking Financial Company is mainly engaged in finance business including dealings through Stock and Commodity Exchanges. As all activities of the Company are covered under finance business; there are no separate segments for reporting as per the Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India.
- (a) 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]

Defined Benefit Plans
(in Rupees)
A) Disclosure required under Accounting Standard 15 - Employee Benefits - Gratuity

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

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

	As at March 31, 2013 (in Rupees)	As at March 31, 2012 (in Rupees)
Change in present value of obligation		
Present value of obligation as at the beginning of the year	33,95,841	16,88,046
Current service cost	2,57,165	1,35,573
Interest cost	2,71,667	1,35,044
Actuarial (gain) / loss	(1,749,475)	14,37,178
Benefits paid	0	0
Present value of obligation as at the end of the year	21,75,198	33,95,841

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

	As at March 31, 2013 (in Rupees)	As at March 31, 2012 (in Rupees)
Change in present value of obligation		
Fair Value of Plan Assets as at the beginning of the year	38,50,674	20,41,282
Expected return on plan assets	3,52,339	1,86,952
Contributions	55	16,22,440
Benefits paid	0	0
Actuarial gain/(loss) on Plan assets	NIL	NIL
Fair Value of Plan Assets as at the end of the year	42,03,068	38,50,674

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

	As at March 31, 2013 (in Rupees)	As at March 31, 2012 (in Rupees)
Present value of obligation as at the end of the year	21,75,198	33,95,841
Fair Value of Plan Assets as at the end of the year	42,03,068	38,50,674
Excess of Fair value of Plan Assets over present value of obligations	20,27,870	4,54,833

III) Expenses charged to Profit & Loss Account

	As at March 31, 2013 (in Rupees)	As at March 31, 2012 (in Rupees)
Expenses charged to Profit & Loss Account	0	15,20,843

Main actuarial assumptions		
Discount rate	8.00%	8.00%
Salary Escalation	6.00%	6.00%

Disclosure required under Accounting Standard 15 - Employee Benefits.

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

	As at March 31, 2013	As at March 31, 2012
Change in present value of obligation		
Present value of obligation as at the beginning of the year	4,90,909	4,28,132
Current service cost	45,698	47,090
Interest cost	40,389	37,462
Actuarial (gain) / loss	(51,458)	(21,775)
Benefits paid	0	0
Present value of obligation as at the end of the year	5,25,538	4,90,909
Change in plan assets	Not Applicable	Not Applicable
Plan assets at the beginning of the year		
Expected return on plan assets		
Contribution by the Company		
Benefits paid		
Actuarial (gain) / loss		
Plan assets at the end of the year		
Liability recognised in the financial statement		
Cost for the year		
Current service cost	45,698	47,090
Interest cost	40,389	37,462
Return on plan assets	0	0
Actuarial (gain) / loss	(51,458)	(21,774)
Net cost	34,629	62,778
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	2,77,945	2,74,136
Non Current Liability	2,47,593	2,16,773
Total	5,25,538	4,90,909
Main actuarial assumptions		
Discount rate	8.25%	8.75%
Rate of increase in compensation levels	5.00%	5.00%

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

- Allowance for Non-performing assets written back of Rs. 3,42,120/- is net off of Rs. 10,00,000/- being allowance of Non-performing assets/diminution in value of assets. (Previous year: Allowance for Non-performing assets of Rs. 22,624/- is net off of Rs. 10,57,376/- being excess allowance written back in the value of Non-performing assets).
- 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.
- Bad Debts recovery of Rs. 1,32,880/- is net of bad debts written off of Rs. 10,67,120/- (Previous year: Bad Debts written off Rs. 57376/-)
- Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.
- 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
(P.C.Agiwal)
Partner
M.No.80475

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

K.K.Soni
Executive Director & CFO

H. Consul
Company Secretary

May 28, 2013
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	31.03.2013	31.03.2013
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 31.3.2013	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 31.3.2013	Net Profit Rs.12,14,172	Net Loss Rs.1,011
ii) For the previous Financial Year	Net Profit Rs.76,84,271	Net Loss Rs.1,011
b) Dealt within the accounts of VLS Finance Ltd.		
i) For the subsidiary's Financial Year ended on 31.3.2013	NIL	NIL
ii) For the previous financial years	NIL	NIL

Cash Flow Statement for the year ended 31st March, 2013
(Rupees in Lacs)

	For the Year ended 31.03.2013		For the Year ended 31.03.2012	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		371.59		183.99
<i>Adjustments for:</i>				
Interest and Finance Charges	15.55		66.53	
Depreciation	48.73		171.69	
Loss on sale of Fixed Assets	1.27		0.00	
(Income)/Loss from Investments	636.39		292.06	
Dividend Income	(17.67)		(9.83)	
Leave encashment Provisions	0.35		0.63	
NPA Provisions and adjustments	(3.32)	681.30	1.57	522.65
Operating Profit before Working Capital Changes		1,052.89		706.64
<i>Adjustments for:</i>				
Trade & Other Payables	(205.80)		(464.38)	
Inventories	11.68		95.14	
Trade & Other Receivables	1,405.46	1,211.34	(1,907.32)	(2,276.56)
Cash Generated from Operations		2,264.23		(1,569.92)
Less: Taxes Paid (Net)		65.23		79.82
Net Cash Flow from Operating Activities (A)		2,199.00		(1,649.74)
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Net Proceeds from Fixed Assets		(16.53)		(7.43)
Investment in Subsidiaries		0.00		(130.00)
Purchase of Shares		(1,385.36)		(130.67)
Net Proceeds from Sale of Investments		444.72		1,268.70
Dividend Income		17.67		9.83
Net Cash used/generated from Investing Activities (B)		(939.50)		1,010.43
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from/(Repayment of) Long Term Borrowings		0.00		(131.82)
Proceeds from/(Repayment of) Short Term Borrowings		0.00		(1,492.54)
Interest Paid		(15.55)		(66.53)
Net Cash Flow from Financing Activities (C)		(15.55)		(1,690.89)
Net Increase/ (Decrease) in Cash & Cash Equivalents(A+B+C)		1,243.95		(2,330.20)
Opening Balance of Cash & Cash Equivalents		69.73		2,399.93
Closing Balance of Cash & Cash Equivalents		1,313.68		69.73

Notes:-

- Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 386.77 lacs(Previous Year Rs.10.84 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)

For and behalf of the Board

P.C. Agiwal
Partner
M.No:80475

S.K. Agarwal
Managing Director

M.P. Mehrotra
Director

K.K. Soni
Executive Director & CFO

May 28th, 2013
New Delhi

H. Consul
Company Secretary

VLS SECURITIES LIMITED
DIRECTORS' REPORT

To

The Members of **VLS SECURITIES LIMITED**

Your Directors are pleased to present the 19th Annual Report of your Company together with Audited Annual Accounts for the year ended on 31st March, 2013.

Financial Results

During the year under review, your Company generated gross revenue of Rs. 76.63 lacs as against Rs. 6874.50 lacs in the previous year. The Company earned a post tax profit of Rs.12.18 lacs for the year under review as against Rs. 77.09 lacs earned in the preceding year.

Dividend

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

Operations

Your Company earned brokerage of Rs. 3.39 lacs during the year under review, as compared to Rs. 10.58 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's application for renewal of registration as Category - I Merchant Banker and also for rendering Portfolio Management Services is under consideration by SEBI.

During the year under review the Company had surrendered the membership of Currency Derivatives segment of MCX Stock Exchange Limited ('MCX') in view of insignificant return vis-a-vis resources employed.

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 26/05/2012, 25/09/2012, 29/12/2012 and 28/03/2013 respectively.

Shri T. B. Gupta - 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.

Audit Committee

During the year, 2 meetings of the Audit Committee were held on 26/05/2012 and 29/12/2012. 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 2013, 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, 2013 on a going concern basis.

Auditors

The term of M/s. Agiwal & Associates, Chartered Accountants, the Statutory Auditors of the Company will conclude at the ensuing Annual General Meeting. They have furnished a Certificate confirming their eligibility under Section 224 (1B) of the Companies Act, 1956 to act as Auditors of the Company, if reappointed, and have also given their consent to the re-appointment. In accordance with the recommendation of the Audit Committee, the Board further recommends their reappointment for the Financial Year 2013-2014. You are also requested to authorize the Board to fix their remuneration.

Auditors Report

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

Fixed Deposits

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

Statutory Disclosures

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 require the disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B, prescribed by the Rules. The Company not being a manufacturing company, Form A is not applicable to it. Further, since during the year under review, the Company did not absorb any new technology nor has carried out any R&D activity including conservation of Energy except as mandated for operational requirements by the National Stock Exchange of India Ltd. and 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 : 27/05/2013**

**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, 2013 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 referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). 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, 2013;
- (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 2013, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2013 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
(P.C.Agiwal)
Partner
Membership No. 80475

Place: New Delhi
Date: 27/05/2013

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 31-03-2013.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2013.
- (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

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

Place: New Delhi
Date: 27/05/2013

BALANCE SHEET AS AT 31st MARCH 2013

Particulars	Note No	As at 31.3.2013	As at 31.3.2012
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	77,38,788	6,520,555
Total 1		15,77,38,788	15,65,20,555
(2) Non-Current Liabilities			
(a) Long Term Provisions	5	2,27,565	2,07,950
Total 2		2,27,565	2,07,950
(3) Current Liabilities			
(a) Trade Payables	6	19,07,082	12,71,080
(b) Other Current Liabilities	7	4,80,314	3,84,887
(c) Short-Term Provision	8	6,353	6,240
Total 3		23,93,749	16,62,207
Total (1+2+3)		16,03,60,102	15,83,90,712
II.Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	9	50,527	68,371
Intangible Assets		12,341	20,568
(b) Non-Current Investments	10	9,74,05,058	9,75,09,666
(c) Deferred Tax Assets (Net)	11	62,513	51,831
(d) Long-Term Loans and Advances	12	1,00,45,788	90,77,971
Total 4		10,75,76,227	10,67,28,407
(2) Current Assets			
(a) Trade Receivables	13	20,00,439	12,06,665
(b) Cash and Cash Equivalents	14	1,36,48,172	1,29,05,100
(c) Short-Term Loans and Advances	15	3,64,76,406	3,66,04,290
(d) Other Current Assets	16	6,58,858	9,46,250
Total 5		5,27,83,875	5,16,62,305
Total (4+5)		16,03,60,102	15,83,90,712

See accompanying notes forming part of financial statements

1 to 30

As per our report of even date

For and on behalf of the Board

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

P.C. Agiwal
Partner
Membership No. 80475
Place : New Delhi
Date : 27/05/2013

S.K. Agarwal
Managing Director

K.K.Soni
Director

T.B. Gupta
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No	Year Ended 31.3.2013	Year Ended 31.3.2012
I. Revenue from Operations	17	19,76,788	67,44,10,921
II. Other income	18	56,86,691	1,30,39,882
III. Total Revenue (I+II)		76,63,479	68,74,50,803
IV. Expenses:			
Purchase (Securities & Currency Derivatives)		16,35,796	67,32,59,526
Operating Expenses	19	8,77,546	9,72,566
Employee Benefit Expense	20	28,44,418	27,76,682
Depreciation and Amortization Expense		26,071	40,460
Other Expenses	21	10,72,099	11,32,185
Total Expenses (IV)		64,55,930	67,81,81,419
V. Profit/(Loss) before tax (III-IV)		12,07,549	92,69,384
VI. Less: Tax Expenses			
(1) Current Tax		-	1,582,000
(2) Deferred Tax		(10,684)	(22,587)
VII. Profit After Tax		12,18,233	77,09,971
Less: Adjustment of Tax Provision of Earlier Year		-	-
VII. Profit/(Loss) For The Year (V-VI)		12,18,233	77,09,971
VIII. Earning Per Equity Share (of Rs.10/- each)			
Basic and Diluted		0.08	1.76

As per our report of even date

For and on behalf of the Board

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

P.C. Agiwal
Partner
Membership No. 80475
Place : New Delhi
Date : 27/05/2013

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-1 Merchant Banker and Portfolio Manager registered with Securities and Exchange Board of India. It is registered Stock Broker with National Stock Exchange of India Ltd., in Capital Market and Future & Options Segment. It is also holding Membership of Trading Member in Currency Derivative Segment of MCX-SX Exchange. Besides above providing consulting and advisory services are areas of activity of Company.

Note 2
Significant Accounting Policies
a) Method of Accounting

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

b) Revenue Recognition

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

c) Fixed Assets and Depreciation

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

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

d) Miscellaneous Expenditures

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

e) Provision for Retirement Benefits
i) Defined Contribution Plans

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

ii) Defined Benefit Plans

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

iii) Short Term Employees Benefits

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

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

f) Investments

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

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

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

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

g) Taxation

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

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

Year ended 31.3.2013	Year ended 31.3.2012
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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

	31-03-2013		31-Mar-12	
Equity Shares	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	1,50,00,000	15,00,00,000	1,37,00,000	13,70,00,000
Issued during the year	-	-	13,00,000	1,30,00,000
Outstanding at the end of the year	1,50,00,000	15,00,00,000	1,50,00,000	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.

	31-03-2013	31-Mar-12
VLS Finance Ltd.	1,49,49,400	1,49,49,400

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

	31-03-2013		31-Mar-12	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	1,49,49,400	99.67	1,49,49,400	99.67

Note 4
Reserves & Surplus
As per Last Balance Sheet

Opening Balance	65,20,555	(1,189,416)
Add: Profit for the year	12,18,233	77,09,971
Total	77,38,788	6,520,555

9 FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As on 01/04/2012	Additions during the year	Deletion during the year	As at 31/03/2013	Upto 01/04/2012	For the year	Adjustments	Upto 31/03/2013	Up to 31/03/2013	As at 31/03/2012
TANGIBLE ASSETS										
Computers	38,57,809	-	-	38,57,809	38,26,232	12,631	-	38,38,863	18,946	31,577
Office Equipments	2,88,205	-	-	2,88,205	2,55,407	4,562	-	2,59,969	28,236	32,798
Furniture & Fixtures	71,112	-	-	71,112	67,116	651	-	67,767	3,345	3,996
Sub-total (A)	42,17,126	-	-	42,17,126	41,48,755	17,844	-	41,66,599	50,527	68,371
INTANGIBLE ASSETS										
Software	1,04,000	-	-	1,04,000	83,432	8,227	-	91,659	12,341	20,568
Sub-total (B)	1,04,000	-	-	1,04,000	83,432	8,227	-	91,659	12,341	20,568
Total (A+B)	43,21,126	-	-	43,21,126	42,32,187	26,071	-	42,58,258	62,868	88,939
Previous Year	43,49,139	-	28,013	43,21,126	42,19,441	40,460	27,714	43,32,187	88,939	1,29,698

Note - 10

PARTICULARS	As at 31 March, 2013	As at 31 March, 2012
	Rs	Rs
Non-Current Investments		
Non trade -At cost-Fully paid up (QUOTED)		
Investment in Equity Instruments of Other entities		
8,15,000 (P.Y.8,15,000) Equity Shares of Rs.5/- each of Relaxo Footwear Ltd.	9,72,35,355	9,72,35,355
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
NIL (P.Y.1000) Equity Shares of Rs.1/- each of Anant Raj Industries Limited	-	1,04,607
5000 (P.Y.5000) Equity Shares of Rs.1/- each of Lanco Infratech Limited	1,66,198	1,66,198
200 (P.Y.200) Equity Shares of Rs.10/- each of UTI Master Plus 91	3,252	3,252
Total -Current long-term investments	9,74,05,058	9,75,09,665
Total Non-Current Investment	9,74,05,058	9,75,09,665
Aggregate amount of quoted investments	9,74,05,058	9,75,09,665
Aggregate market value of quoted investments	47,98,15,325	24,46,62,077

Note 11
Deferred Tax

	Year Ended 31.3.2013	Year Ended 31.3.2012
a. Deferred Tax Liabilities		
Depreciation on Fixed Assets	(9,768)	(14,354)
b. Deferred Tax Assets		
Employee Benefits	72,281	66,185
Net Deferred Tax Liabilities	62,513	51,831

Note 5
Long Term Provisions

	Year Ended 31.3.2013	Year Ended 31.3.2012
Provision for Leave Encashment	2,27,565	2,07,950
Total	2,27,565	2,07,950

Note 6
Trade Payables

	Year Ended 31.3.2013	Year Ended 31.3.2012
Related Party		
Holding Company	17,42,764	9,15,374
Others Payables	1,64,317	3,55,706
Total	19,07,082	12,71,080

Note 7
Other Current Liabilities

	Year Ended 31.3.2013	Year Ended 31.3.2012
Statutory Liabilities	1,02,779	81,466
Others Payables	3,77,535	3,03,421
Total	4,80,314	3,84,887

Note 8
Short-Term Provisions

	Year Ended 31.3.2013	Year Ended 31.3.2012
Provision for Leave Encashment	6,353	6,240
Total	6,353	6,240

Note 12
Long-Term Loans and Advances

	Year Ended 31.3.2013	Year Ended 31.3.2012
(Unsecured, considered good)		
Deposits with Others	78,00,000	78,00,000
Advance Income Tax and Tax Deducted as source	30,13,723	23,74,761
Less : Provision for Taxation	(1,620,690)	(1,620,690)
Staff Loan and Advances	8,52,755	5,23,900
Total	1,00,45,788	90,77,971

Note 13
Trade Receivables

	Year Ended 31.3.2013	Year Ended 31.3.2012
(Unsecured, considered good)		
Debts outstanding for a year exceeding 6 months from the date they are due for payment	-	-
Others	20,00,439	12,06,665
Total	20,00,439	12,06,665

Note 14
Cash & Cash Equivalents

	Year Ended 31.3.2013	Year Ended 31.3.2012
Cash on Hand	6,169	10,341
Balance with Banks		
- Current Account	16,42,003	10,94,759
- Fixed Deposit with Banks*	1,20,00,000	1,18,00,000
Total	1,36,48,172	1,29,05,100

* Fixed deposits with bank include deposits of Rs.120 Lacs (Previous Year Rs.118 Lacs) with maturity of more than 12 months

Note 15
Short Term Loans & Advances

	Year Ended 31.3.2013	Year Ended 31.3.2012
(Unsecured, considered good)		
Margin Deposit	3,58,00,000	3,58,00,000
Prepaid Expenses	1,05,879	4,99,340
Staff Loan and Advances	5,70,527	3,04,950
Total	3,64,76,406	3,66,04,290

Note 16
Other Current Assets

	Year Ended 31.3.2013	Year Ended 31.3.2012
Interest Accrued but not due	6,24,993	9,12,327
Others	33,865	33,923
Total	6,58,858	9,46,250

Note 17
Revenue From Operations

	Year Ended 31.3.2013	Year Ended 31.3.2012
Sale (Securities & Currency Derivatives)	16,37,604	67,33,52,891
Income from Brokerage	3,39,184	10,58,030
Total	19,76,788	67,44,10,921

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

	Year Ended 31.3.2013	Year Ended 31.3.2012
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Note 18
Other Income

Interest on Fixed Deposit	44,48,403	42,55,832
Interest on Income Tax Refund	-	49,324
Dividend Income	12,22,917	8,15,017
Gain on Sale of Investment in Shares	7,084	79,15,638
Income from Sale of Old Asset	-	201
Miscellaneous Income	8,287	3,870
Total	56,86,691	1,30,39,882

Note 19
Operating Expenditure

SEBI Fees	5,51,039	5,01,370
NSE Capital Market subscription	1,00,000	1,00,000
V-Sat Charges	1,01,674	1,00,000
Transaction and Other NSE Charges	1,24,833	2,71,196
Total	8,77,546	9,72,566

Note 20
Employee Benefit Expenses

Salaries and Wages	23,66,291	22,42,018
Staff Welfare Expenses	430	563
Contribution to Provident and other Funds	4,77,697	5,34,101
Total	28,44,418	27,76,682

Note 21
Other Expenses

Rent	60,000	60,000
Rates & Taxes	70,078	74,304
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and other Consultancy Charges	78,021	85,500
Repair & Maintenance	7,864	18,710
Travelling and Conveyance	3,89,556	4,19,597
Insurance	5,137	5,839
Miscellaneous Expenses	17,180	13,870
Business Promotion	1,03,355	1,05,163
News Papers, Books & Periodicals	78,021	75,689
Communication Expenses	1,10,123	1,02,261
Printing & Stationery	2,725	19,092
Internal Audit fee	40,000	40,000
Directors Sitting Fee	8,000	8,000
Auditors Remuneration		
- Statutory Audit fees	16,545	16,545
- Tax audit fees	5,515	5,515
- Certification fees	-	2,100
- Out of pocket expenses	20,000	20,000
Total	10,72,099	11,32,185

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	4,81,000	16,35,796	4,81,000	16,37,604	Nil	Nil
Previous Year (Currency Derivatives)	Nil	Nil	1,05,54,000	67,32,59,526	1,05,54,000	67,33,52,891	Nil	Nil

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

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

26. Disclosure required under Accounting Standard 15 - Employee Benefits

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

The amount recognised as expenses for this defined contribution plan in the financial statement is Rs. Nil- which includes Rs. Nil (Previous year Rs. Nil/-) towards contribution for key managerial personal.

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

	(in Rupees) As at March 31, 2013	(in Rupees) As at March 31, 2012
Change in present value of obligation		
Present value of obligation as at the beginning of the year		
Interest cost	17,622	13,793
Current service cost	14,482	13,864
Actuarial (gain) / loss	(12,376)	28,897
Benefits paid	0.00	0.00
Present value of obligation as at the end of the year	2,33,918	2,14,190
Change in plan assets	Not Applicable	Not Applicable
Plan assets at the beginning of the year	2,14,190	1,57,636
Expected return on plan assets		
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	17,622	13,793
Current service cost	14,484	13,864
Interest cost		
Return on plan assets		
Actuarial (gain) / loss	(12,376)	28,897
Net cost	2,33,918	2,14,190
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
Main actuarial assumptions		
Discount rate	8.25%	8.75%
Rate of increase in compensation levels	5.00%	5.00%

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

27. Related Party Disclosure

Followings are the related parties: -

Holding Company: - VLS Finance Ltd.

Fellow Subsidiaries: VLS Asset Management Ltd.

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

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

Transactions during the year with the related parties: -

Nature of Transactions	Holding Company		Other Related Parties	
	31.03.13	31.03.12	31.03.13	31.03.12
Brokerage earned	1,01,067/-	25,740/-	Nil	Nil
Reimbursement amount claimed	22,96,344/-	21,83,152/-	Nil	Nil
Rent and other charges paid	1,20,000/-	1,20,000/-	Nil	Nil
Payable to Holding Company at the year end	17,42,764/-	9,15,374/-	Nil	Nil

28. Calculation of Earning per share

Particulars	Equivalent No. of Shares Year ended 31 st March 2013	Equivalent No. of Shares Year ended 31 st March 2012
Basic and diluted		
Total Shares outstanding	15,00,000	15,00,000
Weighted Average of Shares	1,50,00,000	52,74,795
Profits after taxes	12,18,233/-	77,09,971/-
EPS (In Rs.)	0.08	1.76

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

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

As per our report of even date

For Agiwal & Associates

(F.R.N. 000181N)

Chartered Accountants

P.C. Agiwal

Partner

Membership No. 80475

Place : New Delhi

Date : 27/05/2013

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, 2013

	Amount (Rs.)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
A. Cash Flow from Operating Activities		
Net Profit before Tax	1,207,549	9,269,384
Adjustments for:-		
Dividend Income	(1,222,917)	(815,017)
Depreciation	26,071	40,460
Profit from sale of Fixed Assets	-	(201)
Gain on Sale of Investments	(7,084)	(7,915,638)
Provision for Leave Encashment	19,728	61,146
	(1,184,202)	(8,629,250)
Operating Profit before Working Capital Changes	23,347	640,134
Adjusted for:		
Trade Payables	731,429	438,491
Trade and Other Receivables	(506,382)	(663,374)
Short Term Loans and Advances	127,884	582,608
	352,931	357,725
Cash Generated from Operations	376,278	997,859
Less: Tax Payment	-	(1,582,000)
Cash Flow from Operating Activities	376,278	(584,141)
Prior Period Items	-	-
Net Cash from Operating Activities	376,278	(584,141)
B. Cash Flow from Investing Activities		
Purchase of Investments	-	(13,932,569)
Sale of Investments	1,11,692	-
Additions in Fixed Assets	-	-
Long Term Loans and Advances	(967,815)	741,734
Proceeds from Sale of Fixed Assets	-	500
Dividend Income	1,222,917	815,017
Net Cash (used in)/ Generated from Investing Activities	366,794	(12,375,318)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share	-	13,000,000
Interest paid	-	-
Net Cash (used in)/ Generated from Financing Activities	-	13,000,000
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	743,072	40,542
Opening Balance of Cash & Cash Equivalents	12,905,100	12,869,150
Closing Balance of Cash & Cash Equivalents	13,648,172	12,905,100

As per our report of even date
For Agiwal & Associates
(F.R.N. 000181N)
Chartered Accountants
P.C. Agiwal
Partner
Membership No. 80475
Place : New Delhi
Date : 27th May, 2013

For and on behalf of the Board

S.K. Agarwal Managing Director
K.K.Soni Director
T.B. Gupta Director

VLS ASSET MANAGEMENT LTD.
DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 18th Annual Report of your Company together with the Balance Sheet as at 31st March, 2013 and the Statement of Profit & Loss for the year ended on that date.

Financial Results

The Company has incurred a loss of Rs. 1077/- on account of administrative expenses incurred. No income was generated during the year under review. The accumulated losses of the Company, during the year under review, have exceeded 50% of its net worth. The Board has been advised that the Company, not being an Industrial Company, no reference to BIFR or other authorities is required to be made. The Company did not undertake any activity during the year under review. However, the Board is continuing efforts to identify suitable activity for operation keeping in view the means available. Accordingly the Company is being viewed as a going concern and the accounts have been prepared on the basis of the going concern assumption.

Dividend

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

Directors

There was no change in the Board of Directors during the year under review. Shri S. C. Agarwal - Director shall be retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment. Your Directors recommend his reappointment in order to have his 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, 2013, 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, 2013 on a going concern basis.

Auditors

The auditor M/s V. Sankar Aiyar & Co. Chartered Accountants, Statutory Auditors of the Company, will retire at the forthcoming Annual General Meeting. The Company has received a letter dated 31/05/2013 expressing unwillingness from the present auditors to act as auditors of the Company for the next term due to other engagements. The Board places on record their best wishes and thanks to M/s. V. Sankar Aiyar & Co., Chartered Accountants for their cooperation and guidance during their tenure as Statutory Auditors of the Company. The Board recommends appointment of M/s. Agiwal

& Associates - Chartered Accountants, (FRN:000181N) as Statutory Auditors of the Company for the financial year 2013-14 who have confirmed their eligibility of said appointment u/s 224 (1B) of the Companies Act, 1956 and in-principle consent vide letter dated 1/6/2013. You are also requested to authorize the Board to fix their remuneration.

Auditors Report

The observations made by Auditors M/s V. Sankar Aiyar & Co. 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 : 15/6/2013

S. K. Agarwal
Director

S. C. Agarwal
Director

INDEPENDENT AUDITORS' REPORT

To the members of VLS Asset Management Limited

Report of Financial Statements

We have audited the accompanying financial statements of VLS Asset Management Limited ("the Company"), which comprise the balance sheet as at 31st March, 2013 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

Management is responsible for 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"). The 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

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 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 our 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 2013;
- 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 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2013 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.

Place: New Delhi
Date: 27-05-2013

For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208W
(V. Rethinam)
Partner
Membership Number: 10412



BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in Rs.)

Particulars	Note No	As at 31.3.2013	As at 31.3.2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	7,07,000	7,07,000
(b) Reserves and Surplus	4	(1,614,968)	(1,613,891)
		<u>(907,968)</u>	<u>(906,891)</u>
(2) Non-Current Liabilities			
Long-Term Borrowings	5	9,18,932	9,17,911
		<u>9,18,932</u>	<u>9,17,911</u>
(3) Current Liabilities			
Other Current Liabilities	6	5,431	5,431
		<u>5,431</u>	<u>5,431</u>
Total		<u>16,395</u>	<u>16,451</u>
II. Assets			
(1) Non-current assets			
		-	-
(2) Current assets			
Cash and Cash Equivalents	7	16,394	16,451
		<u>16,394</u>	<u>16,451</u>
Total		<u>16,394</u>	<u>16,451</u>

Significant Accounting Policies 1

Other notes forming part of the accounts 9 to 12

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

For and on behalf of the Board

V. Rethinam
Partner

S.K. Agarwal
Director

S.C. Agarwal
Director

M. No. 10412
Date : 27/05/2013
Place : New Delhi

STATEMENT PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2013

(Amount in Rs.)

Particulars	Note No	Year Ended 31.3.2013	Year Ended 31.3.2012
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	1,077	1,020
Total Expenses (IV)		<u>1,077</u>	<u>1,020</u>
V. Profit/(Loss) before tax (III-IV)		<u>(1,077)</u>	<u>(1,020)</u>
		<u>(1,077)</u>	<u>(1,020)</u>
VI. Profit/(Loss) for the year		<u>(1,077)</u>	<u>(1,020)</u>
VII. Earning per equity share (OF Rs. 10/- each)			
Basic and Diluted		(0.015)	(0.014)

Significant Accounting Policies 1

Other notes forming part of the accounts 9 to 12

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

For and on behalf of the Board

V. Rethinam
Partner

S.K. Agarwal
Director

S.C. Agarwal
Director

M. No. 10412
Date : 27/05/2013
Place : New Delhi

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

Authorised

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

10,00,00,000

10,00,00,000

Issued, Subscribed & Paid up

70100 Equity Shares of Rs. 10/- each

7,07,000

7,07,000

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

Equity Shares	31-Mar-13		31-Mar-12	
	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.

	31-Mar-13	31-Mar-12
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

	31-Mar-13		31-Mar-12	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	70,100	99.15	70,100	99.15

Note 4

Reserves & Surplus

Surplus

At the Beginning of the Accounting year

(1,613,891)

(1,612,871)

Additions during the year

(1,077)

(1,020)

Total

(1,614,968)

(1,613,891)

Note 5

Unsecured Long Term Borrowings

From Holding Company i. e. VLS Finance Ltd.

(Non- interest bearing)

9,18,572

9,17,551

Director Loan

360

360

Total

9,18,932

9,17,911

Note 6

Other Current Liabilities

Audit Fee Payable

5,431

5,431

Total

5,431

5,431

Note 7

Cash & Cash Equivalents

(a) Balance with Banks

- Current Account

16,394

16,451

(b) Cash-in-Hand

-

-

Total

16,394

16,451

Note 8

Other Expenses

Filling Charges

1,021

1,020

Bank Charges

56

-

Total

1,077

1,020



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 on 31 st March, 2013	As on 31 st March, 2012
Holding Company	Opening Balance	9,17,911	9,16,891
	Transactions during the year	1,021	1,020
	Closing Balance	9,18,932	9,17,911

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

S. No.	Particulars	Year Ended 31 st March 2013	Year Ended 31 st March 2012
1.	Net Profit/Loss after Tax	(1,077)	(1,020)
2.	Weighted Average number of Equity Shares	70,700	70,700
3.	Face value per Share	10	10
4.	Basic & Diluted Earning Per Share	(0.015)	(0.014)

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

As our report of even date
For V. Sankar Aiyar & Co.
 Chartered Accountants
 (Firm Regn. No. 109208W)
V. Rethinam
 Partner
 M.No. 10412
 Date : 27/05/2013
 Place : New Delhi

For and on behalf of the Board

S.K.Agarwal
 Director

S.C.Agarwal
 Director

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. 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 on consideration of reports of other auditor on separate financial statements and other financial information of the components, 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, 2013;
- 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.

Other Matter

7. We did not audit the financial statements of the subsidiary namely VLS Asset Management Limited whose financial statement reflect total assets of Rs. 16,394/- as at 31st March, 2013 and total revenues of Rs. NIL for the year ended on that date. These financial statements have been audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

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

Place : New Delhi
 Date: 28th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31st March, 2013

(Amount in Rupees)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013			
	Year Ended 31/03/2013	Year Ended 31/03/2012	
A	Cash Flow from Operating Activities		
	Net Profit (Loss) before Tax	(1077)	(1020)
	Adjustment for :-		
	Operating Profit before working capital changes	(1077)	(1020)
	Increase / (Decrease) in trade payables & Others	-	-
	Cash Generated from Operations	(1077)	(1020)
	Net Cash From Operating Activities	(1077)	(1020)
B	Cash Flow From Financing activities		
	Proceeds from borrowings	1077	1,020
	Net Cash From Financing Activities	1077	1,020
	Net increase in Cash & Cash Equivalents (A+B+C)	-	-
C	Cash & Cash Equivalents at the beginning of the Year	16451	16451
D	Cash & Cash Equivalents at the end of the year	16394	16451
	Increase/(Decrease) in Cash & Cash Equivalents (D-E)	-	-

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

For & behalf of the Board of Directors

V. Rethinam
 M.No. 10412
 Partner
 Date : 27/05/2013
 Place : New Delhi

S.K. Agarwal
 Director

S.C. Agarwal
 Director

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, 2013, 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 consolidated financial statements, whether due to fraud or error. In making those risk

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	39,91,72,250	39,91,72,250
(b) Reserves & Surplus	3	162,70,87,309	160,88,90,385
(2) Minority Interests			
(a) Share Capital		5,06,000	5,06,000
(b) Reserves & Surplus			
- Opening		12,606	(13,085)
- Add: For the year		4,052	25,691
		16,658	12,606
(3) Non-current liabilities			
(a) Other Long Term Liabilities	4	360	360
(b) Long Term Provisions	5	20,17,01,533	20,06,40,348
(4) Current liabilities			
(a) Trade payables	6	11,05,738	8,05,167
(b) Other Current Liabilities	7	8,11,48,828	8,29,21,378
(c) Short Term Provisions	8	2,84,298	2,80,376
Total		231,10,22,974	229,32,28,870
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
- Tangible Assets	9	7,14,11,693	7,47,19,647
- Intangible Assets	9	98,648	1,64,414
(b) Non-current Investments	10	97,66,85,834	94,79,36,852
(c) Deferred tax assets (Net)	11	1,93,62,061	3,09,45,630
(d) Long-term loans and advances	12	17,47,05,101	14,46,77,796
(2) Current assets			
(a) Inventories- Share stock-in-trade	13	1,03,14,615	1,14,82,712
(b) Trade receivables	14	80,24,61,342	84,53,30,545
(c) Cash and cash equivalents	15	14,50,32,198	1,98,95,313
(d) Short-term loans and advances	16	10,77,23,577	21,71,17,461
(e) Other current assets	17	32,27,905	9,58,500
Total		231,10,22,974	229,32,28,870
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. 80475

S.K.Agarwal
 Managing Director

M.P.Mehrotra
 Director

K.K.Soni
 Executive Director & CFO

H.Consul
 Company Secretary

May 28th, 2013
 New Delhi


CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2013		(Amount in Rupees)	
	Note No	For the year ended on 31st March, 2013	For the year ended 31st March, 2012
I Revenue from operations	18	2322,89,42,772	2204,00,38,397
II Other Income		10,805	1,34,97,619
III Total Revenue (I+II)		2322,89,53,577	2205,35,36,016
IV Expenses			
Purchase of Shares/Securities/Commodities		2313,29,87,681	2193,92,61,310
Change in stock of shares	19	11,68,097	95,14,487
Employee benefits expenses	20	1,31,65,487	1,48,47,876
Finance cost	21	15,55,454	66,52,908
Depreciation	9	48,99,464	1,72,09,431
Administrative & Other Expenses	22	3,68,12,287	3,83,82,499
V. Total Expenses		2319,05,88,470	2202,58,68,511
VI. Profit before tax (IV-V)		3,83,65,107	2,76,67,505
VII. Less: Tax Expenses			
Current Tax - MAT		71,04,995	51,24,667
Deferred Tax		1,15,83,567	(6,666,102)
VIII. Profit before Minority interest share of P/L (VI-VII)		1,96,76,545	2,92,08,940
Less: Minority Interest share on Profit		4,052	25,691
IX Profit for the year		1,96,72,493	2,91,83,249
EARNING PER SHARE			
Basic and Diluted Earning per Share (Rs.)		0.49	0.73
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 28th, 2013
New Delhi

For and behalf of the Board

S.K. Agarwal
Managing Director

M.P. Mehrotra
Director

K.K. Soni
Executive Director & CFO

H. Consul
Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

Significant Accounting Policies on Consolidated Financial Statements for the year ended on 31st March 2013

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

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

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

B. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

(Amount in Rupees)

As at 31.03.2013 As at 31.03.2012

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)

Add: Amount forfeited on 4,67,500 equity shares
(Previous year 4,67,500 equity shares) 12,22,250 12,22,250

39,91,72,250 39,91,72,250

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

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

	No. of Equity Shares	
Outstanding as at 1st April 2012 / 1st April 2011	3,97,95,000	3,97,95,000
Outstanding as at 31st March 2013 / 31st March 2012	3,97,95,000	3,97,95,000

(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, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of shares held	% of Holding
VLS Capital Limited	1,23,26,339	30.97	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)				As at		As at	
						31st March, 2013		31st March, 2012	
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		12,65,21,477	12,22,21,479						
Add: Transfer from surplus in the Statement of Profit & Loss		36,91,878	42,99,998						
Closing Balance	Total (b)	13,02,13,355	12,65,21,477						
c) SECURITY PREMIUM RESERVE ACCOUNT									
As per last Balance Sheet		96,78,46,235	96,78,46,235						
	Total (c)	96,78,46,235	96,78,46,235						
		<i>Of the above amount of Rs.96,78,46,235/-, an amount of Rs.4,74,33,750 is relating to share premium received on forfeited shares</i>							
d) SURPLUS IN STATEMENT OF PROFIT AND LOSS									
Opening Balance		21,76,38,743	19,25,35,936						
Add: Transfer from statement of Profit and loss		1,96,72,493	2,91,83,249						
Add: Prior year tax provisions and adjustments		(1,475,569)	2,19,556						
		23,58,35,667	22,19,38,741						
Less : Appropriations									
-Statutory Reserve u/s 45IC of the RBI Act, 1934		36,91,878	42,99,998						
Closing Balance	Total (d)	23,21,43,789	21,76,38,743						
	Grand Total (a) to (d)	162,70,87,309	160,88,90,385						
4 Other Long-Term liabilities									
- Loan from Directors		360	360						
	Total	360	360						
5 Long-Term provisions									
(a) Provision for Employee benefits		4,75,158	4,24,723						
(b) Provision for diminution in value of assets		20,10,00,000	20,00,00,000						
(c) Contingent Provisions against Standard Assets		2,26,375	2,15,625						
		20,17,01,533	20,06,40,348						
6 Trade payables									
(a) Micro, Small and Medium Enterprises		0	0						
(b) Other trade payables		11,05,738	8,05,167						
		11,05,738	8,05,167						
7 Other current liabilities									
(a) Statutory liabilities		7,71,293	26,12,526						
(b) Others		8,03,77,535	8,03,08,852						
		8,11,48,828	8,29,21,378						
8 Short-Term provisions									
Provision for Employee benefits		2,84,298	2,80,376						
		2,84,298	2,80,376						

9 FIXED ASSETS

(Amount in Rupees)

Sl. No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2012	Additions during the year	Sales Adjustments	Cost As at 31-03-2013	Upto 31.03.2012	For the year	Sales Adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31.03.2012
	TANGIBLE ASSETS										
1 Assets for own use:											
A Buildings	9,78,64,951	0	0	9,78,64,951	2,61,62,578	35,85,118	0	2,97,47,696	6,81,17,255	7,17,02,373	
B Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1	
C Vehicles	29,79,507	15,29,362	3,07,938	42,00,931	22,14,636	4,59,922	2,84,456	23,90,102	18,10,829	7,64,871	
D Office Equipments	12,99,431	39,058	2,70,429	10,68,060	8,13,145	66,035	1,98,523	6,80,657	3,87,403	4,86,286	
E Furniture & Fixtures	9,46,737	0	0	9,46,737	7,83,544	29,467	0	8,13,011	1,33,726	1,63,193	
F Air Conditioners	10,28,892	46,000	0	10,74,892	4,76,410	81,969	0	5,58,379	5,16,513	5,52,482	
G Computers	58,87,115	61,927	8,65,429	50,83,613	53,93,656	2,03,261	8,10,214	47,86,703	2,96,910	4,93,459	
H Electrical Installations	2,44,954	0	0	2,44,954	2,25,370	2,724	0	2,28,094	16,860	19,584	
I Generator	4,30,905	0	0	4,30,905	3,93,507	5,202	0	3,98,709	32,196	37,398	
2 Assets on Lease	120,66,66,568	0	0	120,66,66,568	120,61,66,568	4,00,000	0	120,65,66,568	1,00,000	5,00,000	
	131,80,37,795	16,76,347	14,43,796	131,82,70,346	124,33,18,148	48,33,698	12,93,193	124,68,58,653	7,14,11,693	7,47,19,647	
	INTANGIBLE ASSETS										
Computer Software	4,08,000	0	0	4,08,000	2,43,586	65,766	0	3,09,352	98,648	1,64,414	
Grand Total	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	
Previous Year	131,77,30,682	7,43,126	28,013	131,84,45,795	122,63,80,017	1,72,09,431	27,714	124,35,61,734	7,48,84,061	9,13,50,665	

10 NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	QUANTITY			AMOUNT (In Rs.)	
	FACE VALUE	AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
A. INEQUITY 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
Anchal Fintrade P.Ltd	100	0	35,000	0	35,00,000
Alok Fintrade P.Ltd	100	0	5,000	0	5,00,000
BS Traders P.Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P.Ltd	100	0	10,000	0	10,00,000
Kanoria Properties P.Ltd	100	0	80,000	0	80,00,000
Generato Next Medical Services Co Pvt Ltd	100	0	42,000	0	42,00,000
Pranjali Investments P.Ltd	100	0	56,000	0	56,00,000
Sunair Hotels Ltd.	10	95,94,824	95,94,824	23,59,48,240	23,59,48,240
Appu Ghar Entertainment Pvt Ltd	10	2,77,100	2,77,100	13,85,50,000	13,85,50,000
VLS Capital Ltd	10	48,20,833	48,20,833	7,38,53,947	7,38,53,947
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
BMS IT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
Eha infrastructure P.Ltd	10	0	4,90,000	0	49,36,750
		SUB-TOTAL (A-1)		73,40,72,187	76,18,08,937

11 NON-CURRENT INVESTMENTS (at cost)

PARTICULARS	QUANTITY			AMOUNT (In Rs.)	
	FACE VALUE	AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
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	87,337	0	3,07,29,484	0
ANANT RAJ INDUSTRIES LTD	1	0	1,000	0	1,04,607
BANK OF BARODA	10	2	2	502	502
BHARAT HEAVY ELECTRICALS LTD	2	1,500	0	3,12,414	0
BLISS GVS PHARMA LTD	1	21,990	0	6,65,638	0
D PHARMA LTD	10	200	200	1	1
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813
GODAVARI POWER & ISPAT LTD	10	200	500	20,196	68,920
HIND OIL EXPLORATION LTD	10	1,200	1,200	3,76,253	3,76,253
HIMATSINGKA SEIDE LTD	5	1,000	0	38,073	0
HDFC BANK LTD	2	100	0	64,318	0
INDRAPRASTHA MEDICAL CORPORATION LTD	10	4,000	2,000	1,38,506	95,426
ITC LTD	1	500	500	97,020	97,020
IDFC LTD	10	0	500	0	59,675
ICICI BANK LTD	10	100	0	1,09,374	0



CONSOLIDATED FINANCIAL STATEMENTS

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

NON-CURRENT INVESTMENTS (at cost)					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2013	AS AT 31.03.2012	AS AT 31.03.2013	AS AT 31.03.2012
JP ASSOCIATES LTD	2	2,750	750	2,02,155	84,337
JSW ENERGY LTD	10	700	1,000	43,356	1,27,194
JK TYRE INDUSTRIES LTD	10	0	1,000	0	1,09,215
LANCO INFRATECH LTD	1	5,000	5,000	1,66,198	1,66,198
NTPC LTD	10	250	250	38,879	48,000
MERCATOR LINES LTD	1	3,000	3,000	87,440	87,440
NHPC LTD	10	0	5,000	0	1,61,730
NOIDA TOLL BRIDGE CO LTD	10	0	2,000	0	64,600
JAYASWAL NECO INDUSTRIES LTD	10	0	2,000	0	88,671
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828
PUNJAB WIRELESS LTD	10	500	500	1	1
RELAXO FOOTWEAR LTD	5	17,20,776	17,20,776	13,14,21,104	13,14,21,104
RELIANCE INDUSTRIES LTD	10	1,000	1,000	9,91,343	9,91,343
RELIANCE MEDIAWORKS LTD	5	500	500	1,11,689	1,11,689
RUNEECHA TEXTILES LTD	10	3,57,600	3,57,600	17,88,000	17,88,000
SHIVA TEXYARN LTD	10	0	1,000	0	62,175
SUJANA METAL LTD	5	4,000	4,000	32,383	32,383
SURANA INDUSTRIES LTD	10	4,50,000	0	6,41,67,120	0
TATA MOTORS LTD	10	500	0	1,34,770	0
TATA STEEL LTD	10	300	300	2,05,413	2,05,413
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
UTIMASTER PLUS 91	0	200	200	3,252	3,252
SUB-TOTAL (A-2)				23,55,19,238	13,99,29,505
B. DEBENTURES & BONDS					
Unquoted & Fully Paid-up					
Eha infrastructure Pvt Ltd (0% optionally convertible debentures)					
	1,00,000	0	390	0	3,90,00,000
ICICI Bond (12%)					
	1,00,000	0	1	0	1,04,000
SUB-TOTAL B				0	3,91,04,000
TOTAL C (A1+A2+B)				96,95,91,425	94,08,42,443
I. Aggregate value of quoted investments					
				At Cost	23,55,19,238
				Market Value	109,58,27,363
II. Aggregate value of un-quoted investments - Others					
				At Cost	73,40,72,187
					80,09,12,937
D. INVESTMENT IN IMMOVABLE PROPERTIES:-					
					70,94,409
					70,94,409
GRAND TOTAL (C+D)				97,66,85,834	94,79,36,852

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

(Amount in Rupees)

As at 31st March, 2013 As at 31st March, 2012

11 Deferred tax

a) Deferred tax Assets			
i) Accumulated Losses	4,08,31,712		5,37,59,044
ii) Employee Benefits	2,42,792		2,25,460
Total (a)	4,10,74,504		5,39,84,504
b) Deferred tax Liabilities			
i) Depreciation on Fixed Assets	2,17,12,443		2,30,38,874
Total (b)	2,17,12,443		2,30,38,874
Deferred tax assets (net)	Total (a-b)	1,93,62,061	3,09,45,630

12 Long Term Loans and advances

A) Unsecured, considered good			
i) Loans & advances	8,00,00,000		8,00,00,000
	8,00,00,000		8,00,00,000
ii) Staff Loans and advances	10,40,128		8,48,361
	10,40,128		8,48,361
iii) Advances recoverable in cash or kind or for value to be received-	27,29,093		14,79,093
	27,29,093		14,79,093
iv) Security Deposit with Govt Department	1,500		1,500
v) Security Deposit with others	92,91,324		92,87,524
vi) Margin Money with Share Brokers	3,00,00,000		0
vii) Advance Income Tax and Tax Deducted at Source	7,15,11,408		9,31,78,730
Less: Tax Provisions	1,98,68,352		4,01,17,412
	5,16,43,056		5,30,61,318
Total A (i+ii+iii+iv+v+vi+vii)	17,47,05,101		14,46,77,796
B) Doubtful			
i) Loans & advances	0		10,00,000
Less: Allowance for Non-performing assets	0		10,00,000
	0		0
ii) Advances recoverable in cash or kind or for value to be received-	71,26,220		73,68,340
Less: Allowance for Non-performing assets	71,26,220		73,68,340
Total B (i+ii)	0		0
Total (A+B)	17,47,05,101		14,46,77,796

13 INVENTORIES - SHARE STOCK IN TRADE

(At Cost or market price, whichever is lower)

Name of the Company	As on 31.03.2013		As on 31.03.2012	
	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	9,190	1,000	13,000
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	3,461	10	4,072
SOUTH ASIAN ENTERPRISES LTD	17,11,289	1,03,01,960	17,11,289	1,14,65,636
SWEDE INDIA LTD	200	1	200	1
Total	20,26,199	1,03,14,615	20,26,199	1,14,82,712

(Amount in Rupees)

As at 31st March, 2013 As at 31st March, 2012

14 Trade Receivables

a) Unsecured-Considered good

Due from share brokers

1. Due for more than six months	0	0
2. Others	80,24,61,342	84,53,30,545
Total (a)	80,24,61,342	84,53,30,545

b) Doubtful

Instalments Receivable

1. Due for more than six months	30,24,030	31,24,030
2. Others	0	0
Sub-total	30,24,030	31,24,030
Less: Allowance for Non-performing Assets	30,24,030	31,24,030
Total (b)	0	0
Total (a+b)	80,24,61,342	84,53,30,545

15 Cash and Cash Equivalents

a) Cash on Hand

	19,76,415	26,00,837
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b) Balances with banks

1. In Current Accounts	34,79,036	44,10,892
2. In Deposit Accounts-less than 12 months maturity (Previous year Rs. 10.84 Lacs)	11,75,76,747	10,83,584
3. In Deposit Accounts-more than 12 months maturity (Previous year Rs. 118.00 Lacs)	2,20,00,000	1,18,00,000
Total (a+b)	14,50,32,198	1,98,95,313

16 Short Term Loans and advances

Unsecured and considered good

i) Loans and advances	8,00,000	0
ii) Staff Loans and advances	11,82,056	7,65,046
iii) Advances Recoverable in cash or in kind or for value to be received	98,29,800	70,19,493
iv) Margin Money deposit with share brokers	9,57,00,000	20,87,00,000
v) Prepaid Expenses	2,11,721	6,32,922
Total	10,77,23,577	21,71,17,461

17 Other Current Assets

a) Interest Accrued but not due	31,88,640	9,12,577
b) Interest Receivables	5,400	12,000
c) Others	33,865	33,923
Total (a+b+c)	32,27,905	9,58,500

(Amount in Rupees)

Year ended 31st March, 2013 Year ended 31st March, 2012

18 REVENUE FROM OPERATIONS

Sale of Shares/Securities/Commodities	2326,67,15,986	2200,33,72,847
Income from Other credit operations	2,27,35,425	5,61,58,089
Income from Investments	(60,641,519)	(19,492,539)
Bad Debts Recovered	1,32,880	0
Total	2322,89,42,772	2204,00,38,397

19 CHANGE IN STOCK OF SHARES

Closing Stock of Shares	1,03,14,615	1,14,82,712
Less: Opening Stock of Shares	1,14,82,712	2,09,97,199
Change in Stock of Shares - Increase / (Decrease)	(1,168,097)	(9,514,487)

20 EMPLOYEE BENEFITS EXPENSES

Salaries	1,14,23,377	1,13,75,608
Staff Amenities	4,28,424	4,93,820
Employer's Contribution to PF, ESI, Gratuity Fund etc.	13,13,686	29,78,448
Total	1,31,65,487	1,48,47,876

21 FINANCE COST

Bank/Finance Charges	10,968	16,003
Other borrowing costs	15,44,486	66,36,905
Total	15,55,454	66,52,908

CONSOLIDATED FINANCIAL STATEMENTS

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

	(Amount in Rupees)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
22 ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Business Promotion	18,09,253	16,29,779
Consultancy, Legal & Service Charges	1,51,55,346	1,50,81,934
Communication Expenses	9,58,535	10,25,429
Electricity & Water Charges	4,93,763	3,88,429
Insurance	34,292	36,655
Office Expenses	24,46,666	23,78,168
Securities Transaction Tax	9,996	8,969
Shares Transaction Charges	2,28,031	3,77,399
SEBI Membership Fees	5,51,039	5,01,370
NSE Capital Market Subscription	1,00,000	1,00,000
Travelling Expenses & Conveyance	17,24,422	23,66,413
Rates & Taxes	19,64,345	19,35,903
Rent	42,00,000	42,00,000
Repairs & Maintenance		
—Others	24,24,257	17,73,376
Miscellaneous Expenses	39,55,505	54,47,207
Auditors' Remuneration		
a) Audit Fees	1,51,377	1,48,905
b) For Other Services		
—For Tax audit	61,695	60,665
—For certification	1,40,300	1,42,400
—Out of pocket expenses	50,000	50,000
Internal Auditors' Remuneration		
—Fees	90,000	90,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	4,58,000	5,32,000
Allowance for Non-performing Assets (Net)	(342,120)	22,624
Contingent Provisions against Standard Assets	10,750	(2,500)
Bad debts written off	0	57,376
Loss on sale/written off of Fixed Assets	1,26,903	0
Prior year expenses	1,932	21,998
Total	3,68,12,287	3,83,82,499

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
a. Share Transfer Stamps of Rs. Nil/- (Previous Year Rs. 1,416/-).
b. Bank Deposits include fixed deposits of Rs. 3,86,76,747/- (Previous Year – Rs. 10,83,548/-) pledged by VLS Finance Ltd with the banks as security for availing overdraft facilities.
- The Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies regarding Capital Adequacy, Asset Classification, provisioning for and income recognition on non-performing assets have been followed in respect of VLS Finance Ltd.
- Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

Trading Items	Opening Stock in trade as on 01.04.2012		Purchases		Sales		Closing Stock in trade as on 31.03.2013	
	Qty.*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.	Qty*	Value Rs.
Shares	2026199	11482712	190925	94483979	190925	94476646	2026199	10314615
(Previous year)	2026199	20997199	160791	93898236	160791	93917027	2026199	11482712
Commodities	Nil	Nil	95094	23036867905	95094	23170601736	Nil	Nil
(Previous year)	Nil	Nil	208739	21171976186	208739	21235975527	Nil	Nil
Currency Derivatives	Nil	Nil	481	1635796	481	1637604	Nil	Nil
(Previous Year)	Nil	Nil	10556	673386889	10556	673480293	Nil	Nil

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

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

Particulars	(Amount in Rs.)		
	Associates	Key Managerial Personnel	Others
Remuneration to Managing Director.		22,71,662 (Previous year: 22,58,273)	
Other Charges received	7,357 (Previous year:6,011)		

9. Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal	
Remuneration	Rs. 17,82,000	(Previous Year – Rs. 17,82,000)
Perquisites	Rs. 4,89,662	(Previous Year – Rs. 4,76,273)

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 31st March, 2013	Year ended 31st March, 2012
Basic and Diluted		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 1,96,76,545	Rs. 2,92,08,940
EPS	Rs. 0.49	Rs. 0.73

11. The Company has made the provision for Taxation / MAT payable under the Income Tax Act, 1961 of Rs.71,04,995/- (Previous year Rs. 51,24,667/-). Out of this Rs.71,04,995/- (Previous year Rs. 35,42,667/-) relates to VLS Finance Ltd., Rs.Nil (Previous year Rs. 15,82,000/-) relates to VLS Securities Ltd.

12. The Holding Company being a Non-Banking Financial Company is mainly engaged in finance business including dealings through Stock and Commodity Exchanges. As all activities of the Company are covered under finance business; there are no separate segments for reporting as per the Accounting Standard AS-17 issued by The Institute of Chartered Accountants of India.

13. Income from investments includes:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	29,90,307	17,98,080
Interest on Debentures and Bonds (Gross)	Nil	8,745
Tax Deducted at Source	Nil	Nil

14. Income from Other credit operations grouped under Revenue from Operations includes Interest Receipts (Gross) of Rs. 2,23,96,241/- (Previous Year Rs. 5,21,00,059/-) and Tax Deducted at Source thereon of Rs. 22,37,291/- (Previous Year Rs. 52,02,639).

15. Expenditure in Foreign Exchange:-Foreign Travel Expenses in respect of VLS Finance Ltd- Rs. 41,588/- (Previous year Rs. 5,87,906).

16. SUBSIDIARY COMPANIES

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

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

17. Allowance for Non-performing assets written back of Rs. 3,42,120/- is net off of Rs. 10,00,000/- being allowance of Non-performing assets/diminution in value of assets (Previous year: Allowance for Non-performing assets of Rs.22,624/- is net off of Rs. 10,57,376/-being excess allowance written back in the value of Non-performing assets) of VLS Finance Ltd.

18. Contingent Provisions against Standard Assets amounting to Rs.2,26,375 (Previous year Rs.2,15,625/-) in respect of VLS Finance Ltd. has been made vide RBI notification dated 17th January, 2011 and the same is shown as "Contingent Provisions against Standard Assets" under "Long-Term Provisions" of Non-current liabilities.

19. 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.

20. Bad Debts recovery of Rs. 1,32,880/- is net off bad debts written off of Rs. 10,67,120/- (Previous Year: Bad Debts written off Rs.57,376/-) of VLS Finance Ltd.

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

22. Notes 1 to 23 form an integral part of financial statements.

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

For and behalf of the Board

S.K.Agarwal
Managing Director
M.P.Mehrotra
Director

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

May 28th 2013

New Delhi

Consolidated Cash Flow Statement for the Year ended 31st March, 2013

(Rupees in Lacs)

	For the Year Ended 31/03/2013		For the Year Ended 31/03/2012	
A CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax		383.65		276.68
Adjustments for:				
Interest and Finance Charges	15.55		66.53	
Depreciation	48.99		172.09	
Loss on sale of Fixed Assets	1.27		0.00	
(Income)/Loss from Investments	636.31		212.90	
Dividend Income	(29.90)		(17.98)	
Leave encashment Provisions	0.55		1.24	
NPA Provisions and adjustments	(3.32)	669.45	1.57	436.35
Operating Profit before Working Capital Changes		1,053.10		713.03
Adjustments for:				
Trade & Other Payables	(198.49)		(459.99)	
Inventories	11.68		95.14	
Trade & Other Receivables	1,392.01	1,205.20	(1,900.74)	(2,265.59)
Cash Generated from Operations		2,258.30		(1,552.56)
Less: Taxes Paid (Net)		65.23		95.64
Net Cash Flow from Operating Activities (A)		2,193.07		(1,648.20)
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Net Proceeds from Fixed Assets		(16.53)		(7.43)
Purchase of Shares		(1,385.36)		(270.00)
Net Proceeds from Sale of Investments		445.84		1,268.70
Dividend Income		29.90		17.98
Net Cash used/generated from Investing Activities (B)		(926.15)		1,009.25
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from/(Repayment of) Long Term Borrowings		0.00		(131.82)
Proceeds from/(Repayment of) Short Term Borrowings		0.00		(1,492.54)
Interest Paid		(15.55)		(66.53)
Net Cash Flow from Financing Activities (C)		(15.55)		(1,690.89)
Net Increase/(Decrease) in Cash & Cash Equivalents(A+B+C)		1,251.37		(2,329.84)
Opening Balance of Cash & Cash Equivalents		198.95		2,528.79
Closing Balance of Cash & Cash Equivalents		1,450.32		198.95

Notes:-

1 Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 386.77 lacs (Previous Year Rs. 10.84 lacs), which are pledged with them as security for overdraft facility.

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

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

For and behalf of the Board

S.K.Agarwal
Managing Director
M.P.Mehrotra
Director

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

May 28th 2013
New Delhi



VLS FINANCE LTD.

2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110 065

ATTENDANCE CARD TWENTY SIXTH ANNUAL GENERAL MEETING Wednesday, the 25th Day of September, 2013

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

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company at THE AUDITORIUM, SRI SATHYA SAI INTERNATIONAL CENTRE, INSTITUTIONAL AREA, LODHI ROAD, PRAGATI VIHAR, NEW DELHI - 110 003 at 03:30 P.M. ON **WEDNESDAY, the 25th DAY OF SEPTEMBER, 2013.**

Proxy's Name _____

Proxy's Signature _____

Member's Signature _____

NOTE :

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



VLS FINANCE LTD.

2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110 065

FORM OF PROXY

I/We _____ of _____ being a member/members of _____

VLS FINANCE LIMITED hereby appoint _____

of _____ or failing him _____

of _____ or failing him _____

of _____ as my/our proxy to vote for me/us and on my/our behalf

at the 26th Annual General Meeting of the Company to be held on Wednesday, the 25th Day of September, 2013 at 03:30 P.M. and at any adjournment thereof.

Dated this _____ day of _____ 2013.

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

Affix
Revenue
Stamp

FOR OFFICE USE ONLY

Proxy No. _____

Member's Signature _____

NOTE :

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

Book Post



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