

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd 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 Monday, 31st day of August, 2009 at 3.30 p.m. to transact the following business: -

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2009, the Profit & Loss Account 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.
- To appoint a Director in place of Shri M. P. Mehrotra who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri A. K. Puri who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri M. G. Diwan who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint the Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:**

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

SPECIAL BUSINESS:

6. Appointment of Shri Gian Vijeshwar as Director.

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

"RESOLVED THAT Shri Gian Vijeshwar, who was appointed as Director on 31st January, 2007 to fill the casual vacancy caused due to resignation of Shri D. D. Chopra and who holds office till the date of this Annual General Meeting under Section 262 of the Companies Act, 1956 and for whose appointment as a Director, a notice under Section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. Appointment of Shri B. B. Tandon as Director.

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

"RESOLVED THAT Shri B. B. Tandon, who was appointed as Director on 22nd October, 2008 to fill the casual vacancy caused due to resignation of Shri T. B. Gupta and who holds office till the date of this Annual General Meeting under Section 262 of the Companies Act, 1956 and for whose appointment as a Director, a notice under Section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board

For VLS Finance Ltd.
H. Consul
Company Secretary

Place: New Delhi
Date : 28/05/2009

NOTES: -

- 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.
- 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.
- 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.
- The Register of Members of the Company shall remain closed from **24/08/2009 to 31/08/2009** (both days inclusive).
- 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 (100 lines), Fax: 46656699. Dedicated Investor Services e-mail: hconsul@vlsfinance.com.**
- SEBI vide circular ref. no. MRD/DoP/Cir-05/2009 dated May 20, 2009 has clarified that providing the PAN information will be mandatory for transactions in securities in physical form as well. Amongst others, all transactions involving transfer of shares in physical form of listed companies, whether off market or not will require copy of PAN card of transferee(s) be furnished to the Company/RTAs for transfer of shares. This is for information of all investors.
- 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.

- The shares of the Company are traded in demat segment only w.e.f. 28th August, 2000 for all categories of investors. Members who still hold the shares of Company in physical form are advised to contact their depository participant for dematerialization of their holdings in their own interest. **The ISIN No. allotted to Company is INE709A01018** for both the Depositories viz. The National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
- All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all 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.
- 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.
- The relevant explanatory statement pursuant to Section 173(2) of the Companies Act 1956, for Item No. 6 and 7 of the notice is annexed hereto and forms part of this notice.
- The Unpaid/unclaimed dividends up to 31/03/95 had been transferred to General Revenue Account of Central Government and can be claimed from the Central Government in prescribed form. Pursuant to Section 205A of the Companies Act, 1956 ("the Act") all unclaimed/unpaid dividends after 31/03/95 up to the financial year 1997-99 (18 months) has been credited to Investor Education & Protection Fund ("IEPF"). Please note that once unclaimed dividend is transferred to IEPF of the Central Government in accordance with the regulations, no claim shall lie against the Company or IEPF in respect thereof. No dividend is pending for transfer to IEPF in terms of the provisions of Section 205C of the Companies Act, 1956.
- 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 28/05/2009.	Chairman/ Member of the Committees of other companies as on 28/05/2009.	Whether qualified u/s 274(1) (g) of the Companies Act, 1956
1.	Shri M. P. Mehrotra	26/09/1937	31/01/2007	B. Com., LL.B., FCA He is a Chartered Accountant by profession and a Law graduate with over 45 years of rich experience in areas of taxation, administration and financial services.	a) Empee Distilleries Ltd. b) VLS Capital Ltd. c) Gaurav Overseas Export Pvt. Ltd. d) Pragati Moulders Ltd. e) Dhampur Sugar Mills Ltd. f) India Securities Ltd. g) Empee Sugars & Chemicals Ltd. h) South Asian Enterprises Ltd. i) Deltan Cables Ltd. j) Maxim Infracon Pvt. Ltd. k) Moon Rock Hospitality Pvt. Ltd.	Audit Committee-Member NIL NIL i) Audit Committee-Chairman ii) Remuneration Committee-Chairman Audit Committee-Chairman Audit Committee-Chairman NIL NIL NIL NIL	Yes
2.	Shri A. K. Puri	03/08/1935	07/05/1998	M.Sc., LL.B., C.A.I.I.B. He is former Deputy Managing Director of State Bank of India and Ex-Member of the Board for Industrial Finance & Reconstruction, Ministry of Finance, Government of India. He has over 48 years experience in the field of Banking, Finance and Administration.	NIL	NIL	Yes
3.	Shri M. G. Diwan	14/11/1931	17/03/1994	M.Sc., F.I.A., F.A.S.I., F.I.L.L. He is former Chairman of LIC of India having experience of about 5 decades in the field of Insurance, Actuarial Services, Finance, Investments and administration.	a) G.M. Breweries Ltd. b) Dwarikesh Sugar Industries Ltd. c) Marketing Research Corporation of India Ltd. d) Sriram Chits (Maharashtra) Ltd. e) GDA Trustee & Consultancy Pvt. Ltd. f) Deepajyoti Insurance Consultancy and Services Pvt. Ltd. g) Indian Institute of Public Opinion Pvt. Ltd. h) D. S. Actuarial Education Services Pvt. Ltd. j) Shiram City Union Finance Ltd.	i) Audit Committee-Member ii) Audit Committee-Chairman iii) Remuneration Committee-Chairman iv) Investment committee - Member v) Shareholder/ Investor grievance committee - Member vi) FCCB/GDR - Member vii) Project Management committee - Member NIL NIL NIL NIL NIL NIL NIL NIL	Yes

credit. NBFCs are also not keen to lend to such borrowers. The problem gets compounded because of the high cost of funds of NBFCs as high quality borrowers are not willing to borrow from the NBFCs because of their higher rate of interest.

Outlook, Risks and Concerns

As stated above the NBFC sector in which your Company operates, has been facing competitive pressures from Banks and Financial Institutions. The Company for the last few years has not been focusing on financing activities as part of its activities to generate revenues. As in earlier years, the Company's operations continued to be capital market centric during the year under review. Your Company has been making a judicious use of risk hedging tools such as derivatives and other risk neutral instruments for generating revenues in a risk neutral environment. Your Company will continue to explore opportunities in other areas related to its operations.

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 follows prudent business and risk management practices to combat these challenges.

Your Company retains the status as a debt-free Company. It has been consistently following a conservative investment policy over the years, maintaining a reasonably high level of cash and cash equivalents which enable the Company to not only eliminate short and medium term liquidity risks but also undertake capital expenditure for scaling up operations at a short notice. This approach leads to a larger shareholder value in the long term and is consistent with our vision of growth.

Opportunities and Threats

Your Company intends to increase its thrust on investments in the fast growing infrastructure sector 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 foreseeable future.

Your Company would also endeavor to strengthen its subsidiary and associate companies and make efforts to harness the benefits of group synergy.

Adequacy of Internal Control Systems

The Company has proper and adequate system of internal controls to monitor proper recording of transactions according to policies and procedures laid down by the Company. 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 Gian Vijeshwar was appointed as Director on 31/01/2007 to fill the casual vacancy caused by the resignation of Shri D.D.Chopra. In terms of section 262 of the Companies Act, 1956 the term of Shri Gian Vijeshwar will be upto the date of the ensuing Annual General Meeting. The Company has received notice from a member intending to propose the appointment of Shri Gian Vijeshwar as Director. Accordingly, the proposal for appointment of Shri Gian Vijeshwar as Director is included in the notice convening 22nd Annual General Meeting of the Company alongwith relevant explanatory statement.

Shri T. B. Gupta resigned as Director w.e.f. 22/10/08 and ceased to be Executive Vice-Chairman from that date. Shri B. B. Tandon was appointed in casual vacancy caused by resignation of Shri T. B. Gupta. In terms of section 262 of the Companies Act, 1956 the term of Shri B. B. Tandon will be upto the date of the ensuing Annual General Meeting. The Company has received notice from a member intending to propose the appointment of Shri B. B. Tandon as Director. Accordingly, the proposal for appointment of Shri B. B. Tandon as Director is included in the notice convening 22nd Annual General Meeting of the Company alongwith relevant explanatory statement.

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

5. Directors' Responsibility Statement

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

- that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that they have prepared the annual accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

6. Corporate Governance and Compliance Certificate

The Corporate Governance philosophy of your Company is to comply with not only the statutory requirements, but also voluntarily formulate and adhere to a set of strong Corporate

Governance practices. We at VLS, believe that sound Corporate Governance is critical to enhance and retain investors' trust. The responsibility for this lies with the Board of Directors and the Management of the Company. The driving forces of Corporate Governance at VLS are its core values, which are : belief in people, entrepreneurship, innovation and pursuit of excellence. The Company's goal is to find creative and productive ways of keeping its stakeholders, such as investors, customers and associates informed, while fulfilling the role of a responsible corporate, committed to best practices. The Board and the Company Management strive hard to serve the interests of all stakeholders including shareholders, Government and the society at large in the best possible manner.

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 on Accounts 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. Details of foreign exchange earnings and outgo are given below:

Foreign Exchange earnings	: Nil
Foreign Exchange outgo	: Rs.12,28,397/-

The shares of the Company are presently listed at The Bombay Stock Exchange Ltd. Mumbai., The National Stock Exchange of India Ltd. Mumbai, The Calcutta Stock Exchange Association Ltd., Kolkata and The Madras Stock Exchange Ltd., Chennai.

The Company has paid the Annual Listing fees for the year 2009-2010 to all the aforesaid Stock Exchanges. The delisting confirmation is yet to be received from The Calcutta Stock Exchange Association Ltd. and The Madras Stock Exchange Limited.

10. Fixed Deposits

The Company has neither held nor 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 Resources

The Company has a team of able and experienced professionals. The management recognizes the intellectual capital as its most valuable asset and constantly strives to strategically align personal goals and organizational growth. It encourages open channels of communication, blending the individual's vision with that of the organization and building a shared understanding of how each team member can contribute to the Company's success. It aims to build a strong corporate culture on core values such as safety, integrity, innovation and teamwork, thus creating a vision-guided, values-driven organization that focuses on employee fulfillment and leadership development. Employee relations continued to be cordial during the year. The number of employees stood at 27. 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

Statements pursuant to Section 212(1) (e) & (f), read with sub-section (3) and sub section (5) of the said section of the Companies Act, 1956 for the relevant financial year, in respect of the subsidiary companies, are enclosed with Annual Accounts of the Company.

13. Consolidated Financial Statements

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

14. Group

Group for inter se transfer of shares under Clause 3 (e) of Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997:

- Shri M. P. Mehrotra
- M. P. Mehrotra (HUF)
- Dr. (Mrs.) Sushma Mehrotra
- Shri Somesh Mehrotra
- Ms. Divya Mehrotra
- Mrs. Sadhana Mehrotra
- Ms. Daya Mehrotra
- Shri Ramji Mehrotra
- Mrs. Sushma Mehrotra
- VLS Capital Ltd.
- Gaurav Overseas Exports Pvt. Ltd.
- Needle Eye Plastic Industries Pvt. Ltd.
- Pragati Moulders Ltd.
- South Asian Enterprises Ltd.

15. Acknowledgements

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

For and on behalf of the Board

Place : New Delhi
Date : 28/05/2009

S. K. AGARWAL
Managing Director

M. P. MEHROTRA
Director

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 ensures that the Company operates within the regulatory framework. Your Company has been practicing the principles of good Corporate Governance over the years and has been the follower of rewarding its shareholders over a sustained period of time by aligning the interest of the Company with that of its shareholders and other stakeholders. Your Company respects the right of shareholders to the information on performance of the Company and endeavors to provide detailed information on various issues concerning its business and financial performance.

1. BOARD OF DIRECTORS

- a) The total strength of the Board is 12 Directors all being non-executive, except the Managing Director. During the year under review, Shri T. B. Gupta resigned as Executive Vice- Chairman as well as Director of the Company w.e.f. 22/10/2008. Shri B. B. Tandon - IAS (Retd.) who is the former Secretary to Government of India and Ex-Chief Election Commissioner of India was appointed on the Board w.e.f. 22/10/2008. Hence, the Board now consists of 2 (Two) Promoter Directors, 9 (Nine) Independent Directors and 1 (One) Non-Independent Director. With over two third members being independent Directors, the present constitution of Board adequately complies with requirement of Clause-49 of Listing Agreement, which stipulates that at least one third of the Board Members should be independent if the Chairman is non-executive Director.

The attendance record of Directors for the year ended on 31/03/2009 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 2008-09	Whether attended AGM held on 30.09.2008	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
						Chairman	Member
1)	Shri Ajit Kumar (Chairman)	Non-Executive, Independent	4	NO	-	-	-
2)	Shri T. B. Gupta* (Executive Vice-Chairman)	Executive, Non-Independent	2	YES	3	-	1
3)	Shri S. K. Agarwal (Managing Director)	Executive, Non-Independent	4	YES	5	1	-
4)	Shri Somesh Mehrotra	Non-Executive, Promoter	1	NO	2	-	-
5)	Shri N. C. Sundararajan	Non-Executive, Independent	4	NO	-	-	-
6)	Shri A. K. Puri	Non-Executive, Independent	4	NO	-	-	-
7)	Shri M. G. Diwan	Non-Executive, Independent	3	NO	6	1	2
8)	Dr. S. Ramesh	Non-Executive, Independent	4	YES	3	-	3
9)	Shri B. M. Oza	Non-Executive, Independent	4	NO	-	-	-
10)	Shri M. P. Mehrotra	Non-Executive, Promoter	4	NO	8	3	1
11)	Shri Gian Vijeshwar	Non-Executive, Independent	0	NO	6	2	-
12)	Shri Rakesh Babbar	Non-Executive, Independent	0	NO	6	0	2
13)	Shri B. B. Tandon §	Non-Executive, Independent	2	NO	13	1	6

* Resigned w.e.f. 22/10/2008

§ Appointed w.e.f. 22/10/2008

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 31/03/2009, 4 (Four) Board Meetings were held with at least one meeting in every quarter on 30/05/2008, 29/07/2008, 22/10/2008 and 22/01/2009.
- 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 on Accounts" in the Annual Accounts for the year under review.
- d) Information supplied to the Board:

The VLS Board oversees the business conduct, while the Audit Committee, comprising majority of independent Directors, appraises control and procedures. As a result, the Company continuously examines its governance practices to protect investor trust and enhance the Board effectiveness. The Board has unfettered and complete access to any information within the Company and to any employee of the Company. At meetings of the Board, it welcomes the presence of senior executives who can provide additional insights into the items being discussed. Members of VLS management team regularly review the health of its business across strategy and performance to staffing and compliance. These business managers extensively monitor the financial performance and operating systems enabling the Company to identify potential risks and opportunities early in their occurrence cycle translating into proactive de-risking.

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 Annual Accounts for the year under review as required under Clause 49 of Listing Agreement.

- e) Details of remuneration paid to the Directors during the year ended on 31.03.2009:

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 T. B. Gupta	2,02,189	73,540	NIL	NIL	2,75,729
3)	Shri S.K. Agarwal	11,97,000	3,06,077	NIL	NIL	15,03,077
4)	Shri Somesh Mehrotra	N.A.	N.A.	10,000	N.A.	10,000
5)	Shri B.M. Oza	N.A.	N.A.	64,000	N.A.	64,000
6)	Dr. S. Ramesh	N.A.	N.A.	80,000	N.A.	80,000
7)	Shri A.K. Puri	N.A.	N.A.	80,000	N.A.	80,000
8)	Shri N.C. Sundararajan	N.A.	N.A.	70,000	N.A.	70,000
9)	Shri M.G. Diwan	N.A.	N.A.	30,000	N.A.	30,000
10)	Shri M. P. Mehrotra	N.A.	N.A.	80,000	N.A.	80,000
11)	Shri Gian Vijeshwar	N.A.	N.A.	0	N.A.	0
12)	Shri Rakesh Babbar	N.A.	N.A.	0	N.A.	0
13)	Shri B. B. Tandon	N.A.	N.A.	24000	N.A.	24000

Notes:

- i) Currently, the Company does not have any stock option scheme.
- ii) No other remuneration, except sitting fee is paid to non-executive directors.
- iii) Shri M. P. Mehrotra, Shri Somesh Mehrotra and Shri N.C. Sundararajan held 285, 4,04,106 and 3,000 equity shares of the Company respectively as on 31.03.2009. No other director held any shares of the Company on that date for self or for others on beneficial basis.
- iv) The service contract in case of Managing Directors is 3 years and 2 months 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 said code though formally adopted in compliance of Clause 49 of listing agreement, its principles were in practice long before as governing factor of the business rules of the Company. 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 31/03/2009.

Date: 28/05/2009
Place: New Delhi

S. K. Agarwal
Managing Director

g) Disclosures regarding appointment or re-appointment of Directors

Shri M. P. Mehrotra, Shri A. K. Puri and Shri M. G. Diwan will retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for reappointment. Shri Gian Vijeshwar who was appointed on 31/01/2007 will hold office till the date of ensuing Annual General Meeting, in terms of section 262 of the Companies Act, 1956 and being eligible has offered himself for re-appointment. Shri B. B. Tandon who was appointed on 22/10/2008 will hold office till the date of ensuing Annual General Meeting, in terms of section 262 of the Companies Act, 1956 and being eligible has offered himself for re-appointment. The relevant information about these Directors has been furnished in notice convening the ensuing Annual General Meeting.

2. AUDIT COMMITTEE

a) Composition

As on 01/04/08 the Audit Committee consisted of Dr. S. Ramesh (Chairman of the Committee) with Shri N. C. Sundararajan, Shri A.K. Puri, and Shri M. P. Mehrotra as members. The Board nominated Shri B. B. Tandon to the Audit Committee w.e.f. 28/05/2009. Majority of the members are independent Directors including chairman of the committee. Shri M. P. Mehrotra and Shri N. C. Sundararajan are Chartered Accountant by profession. Shri A.K.Puri is a retired Banker. Dr. S. Ramesh and Shri B. B. Tandon are retired Civil Services officers. All the members of committee are financially literate in terms of relevant stipulation under Clause- 49 of the listing agreement and majority has 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 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 the Executive Vice – Chairman (till 22/10/2008) 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 31/03/2009, 4 (Four) Audit Committee Meetings were held on 29/05/2008, 28/07/2008, 21/10/2008 and 21/01/2009. The summary of attendance of members is as under:

Name	Shri A.K. Puri	Shri N. C. Sundararajan	Shri M.P. Mehrotra	Dr. S Ramesh
Attendance in Four Meetings	4	3	4	4

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

a) Composition and terms of reference

The Committee consisted of Shri B.M. Oza as Chairman with Shri T. B. Gupta, Shri Somesh Mehrotra, 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. During the year under review Shri T. B. Gupta resigned from the Board and consequently ceased to be the member of shareholders/investors grievance committee. The nomination of Shri Somesh Mehrotra was withdrawn w.e.f. 22/01/2009 by the Board and Shri B. B. Tandon was nominated to the said committee from the same date. Now, the committee comprises of Shri B. M. Oza, Shri B. B. Tandon and Shri S. K. Agarwal.

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

b) Meetings and attendance

During the year under review, 12 (Twelve) meetings of Shareholders/ Investors Grievance Committee were held on 30/04/2008, 21/05/2008, 23/06/2008, 24/07/2008, 30/08/2008, 22/09/2008, 22/10/2008, 22/11/2008, 23/12/2008, 22/01/2009, 24/02/2009 and 24/03/2009.

The summary of meeting attended by members of Committee is as under :

Name	Shri B.M. Oza	Shri Somesh Mehrotra	Shri T. B. Gupta (upto 22/10/2008)	Shri S. K. Agarwal	Shri B. B. Tandon (w.e.f. 22/01/2009)
Attendances in 12 meetings	12	0	7	12	2

c) Shareholders Complaints

The Company had received 20 complaints during the financial year ended 31st March, 2009. 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	2	2
Non-receipt of shares after transfer	1	1
Non-receipt of Annual Report	12	12
Non-receipt of Bonus Shares	1	1
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	4	4
Total	20	20

** 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, 2008	September 30, 2008	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2007	September 28, 2007	10.30 a.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2006	September 25, 2006	10.30 a.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 30.9.2008, no agenda item was required to be approved by special resolution.
- In the AGM held on 28.9.2007, no agenda item was required to be approved by special resolution.
- In the AGM held on 25.9.2006, no agenda item was required to be approved by special resolution.

c) Postal ballots

During the year under review, no item was proposed for approval of members through Postal Ballot. In the ensuing Annual General Meeting also no item is proposed to be passed 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 on Accounts'

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 has appealed before the Hon'ble Supreme Court against decision of Hon'ble tribunal and the matter is subjudice. The Company had been 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 is under consideration of SEBI.

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) Whistle blower policy

The Company does not have a 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.

e) 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 01/04/2008 comprised Shri B.M. Oza - Chairman of the Committee with Shri Somesh Mehrotra, Dr. S. Ramesh, Shri Rakesh Babbar and Shri A. K. Puri as Members. The company secretary acts as secretary of the committee. The Committee formulates the remuneration package for managerial personnel including Executive Director(s) for approval of the Board and performs other roles detailed out in the listing agreement executed with the Stock Exchanges or as assigned by the Board from time to time. During the year under review no meeting of remuneration committee was held.

iii) The periodic results were not sent to any shareholder. However, they had been published in newspapers as prescribed in listing agreement. They are also available on website sebidifnar.nic.in in terms of Clause 51 of the Listing Agreement and the Company's website.

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. Your Directors being seasoned and highly experienced personalities in their field, keep themselves abreast of latest developments in their area and expertise and in the area of technology, management etc. However, the Directors are also kept posted of requisite information about business activities of the Company and risks involved therein to enable the Directors to discharge their responsibilities in best possible manner.

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. In compliance of Reserve Bank of India's directions, during the year under review following committees were constituted:

a) Nomination Committee

Nomination Committee comprises of Shri Ajit Kumar, Shri M. P. Mehrotra, Shri B. B. Tandon-Directors and Shri S. K. Agarwal – Managing Director inter-alia for administering peer group evaluation of Board Members and such other matters as may be required to be dealt with as per RBI directions from time to time.

b) Asset Liability Management Committee

Asset Liability Management Committee comprises of Shri A. K. Puri, Shri B. M. Oza - Directors and Shri S. K. Agarwal – Managing Director to handle all issues as prescribed under RBI directions from time to time and in particular to monitor the asset liability gap and to strategize action to mitigate the risk associated thereto.

c) Risk Management Committee

Risk Management Committee comprises of Shri A. K. Puri, Shri B. M. Oza - Directors and Shri S. K. Agarwal – Managing Director inter-alia to manage integrated risk and such other matters as required under RBI directions from time to time.

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 in prescribed format, in two newspapers viz. The Financial Express and Jansatta regularly. The said results are also made available simultaneously on the Company's website <http://www.vlsfinance.com>. The quarterly/ Annual results of Company from the quarter ended 31/12/2003 onwards and other information as prescribed are also available on website sebidifnar.nic.in which is maintained under aegis of Securities & Exchange Board of India. Further, disclosures pursuant to the listing agreement are promptly communicated to the 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	:	Monday, 31 st August, 2009 at 3.30 PM
- Venue	:	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003
- Financial Year	:	April to March
- Book Closure	:	From 24-08-2009 to 31-08-2009 (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. The Stock Exchange, Mumbai. (Code: 511333)
2. National Stock Exchange, Mumbai. (Code: VLSFINAC)
3. The Calcutta Stock Exchange Association Ltd, Kolkata
4. The Madras Stock Exchange Ltd., Chennai.

The annual listing fee has been paid to all the Stock Exchanges as mentioned above up to the year 2009-2010. However, de-listing confirmation is yet to be received from the Calcutta Stock Exchange Association Ltd. and the Madras Stock Exchange Ltd.

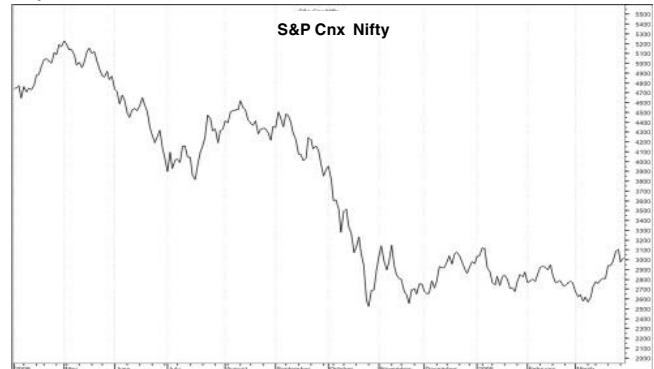
c) Stock Market data

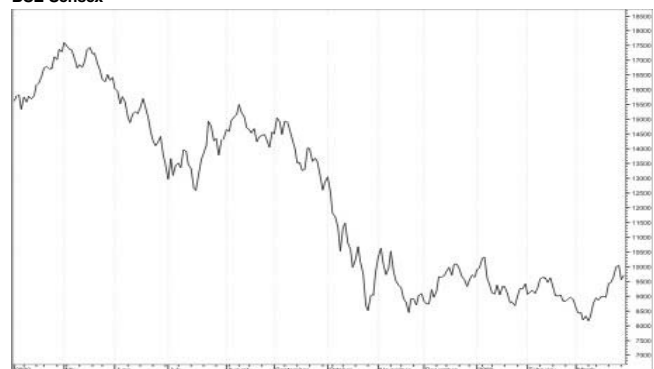
(Source: Metastock)

Monthly highs, lows and trading volume for the Financial Year 2008-2009 :

Months	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr-08	22.40	16.00	888938	22.35	16.05	872681
May-08	22.50	18.25	893821	22.50	18.30	1049847
Jun-08	20.60	15.10	527635	20.75	15.05	481542
Jul-08	17.45	13.10	693962	17.75	13.30	649770
Aug-08	18.90	14.50	450198	18.80	14.70	444341
Sep-08	15.95	9.00	428080	17.80	9.20	367528
Oct-08	11.55	5.60	547059	11.80	5.55	358195
Nov-08	9.00	5.50	232138	8.90	5.92	137549
Dec-08	9.80	6.35	405048	10.15	6.53	239854
Jan-09	10.95	6.20	398897	10.90	5.60	359053
Feb-09	8.95	6.15	316351	8.69	6.41	159942
Mar-09	7.00	5.75	95158	6.98	5.60	82773
Total			5877285			5203075

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.

BSE-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. 01/04/2009 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, 2009

Slab of share holding	No. of shareholders	%age	Nominal value of shares held in (Rs.)	%age
1-500	15390	51.2915	35429500.00	8.9030
501-1000	11113	37.0372	73186040.00	18.3908
1001-2000	2085	6.9488	30291430.00	7.6119
2001-3000	531	1.7697	13842600.00	3.4785
3001-4000	200	0.6666	7227930.00	1.8163
4001-5000	197	0.6566	9378260.00	2.3566
5001-10000	299	0.9965	21877190.00	5.4975
10001 and above	190	0.6332	206717050.00	51.9455
Total	30005	100.0000	397950000.00	100.00

According to categories of shareholders as on March 31, 2009

Serial No.	Categories	No. of shares	Amount In Rs.	Percentage of shareholding
1	Promoters, Directors and Relatives	15089893	150898930.30	37.9191
2	Financial Institution and Banks	14850	148500.00	0.0373
3	Mutual Fund	100	1000.00	0.0003
4	Fils	300	3000.00	0.0008
5	Corporate Bodies	3147317	31473170.00	7.9088
6	Clearing Members	237641	2376410.00	0.5972
7	Indian Public	21160657	211606570.00	53.1742
8	Trust	30000	300000.00	0.0754
9	NRI/OCBs/FN	114242	1142420.00	0.2871
	Grand Total	39795000	397950000.00	100.0000

g) Dematerialisation of Shares and liquidity

87.20% of the total share capital of Company was held in dematerialized form as on 31/03/2009. The shares of Company are actively traded in The Bombay Stock Exchange Ltd. and The National Stock Exchange 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 31/03/2009.

i) Secretarial Audit

The Securities and Exchange Board of India has directed vide circular No. D & CC/FITIC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depository, viz. NSDL and CDSL and in physical form with the total issued /paid-up capital on quarterly basis.

The said 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, 2009	End of July, 2009
Quarter ending	September 30, 2009	End of October, 2009
Quarter ending	December 31, 2009	End of January, 2010
Year ending	March 31, 2010 #	End of May, 2010
Annual General Meeting for the year ended	March 31, 2009	31st August, 2009

For the quarter ending 31/03/2010 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 revised clause 49 of the listing agreement with stock exchanges, as per financial results of the period under review, i.e. Financial Year 2008-09.

l) Plant Location

Not applicable since the company is not into manufacturing of 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, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange (s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and certificates furnished by the Registrar and Transfer Agents of the Company.

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

Agiwal & Associates
Chartered Accountants
(P.C. Agiwal)
(Partner)
Membership No. 80475

Date: 28/05/2009
Place: New Delhi

Office: 3830, Lal Kothi, 2nd Floor, Pataudi House Road, Above Bank of Baroda, Darya Ganj, New Delhi-110002

AUDITORS' REPORT

To,

The Members
VLS Finance Ltd.
New Delhi

We have audited the attached Balance Sheet of VLS Finance Ltd. as at 31st March 2009 and also Profit and Loss Account of the Company for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph one above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion the Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the companies Act 1956;

In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with significant accounting policies and notes to accounts thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- 1) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2009 and;
- 2) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
- 3) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Agiwal & Associates
Chartered Accountants
(P.C. Agiwal)
Partner
(M. No. 80475)

Place: New Delhi
Date: 28th May, 2009

**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 2009**

- (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 31.03.2009 is Rs.9,15,511/-.
- (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 31.03.2009.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2009.
- (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
Chartered Accountants

Place: New Delhi
Date: 28th May, 2009

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

BALANCE SHEET AS AT 31st MARCH, 2009

(Amount in Rupees)

	Sch. No.	As at 31st March, 2009	As at 31st March, 2008
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	39,91,72,250	39,91,72,250
b) Reserves & Surplus	2	148,04,13,187	138,29,31,229
2. Loan Funds			
Unsecured Loans	3	1,31,81,588	1,33,06,588
Total Sources		<u>189,27,67,025</u>	<u>179,54,10,067</u>
II. APPLICATION OF FUNDS			
3. Fixed Assets			
a) Gross Block	4	131,40,95,023	133,37,46,333
b) Less: Depreciation		121,47,74,669	122,25,77,677
c) Net Block		9,93,20,354	11,11,68,656
4. Investments (At cost)	5	94,28,84,404	100,20,98,946
5. Deferred Tax Assets		4,03,12,561	3,71,60,776
6. A. Current Assets, Loans & Advances			
a) Share stock in trade	6	2,03,14,590	2,45,60,905
b) Stock on Hire	7	0	6,13,390
c) Sundry Debtors	8	1,55,01,646	1,15,26,171
d) Cash & Bank Balances	9	76,38,859	1,09,56,234
e) Other Current Assets	10	70,83,97,918	40,86,40,040
f) Loans and Advances	11	15,77,24,066	23,78,24,348
		90,95,77,079	69,41,21,088
B. Less: Current Liabilities & Provisions			
a) Liabilities	12	5,80,13,118	94,47,657
b) Provisions	13	4,13,14,255	3,96,91,742
		9,93,27,373	4,91,39,399
Net Current Assets (A-B)		<u>81,02,49,706</u>	<u>64,49,81,689</u>
Total Deployments		<u>189,27,67,025</u>	<u>179,54,10,067</u>
Significant Accounting Policies and Notes on Accounts	19		

 As per our report of even date
 For Agiwal & Associates
 Chartered Accountants

For and on behalf of the Board

 P.C. Agiwal
 Partner

 May 28th, 2009
 New Delhi

 S.K. Agarwal
 Managing Director

 M.P. Mehrotra
 Director

 H. Consul
 Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

(Amount in Rupees)

	Sch. No.	For the year ended 31st March, 2009	For the year ended 31st March, 2008
INCOME			
Sale of Shares/Securities/Commodities		613,82,01,672	1733,86,87,176
Income from Operations	14	4,16,56,649	11,67,24,679
Income from Investments		9,09,24,611	6,77,28,016
Other Income		13,12,51,789	14,94,516
Increase/(Decrease) in stock of shares	18	(4,246,315)	(8,813,139)
Total (A)		639,77,88,406	1751,58,21,248
EXPENDITURE			
Purchase of Shares/Securities/Commodities		621,75,45,980	1732,13,31,302
Interest & Finance Charges	15	7,108	7,767
Administrative & Other Expenses	16	3,35,27,273	2,73,45,571
Employees' Cost	17	97,12,718	91,36,685
Depreciation	4	50,54,165	47,40,657
Total (B)		626,58,47,244	1736,25,61,982
PROFIT BEFORE ADJUSTMENTS		13,19,41,162	15,32,59,266
Add/(-)Less: Bad Debts Recovery/(Written off) (Net)		(23,727,423)	25,00,000
Add/(-)Less: Excess provision written back / (Provision for diminution) in the value of Assets (Net)		(12,214,494)	1,12,71,593
PROFIT BEFORE TAX		9,59,99,245	16,70,30,859
Less: Provision for Taxation:			
Current Tax - MAT		12,99,796	1,66,55,511
Deferred Tax		(3,151,785)	(835,022)
Fringe Benefit Tax		3,77,000	3,05,000
PROFIT AFTER TAX		9,74,74,233	15,09,05,370
Add: Surplus b/fd. from previous year		3,51,46,045	1,09,95,766
Statutory Reserve -Excess Provison written back		0	34,36,416
Prior year adjustments		7,725	(10,433)
PROFIT AVAILABLE FOR APPROPRIATIONS		13,26,28,003	16,53,27,119
APPROPRIATED TO:			
Transfer to General Reserve		0	10,00,00,000
Statutory Reserve u/s 45 IC of the RBI Act, 1934		1,94,94,847	3,01,81,074
SURPLUS CARRIED TO BALANCE SHEET		11,31,33,156	3,51,46,045
EARNING PER SHARE (Refer Note No:12 in Schedule 19)			
Basic and Diluted Earning per Share (Rs.)		2.45	3.79
Face Value per Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes on Accounts	19		

 As per our report of even date
 For Agiwal & Associates
 Chartered Accountants

For and on behalf of the Board

 P.C. Agiwal
 Partner

 May 28th, 2009
 New Delhi

 S.K. Agarwal
 Managing Director

 M.P. Mehrotra
 Director

 H. Consul
 Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rupees)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 1 SHARE CAPITAL		
AUTHORISED CAPITAL		
5,00,00,000 Equity Shares of Rs.10/- each (Previous year 5,00,00,000 Equity shares of Rs.10/-each)	<u>50,00,00,000</u>	<u>50,00,00,000</u>
ISSUED CAPITAL		
4,02,62,500 Equity Shares of Rs.10/- each (Previous year 4,02,62,500 Equity shares of Rs.10/-each)	<u>40,26,25,000</u>	<u>40,26,25,000</u>
SUBSCRIBED & PAID-UP CAPITAL		
3,97,95,000 Equity Shares of Rs.10/- each fully paid up for cash (Previous year 3,97,95,000 Equity Shares of Rs.10/- each)	<u>39,79,50,000</u>	<u>39,79,50,000</u>
Add: Amount forfeited on 4,67,500 equity shares (Previous year 4,67,500 equity shares)	<u>12,22,250</u>	<u>12,22,250</u>
	<u>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)

SCHEDULE 4 FIXED ASSETS

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 2 RESERVES & SURPLUS		
a) GENERAL RESERVE		
As per last Balance Sheet	<u>29,68,83,930</u>	19,68,83,930
Add: Transfer from Profit and Loss A/c	<u>0</u>	10,00,00,000
Total (a)	<u>29,68,83,930</u>	<u>29,68,83,930</u>
b) STATUTORY RESERVE		
As per last Balance Sheet	<u>8,30,55,019</u>	5,63,10,361
Add: Transfer from P/L account for the year	<u>1,94,94,847</u>	3,01,81,074
Less: Excess Provision of earlier years transferred to P/L a/c	<u>0</u>	34,36,416
Total (b)	<u>10,25,49,866</u>	<u>8,30,55,019</u>
c) SECURITY PREMIUM ACCOUNT		
As per last Balance Sheet	<u>96,78,46,235</u>	96,78,46,235
Total (c)	<u>96,78,46,235</u>	<u>96,78,46,235</u>
<i>Of the above amount of Rs.96,78,46,235/-, an amount of Rs.4,74,33,750 is relating to share premium received on forfeited shares</i>		
d) SURPLUS		
Total (d)	<u>11,31,33,156</u>	3,51,46,045
Grand Total (a) to (d)	<u>148,04,13,187</u>	<u>138,29,31,229</u>
SCHEDULE 3 UNSECURED LOANS		
Adjustable deposits	<u>1,31,81,588</u>	1,33,06,588
Total	<u>1,31,81,588</u>	<u>1,33,06,588</u>

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2008	Additions during the year	Sales/ Adjust-ments	Cost As at 31-03-2009	Upto 31.03.2008	For the year	Sales/ Adjust-ments	Upto 31-03-2009	As at 31-03-2009	As at 31.03.2008
1	Assets for own use:										
A	Buildings	11,33,26,286	0	1,54,81,100	9,78,45,186	1,75,66,255	44,76,975	78,08,397	1,42,34,833	8,36,10,353	9,57,60,031
B	Temporary Structures	28,49,232	0	21,60,497	6,88,735	28,49,231	0	21,60,497	6,88,734	1	1
C	Vehicles	24,24,052	39,000	2,43,408	22,19,644	20,27,957	1,05,852	2,39,595	18,94,214	3,25,430	3,96,095
D	Office Equipments	12,04,523	1,06,007	0	13,10,530	8,08,545	62,991	0	8,71,536	4,38,994	3,95,978
E	Furniture & Fixtures	24,68,485	55,152	8,42,925	16,80,712	20,99,681	64,892	7,80,546	13,84,027	2,96,685	3,68,804
F	Air Conditioners	18,58,450	8,70,526	17,00,084	10,28,892	14,89,263	86,832	14,13,086	1,63,009	8,65,883	3,69,187
G	Computers	17,43,283	2,35,614	0	19,78,897	12,26,693	2,40,092	0	14,66,785	5,12,112	5,16,590
H	Electrical Installations	7,74,549	0	5,29,595	2,44,954	6,62,250	7,061	4,55,052	2,14,259	30,695	1,12,299
I	Generator	4,30,905	0	0	4,30,905	3,62,822	9,470	0	3,72,292	58,613	68,083
2	Assets on Lease	120,66,66,568	0	0	120,66,66,568	119,34,84,980	0	0	119,34,84,980	1,31,81,588	1,31,81,588
	Total	133,37,46,333	13,06,299	2,09,57,609	131,40,95,023	122,25,77,677	50,54,165	1,28,57,173	121,47,74,669	9,93,20,354	11,11,68,656
	Previous Year	137,83,55,071	8,06,14,229	12,52,22,967	133,37,46,333	127,80,51,568	47,40,657	6,02,14,548	122,25,77,677	11,11,68,656	10,03,03,503

SCHEDULE : 5 INVESTMENTS (Long Term)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2009	AS AT 31.03.2008
A. IN EQUITY SHARES					
1. Un-quoted & Fully Paid					
Hotline Display Devices Ltd	10	45,00,000	45,00,000	4,51,87,500	4,51,87,500
Hotline Electronic Components Ltd	10	9,00,000	9,00,000	90,00,000	90,00,000
Hotline Electronics Ltd	10	20,00,000	20,00,000	2,00,75,000	2,00,75,000
Foremost Factors Ltd	10	0	40,000	0	4,00,000
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000
Anchal Fintrade P.Ltd	100	35,000	35,000	35,00,000	35,00,000
Alok Fintrade P.Ltd	100	5,000	5,000	5,00,000	5,00,000
B S Traders P Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P Ltd	100	10,000	10,000	10,00,000	10,00,000
Kanoria Properties P Ltd	100	80,000	80,000	80,00,000	80,00,000
Generatio Next Medical Services Co Pvt Ltd	100	42,000	42,000	42,00,000	42,00,000
Pranjali Investments P Ltd	100	56,000	56,000	56,00,000	56,00,000
Sunair Hotels Ltd.	10	95,94,824	95,94,824	23,59,48,240	23,59,48,240
Appu Ghar Entertainment Pvt Ltd	10	4,77,100	4,77,100	23,85,50,000	23,85,50,000
VLS Capital Ltd	10	48,20,833	48,20,833	7,38,53,947	7,38,53,947
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
Runeecha Textiles Ltd	10	3,57,600	3,57,600	17,88,000	17,88,000
GMR Ferro Alloys Ltd	10	0	570	0	1,61,020
BMS IT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
Eha infrastructure P Ltd	10	4,90,000	4,90,000	49,36,750	49,36,750
		SUB-TOTAL (A-1)		93,78,59,437	93,84,20,457
2. Quoted & Fully Paid					
ICDS Ltd (+)	10	21,929	21,929	0	0
DHAMPUR SUGAR (Kashipur) LTD	10	99,949	99,949	10,05,217	10,05,217
AUTOLITE INDUSTRIES LTD	10	10,000	10,000	13,72,452	13,72,452
ADARSH PLANT PROTECH LTD	10	0	2,000	0	1,01,920
INDRHWALIA CONTRACTS LTD	2	300	2,000	8,457	7,32,972

SCHEDULE : 5 INVESTMENTS (Long Term) (Contd..)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2009	AS AT 31.03.2008
ARTSON ENGG LTD	1	10,000	10,000	9,99,200	9,99,200
ASSAM CO LTD	1	2,000	1,500	75,260	77,535
ABB LTD	2	100	100	46,142	1,17,489
AGRODUTCH LTD	10	2,000	0	63,906	0
BANK OF RAJASTAN (+)	10	0	902	0	0
BANK OF BARODA	10	1	0	251	0
BAG FILMS LTD	2	5,000	0	2,16,833	0
BAJAJ HINDUSTAN LTD	1	1,000	0	53,533	0
CONSFINVESTHOLDINGSLTD	10	3,040	3,040	1,22,208	1,22,208
CENTRAL BANK OF INDIA	10	156	156	15,912	15,912
DCM SHRIRAM CONSOLIDATED LTD	2	4,000	4,000	2,69,938	2,73,897
DHAMPUR SUGAR LTD	10	12,810	5,000	8,99,147	4,15,951
DWARIKESH SUGAR LTD	10	0	1,150	0	85,096
DABUR LTD	1	1,000	0	99,918	0
EIH ASSOCIATES LTD	10	500	500	66,374	66,374
HINDUJA FOUNDRIES LTD	10	1,000	1,000	2,44,219	2,44,219
ETC NETWORK LTD	10	900	0	65,470	0
GATI LTD	2	8,18,672	10,11,554	1,29,01,719	1,75,88,752
GMR INDUSTRIES LTD	10	1,930	1,930	4,57,790	4,57,790
GMR FERRO ALLOYS LTD	10	570	0	1,61,020	0
GUJARAT HOTELS LTD	10	12,987	12,987	7,77,541	7,77,541
GTC INDUSTRIES LTD	10	500	300	1,91,702	1,52,286
GEOIT FINANCE LTD	1	500	0	21,850	0
HIMACHAL FUTURISTIC COMM LTD	10	0	20,000	0	8,81,524
HIND OIL EXPLORATION LTD	10	0	1,000	0	1,07,490
IGL LTD	10	1,000	1,000	1,15,818	1,15,818
INT'L COMBUSTION LTD	10	300	300	1,87,624	1,87,624
INDIA GLYCOL LTD	10	500	500	2,16,806	2,16,806
INDIABULL REAL ESTATE LTD	2	750	820	84,908	6,45,024
IDEA CELLULAR LTD	10	500	0	23,395	0
JMC PROJECTS LTD	10	250	250	65,857	65,857
JAYPEE HOTELS LTD	10	7,106	5,062	4,73,321	8,79,094

SCHEDULE 5 : INVESTMENTS (Long Term) Contd...					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2009	AS AT 31.03.2008
JK TYRE LTD	10	1,000	0	1,45,540	0
LARSER & TOUBRO LTD	2	200	0	1,40,467	0
MAHINDRA GESCO LTD	10	0	50	0	28,538
MRPL LTD	10	0	3,000	0	2,57,433
MCLEOD RUSSEL LTD	5	500	500	43,418	43,418
NTPC LTD	10	500	500	1,34,577	1,34,577
MIRC ELECTRONICS LTD	1	9,400	9,400	5,01,960	5,01,960
MANGALORE CHEMICAL LTD	10	40,714	40,714	16,48,456	16,48,456
MERCATOR LINES LTD	1	8,500	12,500	2,49,924	21,78,141
MRFL LTD	10	0	50	0	2,23,337
JAYASWAL NECO INDUSTRIES LTD	10	20,000	20,000	12,39,958	12,39,958
ODDH SUGAR MILLS LTD	10	6,000	5,665	5,26,533	5,10,423
ONGC LTD	10	300	200	3,44,728	2,51,080
ORRISA SPONGE LTD	10	7,000	7,000	40,27,692	40,27,692
OSWAL CHEMICALS & FERTILIZERS LTD	10	17,000	17,000	2,19,760	10,97,808
PETRONET LNG LTD	10	7,000	7,000	4,03,455	4,03,455
PENINSULA LAND LTD	2	500	500	57,546	57,546
PARKASH INDUSTRIES LTD	10	1,000	1,000	81,710	81,710
PRECISION PIPES & PROFILES COM LTD	10	852	852	1,27,800	1,27,800
PVR LTD	10	0	200	0	62,340
PRAJ INDUSTRIES LTD	2	5,000	0	7,34,754	0
RELAXO FOOTWEAR LTD	5	12,000,776	12,000,776	3,47,86,395	3,47,86,395
RELIANCE PETRO LTD	10	11,000	1,000	9,03,970	2,10,520
SOFTSOL INT'L (SSI) LTD	10	4,695	4,695	10,08,361	10,08,361
SWARAJ MAZDA LTD	10	300	300	89,232	89,232
SHANTI GEAR LTD	1	500	500	37,301	37,301
STEEL STRIP LTD	10	1,000	1,000	1,68,042	1,68,042
SCI LTD	10	0	400	0	85,918
SHIV-VANI OIL & GAS EXPLORATION LTD	10	200	200	1,12,098	1,12,098
SIEMENS LTD	2	150	100	34,212	72,803
SBI LTD	10	84	0	98,106	0
SEAMEC LTD	10	1,000	0	49,824	0
SATYAM COMPUTERS LTD	2	400	0	17,806	0
TCI INDUSTRIES LTD	10	20,688	20,688	6,95,306	6,95,306
TATA CHEMICALS LTD	10	500	500	74,248	1,83,922
UNITECH LTD	2	1,800	1,800	48,884	6,89,042
WIPRO LTD	2	0	300	0	1,28,321
VISHAL EXPORTS OVERSEAS LTD	1	0	10,000	0	45,300
VIPUL LTD	2	5,000	5,000	12,68,557	12,68,555
VISA STEEL LTD	10	0	695	0	43,563
WARREN TEA LTD	10	0	2,000	0	2,26,920
SUB-TOTAL (A-2)				7,13,24,408	8,04,33,319
B. IN PREFERENCE SHARES					
Un-quoted & Fully Paid Fusebase Eltoro Pvt Ltd					
	100	12,500	12,500	12,50,000	12,50,000
SUB-TOTAL B				12,50,000	12,50,000
C. IN EQUITY SHARES OF SUBSIDIARIES					
Un-quoted & Fully Paid-up					
VLS Securities Ltd.	10	55,00,000	55,00,000	5,50,00,000	5,50,00,000
VLS Investments Ltd.	10	50,020	50,020	5,00,200	5,00,200
VLS Asset Management Ltd.	10	70,100	70,100	7,01,000	7,01,000
VLS Investments Inc., Delaware U.S.A.	At Par	100	100	50,950	39,970
SUB-TOTAL C				5,62,52,150	5,62,41,170
D. DEBENTURES & BONDS					
Unquoted & Fully Paid-up					
Eha infrastructure Pvt Ltd (0% optionally convertible debentures)					
	1,00,000	690	690	6,90,00,000	6,90,00,000
ICICI Bond (12%)	1,00,000	1	1	1,04,000	1,04,000
SUB-TOTAL D				6,91,04,000	6,91,04,000
TOTAL (A1+A2+B+C+D)				11,37,89,995	11,45,48,946
Less: Provision for diminution in value of Investments				20,00,00,000	15,00,00,000
TOTAL (D1)				93,57,89,995	99,54,48,946
I. Aggregate value of quoted investments					
		At Cost		7,13,24,408	8,04,33,319
		Market Value		9,32,22,979	21,03,39,397
II. Aggregate value of un-quoted investments					
		- In Subsidiaries At Cost		5,62,52,150	5,62,41,170
		- Others At Cost		100,82,13,437	100,87,74,457
E. INVESTMENT IN IMMOVABLE PROPERTIES:-					
		TOTAL (E)		70,94,409	66,50,000
		GRAND TOTAL (D1+E)		94,28,84,404	100,20,98,946
(+ Bonus Shares received, hence cost of acquisition is NIL					

SCHEDULE 6 SHARE STOCK IN TRADE
 (At Cost or market price, whichever is lower)

Name of the Company	Quantity	As on 31.03.2009		As on 31.03.2008	
		Value (Rs.)	Quantity	Value (Rs.)	Quantity
<i>Stock of Quoted Equity shares (Fully Paid)</i>					
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	1	1,000	1	
INTERCRAFT LTD	29,000	1	29,000	1	
KOTHARI PRODUCTS LTD	10	1,585	10	3,903	
SOUTH ASIAN ENTERPRISES LTD	17,11,289	2,03,13,000	17,11,289	2,45,56,997	
SWEDE INDIA LTD	200	1	200	1	
Total	20,26,199	2,03,14,590	20,26,199	2,45,60,905	

(Amount in Rupees)

	As at 31st March, 2009	As at 31st March, 2008
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SCHEDULE 7 STOCK ON HIRE

Disbursed Value less capital repayments matured (secured)	0	7,32,579
Less: Provision for Non-performing Assets	0	1,19,189
Total	0	6,13,390

SCHEDULE 8 SUNDRY DEBTORS

a) Instalments Receivable (Unsecured)		
Considered Doubtful		
1. Due for more than six months	53,81,407	68,69,212
2. Others	0	0
Sub-total	53,81,407	68,69,212
Less: Provision for Non-performing Assets	53,81,407	68,69,212
Total (a)	0	0
b) Dues from share Brokers Considered Good		
1. Due for more than six months	0	0
2. Others	1,55,01,646	1,15,26,171
Total (b)	1,55,01,646	1,15,26,171
Total (a+b)	1,55,01,646	1,15,26,171

SCHEDULE 9 CASH & BANK BALANCES

a) Cash on Hand	8,20,592	15,35,098
b) Balances with scheduled banks		
1. In Current Accounts	15,46,990	32,36,871
2. In Deposit Accounts	52,71,277	61,84,265
Total (a+b)	76,38,859	1,09,56,234

SCHEDULE 10 OTHER CURRENT ASSETS

a) Interest Accrued but not due	64,73,508	4,164
b) Security Deposits with Govt Department	1,500	1,000
c) Security Deposits with Others	14,86,524	2,84,524
d) Margin Money with Share Brokers	61,33,00,000	33,42,00,000
e) Other Receivable	0	5,97,494
Less: Provision for Non-performing Assets	0	5,00,000
	0	97,494
f) Advance Tax Paid	8,71,36,386	7,40,52,858
Total (a+b+c+d+e+f)	70,83,97,918	40,86,40,040

SCHEDULE 11 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise specified)

a) Short term Loans and Advances	8,24,79,500	11,46,74,231
Less: Provision for Non-performing Assets	20,00,000	3,40,81,701
	8,04,79,500	8,05,92,530
b) Loans to subsidiaries	9,15,511	9,15,511
c) Receivables from subsidiaries	34,00,227	56,27,494
d) Advances Recoverable in cash or in kind or for value to be received	7,54,37,168	15,67,93,964
Less: Provision for Non-performing Assets	25,08,340	61,05,151
	7,29,28,828	15,06,88,813
Total (a+b+c+d)	15,77,24,066	23,78,24,348

SCHEDULE 12 LIABILITIES

a) Creditors for Expenses		
i) Total Outstanding dues of Micro, Small and Medium Enterprises	0	0
ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	14,13,118	13,06,480
b) Other Liabilities	5,66,00,000	81,41,177
Total (a+b)	5,80,13,118	94,47,657

SCHEDULE 13 PROVISIONS

a) Provision for Taxation :-		
Balance B/fd	3,83,85,255	2,17,29,744
Add: Provision for the year	12,99,796	1,66,55,511
	3,96,85,051	3,83,85,255
b) Provision for Fringe Benefit Tax :-		
Balance B/fd	8,90,559	5,85,559
Add: Provision for the year	3,77,000	3,05,000
	12,67,559	8,90,559
c) Provision for Leave Encashment :-		
Balance B/fd	4,15,928	2,91,923
Add/(Less): Provision/(Excess Provision) for the year	(54,283)	1,24,005
	3,61,645	4,15,928
Total (a+b+c)	4,13,14,255	3,96,91,742

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2009

(Amount in Rupees)

	For the Year ended on 31st March, 2009	For the Year ended on 31st March, 2008
SCHEDULE 14 INCOME FROM OPERATIONS		
Income from other Credit Operations	4,16,56,649	11,67,24,679
Total	4,16,56,649	11,67,24,679
SCHEDULE 15 INTEREST & FINANCE CHARGES		
Bank / Finance Charges	7,108	7,767
Total	7,108	7,767

SCHEDULE 16 ADMINISTRATIVE & OTHER EXPENSES

Advertisement & Business Promotion	10,53,012	14,43,058
Consultancy, Legal & Service Charges	89,53,475	1,23,03,319
Communication Expenses	9,30,821	10,63,113
Electricity & Water Charges	3,09,981	4,30,853
Insurance	28,253	42,811
Office Expenses	14,49,468	14,03,690
Securities Transaction Tax	13,20,366	32,90,847
Shares Transaction Charges	1,18,345	1,53,512
Travelling Expenses & Conveyance	37,90,390	14,92,918
Rates & Taxes	11,52,105	10,03,529
Rent	44,00,000	89,000
Repairs & Maintenance		
—Building	0	1,61,284
—Others	50,26,554	16,66,123
Miscellaneous Expenses	37,53,301	13,59,911
Auditors' Remuneration		
a) Audit Fees	1,10,300	1,12,443
b) For Other Services		
—For Tax audit	44,120	44,944
—For certification	1,20,500	1,18,508
—Out of pocket expenses	50,029	30,643
Internal Auditors' Remuneration		
—Fees	50,000	50,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	4,78,000	3,12,000
Loss/(Profit) on account of Foreign Exchange rate difference	(10,980)	4,95,829
Loss on sale/written off of Fixed Assets	3,91,233	2,69,236
Total	3,35,27,273	2,73,45,571

SCHEDULE 17 EMPLOYEES' COST

Salaries	81,41,251	75,91,505
Staff Amenities	4,50,276	4,43,298
Employer's Contribution to PF, ESI, Gratuity Fund etc.	11,21,191	11,01,882
Total	97,12,718	91,36,685

SCHEDULE 18-INCREASE/(DECREASE) IN STOCK OF SHARES

Closing Stock of Shares	2,03,14,590	2,45,60,905
Less: Opening Stock of Shares	2,45,60,905	3,33,74,044
Net Increase/(Decrease) in Stock of Shares	(4,24,6,315)	(8,81,3,139)

SCHEDULE: 19 Significant Accounting Policies and Notes on Accounts for the year ended on 31st March 2009
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.

C. FIXED ASSETS

- Assets under Lease and Hire Purchase are accounted in the books at invoice value and the difference between the invoice price and disbursed amount is accounted as Security Deposits, grouped under Adjustable Deposits (shown under Schedule 3 Unsecured Loans) and the same is adjusted to the respective asset account on the expiry of the term of lease/hire purchase.
- Assets for own use are accounted for in the books at Cost including incidental charges less accumulated depreciation, if any.
- Depreciation is provided as under:
 - On Own Assets:**
On Written Down Value Method as per the rates prescribed under Schedule XIV of the Companies Act, 1956.
 - On Leased Assets:**
100% of the cost of asset is depreciated over the primary lease period applying interest rate implicit in the lease on the outstanding investment on lease to calculate the finance earnings for the period and the difference between the lease rental and finance earnings is charged as depreciation. This method is being consistently followed by the Company and effect of this method is similar to the method recommended by the Institute of Chartered Accountants of India.
- The Company follows a procedure of writing off all capital expenses which do not exceed Rs.1000/- in each case.

D. SHARE - STOCK IN TRADE

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

E. INVESTMENTS

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

F. DEFERRED REVENUE EXPENDITURE

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

G. PROVISION FOR RETIREMENT BENEFITS

- Defined Contribution Plans
Gratuity liability of the Company is met through the Group Gratuity Scheme of Life Insurance Corporation of India. The contribution made to the said scheme has been charged to the Profit & Loss Account.
- Defined Benefit Plans
Leave Encashment – Provision for unavailed leave benefit payable to employees as per the scheme of the Company is made on the basis of actuarial valuation.
- Short Term Employees Benefits
Short Term Employees Benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

H. TAXATION

- Provision for Taxation is made on the basis of the taxable profits computed for the current accounting year in accordance with the Income Tax Act, 1961.
- Deferred Tax resulting from timing difference are expected to crystallize in case of deferred tax liabilities with reasonable certainty and in case of deferred tax assets with virtual certainty that there would be adequate future taxable income against which such deferred tax assets can

be realized. Deferred Tax Assets in respect of brought forward losses/unabsorbed depreciation is recognized based on income tax returns filed by the Company.

L. 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.

II. NOTES ON ACCOUNT
1. Contingent Liability:- Nil

- In some cases balances in the accounts of Debtors, Loans and Advances, Other Current Assets and Creditors are subject to confirmation by the respective parties.
- Cash & Bank Balances include
 - Share Transfer Stamps of Rs. 1,416/- (Previous Year Rs.1,416/-).
 - Bank Deposits include fixed deposits of Rs. 12,71,277/- (Previous Year – Rs.11,84,265/-) pledged with the banks as security for 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 01.04.2008		Purchases		Sales		Closing Stock in trade as on 31.03.2009	
	Qty.*	Value Rs.	Qty.*	Value Rs.	Qty.*	Value Rs.	Qty.*	Value Rs.
Shares	2026199	24560905	25332133	430337095	25332133	4216906366	2026199	20314590
(Previous year)	2026199	33374044	17358058	16728452669	17358058	16742386980	2026199	24560905
Commodities	Nil	Nil	53028	1914208885	53028	1921295306	Nil	Nil
(Previous year)	Nil	Nil	48028	592878634	48028	596300196	Nil	Nil

* Quantity of Shares is in nos. and of Commodities is in lots.

6. Income from investments include:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	8,40,95,796	24,90,359
Interest on Debentures and Bonds (Gross)	12,000	12,000
Tax Deducted at Source	Nil	Nil

- Interest Receipts (Gross) Rs.4,16,56,649/-(inclusive of interest of Rs.2,25,546 on Fixed Deposits and of Rs.4,14,05,007/- on margin money with share brokers and other interest received of Rs.26,096/-) (Previous Year Rs. 6,39,52,156/-, inclusive of interest of Rs.9,79,464/- on Fixed Deposits and Rs.4,95,29,924/- on margin money with share brokers and other interest received of Rs.1,34,42,768/-) grouped under Income from Operations includes Tax Deducted at Source amounting to Rs.91,00,492 (Previous Year Rs. 1,44,65,469/-).
- 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. (100%), VLS Investments Ltd. (100%), VLS Asset Management Ltd.(99.15%), VLS Investments Inc., Delaware, USA (100%).
Key Managerial Personnel: - Shri T.B. Gupta (Executive Vice-Chairman) and Shri S.K.Agarwal (Managing Director)
Associates: - South Asian Enterprises Ltd.
Summary of transactions with the above related parties is as follows:- (Amount in Rs.)

Particulars	Subsidiaries	Associates	Key Managerial Personnel	Others
Purchase of Securities	1,18,66,078 (Previous year. Rs. 18,07,14,435)	Nil (Previous year. Rs. 45,00,000)		
Sale of Securities	2,00,17,005 (Previous year. Rs. 23,74,13,663)			
Rent and other Charges received	1,20,000 (Previous year. Rs. 2,40,000)			
Rent and other charges paid	15,96,195 (Previous year. Rs.5,08,144)	1,15,790 (Previous year. Rs. Nil)		Nil (Previous year. Rs. 89,000)
Remuneration to Managing Director and Executive Vice-Chairman			17,78,806 (Previous year. Rs. 19,53,449)	
Due from Subsidiaries (outstanding balance as on 31.03.2009)	43,15,805 (Previous year. Rs. 65,43,005)			

- Deferred Tax Assets of Rs. 4,03,12,561/- (Previous Year Rs. 3,71,60,776/-) are net of deferred tax liabilities of Rs. 3,22,96,850/- (Previous year Rs.3,54,67,086/-). The major components of deferred tax assets and liabilities are as under :-

Particulars	Deferred Tax Assets	Deferred Tax Liabilities
Fixed Assets	Rs. Nil (P.Y. Rs. Nil)	Rs. 3,22,96,850/- (P.Y. Rs.3,54,67,086)
Accumulated Losses	Rs. 7,24,86,488/- (P.Y. Rs. 7,24,86,488)	Rs. Nil (P.Y. Rs. Nil)
Leave Encashment	Rs. 1,22,923 (P.Y. Rs.1,41,374)	Rs. Nil (P.Y. Rs. Nil)
Total	Rs. 7,26,09,411/- (P.Y. Rs. 7,26,27,862)	Rs. 3,22,96,850/- (P.Y. Rs.3,54,67,086)

11. Managerial Remuneration

Particulars	Paid to Shri T.B. Gupta	Paid to Shri S.K. Agarwal
Remuneration	Rs.2,02,189 (Part of the Year) (Previous Year – Rs.3,61,608/-)	Rs. 11,97,000/- (Previous Year – Rs. 11,08,000/-)
Perquisites	Rs.73,540/- (Previous Year – Rs.1,19,044/-)	Rs. 3,06,077/- (Previous Year – Rs. 3,64,797/-)

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 2009	31 st March. 2008
Basic and Diluted		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 9,74,74,233	Rs. 15,09,05,370
EPS	Rs. 2.45	Rs. 3.79

13. Expenditure in Foreign Exchange: – Foreign Travel Expenses Rs. 12,28,397/- (Previous year Rs 85,567) and Other Rs. Nil (Previous Year Rs. 55,624/-).
14. A non interest bearing amount of Rs. 9,15,511/- (maximum amount outstanding during the year is Rs.9,15,511/-) is due from VLS Asset Management Ltd., the subsidiary of the Company.
15. Bad Debts written off of Rs.2,37,27,423 is net of bad debts recovery of Rs. 1,75,00,000/- (Previous Year : Recovery of Bad Debts of Rs.25,00,000/- is net of bad debts written off of Rs. Nil)
16. 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.
17. Other Income shown above includes Rs.13,07,54,256/- being profit on sale of one of the properties.
18. Outstanding derivatives contracts at the year end are of Rs.1,35,68,625/- (Previous year Rs. 15,33,190/-). The loss on these derivatives have been provided for.
19. **(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]

Particulars			(Rs. In lakhs)	
Liabilities side:	Particulars		Amount	Amount
			outstanding	Overdue
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:			
	(a) Debentures : Secured		0.00	0.00
	: Unsecured		0.00	0.00
	(b) Deferred Credits		0.00	0.00
	(c) Term Loans		0.00	0.00
	(d) Inter-corporate loans and borrowing		0.00	0.00
	(e) Commercial Paper		0.00	0.00
	(f) Others : Adjustable Deposits		131.82	0.00

Assets side:		Amount
Particulars		Outstanding
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
	(a) Secured	0.00
	(b) Unsecured	1,622.32
(3)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	0.00
	(b) Operating lease	131.82
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	53.81
	(b) Repossessed Assets	0.00
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	0.00
	(b) Loans other than (a) above	0.00
(4)	Break-up of Investments :	
	Current Investment:	
	1. Quoted :	
	(i) Shares : (a) Equity	203.15
	(b) Preference	0.00
	(ii) Debentures and Bonds	0.00
	(iii) Units of mutual funds	0.00
	(iv) Government Securities	0.00
	(v) Others	0.00
	2. Unquoted :	
	(i) Shares : (a) Equity	0.00
	(b) Preference	0.00
	(ii) Debentures and Bonds	0.00
	(iii) Units of mutual funds	0.00
	(iv) Government Securities	0.00
	(v) Others	0.00
	Long Term Investments :	
	1. Quoted :	
	(i) Shares : (a) Equity	713.24
	(b) Preference	0.00
	(ii) Debentures and Bonds	0.00
	(iii) Units of mutual funds	0.00
	(iv) Government Securities	0.00
	(v) Others	0.00
	2. Unquoted :	
	(i) Shares : (a) Equity	9,378.59
	(b) Preference	12.50
	(ii) Debentures and Bonds	691.04
	(iii) Units of mutual funds	0.00
	(iv) Government Securities	0.00
	(v) Others -in Equity Shares of Subsidiaries	562.52

Borrower group-wise classification of assets financed as in (2) and (3) above			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	0.00	43.16	43.16
(b) Companies in the same group	0.00	0.00	0.00
(c) Other related parties	0.00	0.00	0.00
2. Other than related parties	0.00	1,665.91	1,665.91
Total	0.00	1,709.07	1,709.07

Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
Category	Market Value/ Break-up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties			
(a) Subsidiaries	519.81		562.52
(b) Companies in the same group	0.00		0.00
(c) Other related parties	203.13		203.13
2. Other than related parties	8,465.77		8,795.40
Total	9,188.71		9,561.05

(7) Other information

Particulars		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	0.00
	(b) Other than related parties	191.69
(ii)	Net Non-Performing Assets	
	(a) Related parties	0.00
	(b) Other than related parties	92.80
(iii)	Assets acquired in satisfaction of debt	66.50

Vide Notification No.DNBS 200/CGM(PK)-2008, dated August 1, 2008 amending Notification No.DNBS 193 DG(VL)-2007 dated Feb, 22,2007

(b) CRAR

Items	2008-2009	2007-2008
(i) CRAR (%)	99.78	102.16
(ii) CRAR - Tier I Capital (%)	99.78	102.16
(iii) CRAR - Tier II Capital (%)	0.00	0.00

(c) Exposure to Real Estate Sector

Category		2008-2009	2007-2008
a) Direct exposure			
(i)	Residential Mortgages ---		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. (Individual housing loans up to Rs.15 lakh may be shown separately)	Nil	Nil
(ii)	Commercial Real Estate ---		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and constructions, etc). Exposure would also include non-fund based (NFB) limits:	Nil	Nil
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures ---		
	(a) Residential	Nil	Nil
	(b) Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

(d) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

	1 day to 30/31 days (One Month)	over one month to 2month	over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Market Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Assets									
Advances	0.00	0.00	0.34	1.85	34.44	33.65	1.08	16.81	88.16
Investments	0.00	0.00	0.00	0.00	2.04	7.13	0.00	87.15	96.32

20 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. 4,25,516/- (Previous year: Rs. 4,35,567/-) which includes Rs. 83,082/- (Previous year: Rs. 1,23,398/-) towards contribution for key managerial personnel.
- (b) The liability of Leave Encashment benefit is provided for an 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, 2009	As at March 31, 2008
Change in present value of obligation		
Present value of obligation as at the beginning of the year	4,15,928	0
Current service cost	26,478	75,467
Interest cost	29,035	0
Actuarial (gain) / loss	(109,796)	3,44,676
Benefits paid	0	(4,215)
Present value of obligation as at the end of the year	3,61,645	4,15,928
Change in plan assets		
Plan assets at the beginning of the year	Not Applicable	Not Applicable
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	26,478	75,467
Interest cost	29,035	0
Return on plan assets	0	0
Actuarial (gain) / loss	(109,796)	3,44,676
Net cost	3,61,645	4,20,143
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	7.00%	8.00%
Rate of increase in compensation levels	5.00%	7.00%

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.

21. Provision for Diminution in the value of Investment Rs.1,22,14,494/- is net off of Rs.3,77,85,506/- being excess provision written back in the value of assets. (Previous year: Provision in the value of Investment written back Rs.1,12,71,593 is net off of Rs.12,71,593/- being amount written back on account of excess provision of assets).
22. Repairs and Maintenance—Others shown under Administrative & Other Expenses in Schedule 16 includes Rs.33,97,190/- (Previous year :Nil) incurred on premises taken on lease.
23. 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.
24. Previous year figures have been regrouped /rearranged wherever necessary.
25. Schedules from 1 to 19 form an integral part of accounts.

As per our report of even date

For Agiwal & Associates

P.C. Agiwal

Partner

May 28th, 2009

New Delhi

For and behalf of the Board

S.K. Agarwal

Managing Director

M.P.Mehrotra

Director

H.Consul

Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details

Registration	23129	State Code	55
CIN: L65910DL1986PLC023129		Balance Sheet Date	31.03.2009

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1892767	Total Assets	1892767
Sources of Funds:			
Paid up Capital	399172	Reserves & Surplus	1480413
Secured Loans	0	Unsecured Loans	13182
Application of Funds:			
Net Fixed Assets	99320	Investments	942884
Net Current Assets	810250	Misc. Expenditure	Nil
Deferred Tax Assets	40313	Accumulated Losses	Nil

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	6361846	Total Expenditure	6265847
Profit/Loss Before Tax	95999	Profit/Loss after Tax	97474
Earning per Share (Rs.)	2.45	Dividend Rate	Nil

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)	NA
Production Description	Dealing in shares and securities and Commodities through respective exchanges Investments Financial & Advisory Services

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

1. Name of the Subsidiary Company	VLS Investments Ltd.	VLS Securities Ltd.	VLS Asset Management Ltd.
2. Financial Year of the Subsidiary Company ended on	31.03.2009	31.03.2009	31.03.2009
3. i) No. of shares held by VLS Finance Ltd. and/or its nominees	50,020 equity shares of Rs.10/ each	55,00,000 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 31.3.2009	100%	100%	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.			
i) For the subsidiary's financial year ended on 31.3.2009	Net Profit Rs. 23,204	Net Profit Rs. 48,632	Net Loss Rs. 2,033
ii) For the previous Financial Years	Net Profit Rs. 17,755	Net Profit Rs. 10,76,699	Net Loss Rs. 1,014
b) Dealt within the accounts of VLS Finance Ltd.			
i) For the subsidiary's Financial Year ended on 31.3.2009	NIL	NIL	NIL
ii) For the previous financial years	NIL	NIL	NIL

B. Overseas Subsidiaries

1. Name of the Subsidiary Company	VLS Investments Inc., Delaware, U.S.A.
2. Financial Year of the Subsidiary Company ended on	31.12.2008
3. i) No. of shares held by VLS Finance Ltd. and/or its nominees	100 equity shares of USD at par.
ii) Extent of Holding Company's interest in the subsidiary as on 31.12.2008	100%
4. 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.	
i) For the subsidiary's financial year ended on 31.12.08	US\$ Loss (115)
ii) For the Previous Financial Years	US\$ 149
b) Dealt within the accounts of VLS Finance Ltd.	
i) For the subsidiary's Financial Year ended on 31.12.07	Nil
ii) For the previous financial year	Nil

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2009

Rs. in Lacs

PARTICULARS	For the Year ended 31.03.2009	For the Year ended 31.03.2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Add		
Net Profit Before Tax and Extraordinary Items	959.99	1670.31
Interest & Finance Charges	0.07	0.08
Depreciation	50.54	47.41
Loss on sale/written off of Fixed Assets	3.91	2.69
Provision for Leave encashment	(0.54)	1.24
	1013.97	1721.72
Less		
Income from Investments	909.25	677.28
Income from sale of property	1307.54	527.72
Excess provision written back/(Provision for diminution) in the value of Assets (Net)	(122.14)	112.72
	2094.65	1317.72
Operating Profit before Working Capital Changes	(1080.67)	404.00
Changes in Working Capital		
Trade & Other Receivables	(1851.82)	2205.80
Inventories	42.46	88.13
Trade & Other Payables	485.65	62.04
Cash generated from operations	(2404.38)	2759.97
Less		
Interest Paid	0.07	0.08
Net Cash Flow from Operating Activities (A)	(2404.45)	2759.90
B CASH FLOW FROM INVESTING ACTIVITIES		
Net proceeds from Fixed Assets	1371.14	366.28
Net proceeds from investments	92.15	(3764.59)
Income from Investments	909.25	677.28
Net Cash used in Investing Activities (B)	2372.53	(2721.03)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	(1.25)	0.00
Net Cash Flow from Financing Activities (C)	(1.25)	0.00
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(33.17)	38.87
Cash & Cash Equivalents (Opening)	109.56	70.69
Cash & Cash Equivalents (Closing)	76.39	109.56

Note : Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 12.71 lacs(Previous Year Rs. 11.84 lacs), which are pledged with them as security for overdraft facility.

As per our report of even date
For Agiwal & Associates
Chartered Accountants

For and behalf of the Board

P.C. Agiwal
Partner
May 28th, 2009
New Delhi

S.K. Agarwal
Managing Director

M.P.Mehrotra
Director

H.Consul
Company Secretary

STATEMENT PURSUANT TO SECTION 212 (5) OF THE COMPANIES ACT, 1956

1. Name of Subsidiary	: VLS Investments Inc., Delaware, U.S.A.
Relevant Financial year	: 01.01.2008 to 31.12.2008
a.	There has been no change in the interest of VLS Finance Ltd. (the holding company) in the said subsidiary between the end of relevant financial year of subsidiary and the end of financial year of holding company.
b.	There have been no material changes between the end of relevant financial year of the said subsidiary & end of financial year of the holding company in respect of:
i.	The subsidiary's fixed assets.
ii.	The moneys lent by it.
iii.	The moneys borrowed by it for purpose other than meeting its current liabilities .
c.	Investments were sold during the period from 01/01/2009 to 31/03/2009 and loss of US\$ 88,525/- has been incurred by the subsidiary during the period. The effect in the books of the subsidiary will be shown in the relevant financial year i.e. from 01/01/2009 to 31/12/2009.

For and on behalf of the Board

S.K. Agarwal
Managing Director

M.P.Mehrotra
Director

H.Consul
Company Secretary

May 28th, 2009
New Delhi

VLS SECURITIES LIMITED
DIRECTORS' REPORT

To
 The Members of **VLS SECURITIES LIMITED**
 Your Directors are pleased to present the 15th Annual Report of your Company together with the Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date.

Financial Results

During the year under review, your Company generated gross revenue of Rs. 1.93 crores as against Rs. 2.10 crores in the previous year. The profit before tax was Rs. 1,08,847/- as compared to Rs. 11,22,779/- in last year.

The Company earned a post tax profit of Rs. 48,632/- for the year under review as against Rs. 10,76,699/- earned in the preceding year.

Dividend

In view of the accumulated losses of the Company, no dividend has been recommended.

Operations

Your Company earned brokerage of Rs. 1.64 lakhs during the year under review, as compared to Rs. 5.75 lakhs earned during the previous year. The volatility of stock market during year under review, made investors tread cautiously and the small investors largely refrained from actively participating in stock market. Resultantly, both volume and revenue from trading dropped significantly for stock market intermediaries, at large. The Company is however, continuing its efforts to increase its retail broking business and measures are being taken to attract prospective clients.

During the year, the application for trading membership in the Futures & Option segment of National Stock Exchange of India Limited (NSE) was approved and membership was received in mid-March, 2009. The operations however, commenced in April 2009 i.e. in current year. Further the Company also obtained trading membership of Currency Derivatives segment in MCX Stock Exchange Ltd. and commenced operations from November, 2008.

The renewal of Merchant Banking License of Company was also completed during the year and it is now eligible to take up Merchant Banking assignments. The management is carefully monitoring the market scenario to reach the right opportunities.

Future Outlook

The Indian Capital Market through out the year under review, largely maintained its down trend scenario. The BSE sensex dipped to touch nearly 8000 mark. The volatility in the market regardless of intermittent uptrend in the index, largely made investors wary of active trading. However, the measures taken by the Government to reinstate confidence of investors in stock market including the stimulus package are likely to have favourable impact on the stock markets.

Keeping in view the current market scenario, the Merchant Banking Division of the Company is continuing to explore possibilities of making inroads with thrust on consultancy and similar fee based services. The newly acquired memberships of F & O segment and currency derivative segment are also expected to contribute to the revenue of the Company. The Board is also contemplating the option to raise the equity capital for meeting the long terms requirements of the Company.

Directors

There was no change in the Board of Directors during the year under review. During the year, 4 Board meetings were held on 26/05/2008, 02/09/2008, 26/12/2008 and 20/03/2009 respectively.

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

Audit Committee

During the year, 3 meetings of the Audit Committee were held on 26-05-2008, 26-12-2008 and 20-03-2009. 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:

- that in preparation of annual accounts for the financial year ended 31st March 2009, 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 and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that 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, 2009 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 recommends their reappointment for the Financial Year 2009-2010. You are also requested to authorize the Board to fix their remuneration.

Auditors Report

The Auditors' report to the shareholders does not contain any qualifications.

Fixed Deposits

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

Statutory Disclosures

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

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

Foreign Exchange Earning : Nil
 Foreign Exchange Outgo : Nil

As none of the employees of the Company are in receipt of remuneration in excess of limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, there are no disclosures in regard 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.

The registered office of the Company was shifted to present location i.e. 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065, w.e.f. 12/06/2008 from C-489, Defence Colony, New Delhi-110024. The address of registered office of the Company was earlier notified as 13, Raja Dheer Sen Marg, 2nd Floor, Sant Nagar, New Delhi-110065. It was learnt subsequently that said address was incomplete as per view of postal authorities and the complete address was circulated to members vide circular dated 12/08/2008. Members are again requested to take note of correct address of the Registered office of the Company.

Human Resources

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place : New Delhi
 Date : 25/05/2009

S.K. Agarwal
 Managing Director

K.K. Soni
 Director

AUDITORS' REPORT

To
 The Members
 VLS Securities Ltd.
 New Delhi

We have audited the attached Balance Sheet of VLS Securities Ltd. as at 31st March, 2009 and also Profit and Loss Account of the Company for the year ended on that date and the cash flow statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
- Further to our comments in the annexure referred to in paragraph one above we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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;
 - The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - In our opinion the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act 1956;
 - On the basis of written representations received from the directors as on 31st March 2009, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of The Companies Act 1956;
 - In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contracts (Regulation) Rules, 1957 have been kept in so far as it appears from our examination of such books.
 - The stock broker has complied with the requirements of the stock exchange in so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the stock exchange.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes to accounts thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2009 and,
 - In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.
 - In the case of cash flow statement, of the cash flows for the year ended on that date.

For Agiwal & Associates
 Chartered Accountants
 (V.K. Gupta)

Place: New Delhi
 Date: 25th May 2009

Partner
 Membership No. 81979

**ANNEXURE TO AUDITORS REPORT
 REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE
 Re: VLS Securities Ltd. for the year ended 31st March 2009**

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - All the assets have been physically verified by the management at the year-end. No material discrepancies were noticed on such verification as informed to us.
 - 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.
- This para is not applicable as the Company has not acquired any security under the stock-in-trade account during the year under review.
 - In view of (a) above, this para in relation to procedures of physical verification of stock-in-trade is not applicable to the Company.
 - Since the Company did not have any inventory during the year under review, this para is not applicable to it.
- 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.
 - 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.
- 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 31-03-2009.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2009.
- (x) The Company has accumulated losses at the end of previous year. However, the accumulated losses have not eroded the net worth of the Company by 50%. The Company has not incurred cash losses during the financial year covered by our audit.
- (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
Chartered Accountants
(V.K. Gupta)
Partner
Membership No. 81979

Place: New Delhi
Date: 25th May 2009

BALANCE SHEET AS AT 31st MARCH 2009

		(Amount in Rs.)	
Sch. No.	As at March 31, 2009	As at March 31, 2008	
I. SOURCES OF FUNDS			
1. Shareholders' funds			
Share Capital	1	5,50,00,000	5,50,00,000
TOTAL		5,50,00,000	5,50,00,000
II. APPLICATION OF FUNDS			
1. Fixed Assets	2		
a) Gross Block		43,30,639	41,81,209
b) Less : Depreciation		40,78,492	40,17,950
c) Net Block		2,52,147	1,63,259
2. Investments (At cost)	3	1,50,83,505	1,50,83,254
3. Deferred Tax Asset		21,282	36,497
4. A. Current assets, loans & Advances			
a) Sundry Debtors	4	1,25,238	3,245
b) Cash and Bank Balances	5	29,11,970	30,95,089
c) Loans and Advances	6	3,50,78,202	3,44,11,755
		3,81,15,410	3,75,10,089
B. Current Liabilities & Provisions			
a) Current Liabilities	7	17,29,583	10,64,894
b) Provisions	8	3,08,144	3,41,792
		20,37,727	14,06,686
Net Current Assets (A-B)		3,60,77,683	3,61,03,403
5. Profit & Loss Account		35,65,383	36,13,587
TOTAL		5,50,00,000	5,50,00,000

Significant Accounting Policies and Notes to Accounts

As per our report of even date
For Agiwal & Associates
Chartered Accountants

For and on behalf of the Board

V.K. Gupta
Partner
Membership No. 81979
Place : New Delhi
Date : 25/05/2009

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

		(Amount in Rs.)	
Sch. No.	For the year ended March 31, 2009	For the year ended March 31, 2008	
INCOME			
Sale (Securities & Currency Derivatives)	1,61,69,832	210,25,69,307	
Income from brokerage	1,64,002	5,75,025	
Interest Income (Gross)	26,20,832	27,08,273	
Other Income	4,45,308	4,37,126	
Total	1,93,99,974	210,62,89,731	
EXPENDITURE			
Purchase (Securities & Currency Derivatives)	1,61,64,153	210,04,97,690	
Operating expenses	9	5,85,217	7,16,273
Employees Cost	10	15,71,396	24,83,269
Administrative & Other expenses	11	9,09,819	13,61,304
Depreciation	2	60,542	74,916
Miscellaneous Expenditure Written Off		-	33,500
Total	1,92,91,127	210,51,66,952	
PROFIT BEFORE TAX	1,08,847	11,22,779	
Less: Provision for Taxation:			
Current Tax	-	34,500	
Deferred Tax	15,215	(30,420)	
Fringe Benefit Tax	45,000	42,000	
PROFIT AFTER TAX	48,632	1,07,699	
Less: Adjustment of tax provision of earlier year	(428)	-	
Surplus / (Deficit) B/Fd from Previous Year	(3,613,587)	(4,690,286)	
Profit / (Loss) available for Appropriation	(3,565,383)	(3,613,587)	
Surplus / (Deficit) carried to Balance Sheet	(3,565,383)	(3,613,587)	
EARNING PER SHARE (Refer Note No. j in Schedule 12)			
Basic and Diluted Earning per Share (Rs.)	0.01	0.20	
Face Value per Share (Rs.)	10	10	
Significant Accounting Policies and Notes to Accounts	12		

As per our report of even date
For Agiwal & Associates
Chartered Accountants

For and on behalf of the Board

V.K. Gupta
Partner
Membership No. 81979
Place : New Delhi
Date : 25/05/2009

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

SCHEDULES TO BALANCE SHEET

		(Amount in Rs.)	
Sch. No.	As at March 31, 2009	As at March 31, 2008	

1. SHARE CAPITAL

		(Amount in Rs.)	
Sch. No.	As at March 31, 2009	As at March 31, 2008	
AUTHORISED			
75,00,000 Equity Shares of Rs.10/- each	7,50,00,000	7,50,00,000	
ISSUED, SUBSCRIBED & PAID UP*			
55,00,000 Equity shares of Rs.10/- each, fully paid up in cash	5,50,00,000	5,50,00,000	
	5,50,00,000	5,50,00,000	

* (The Entire Share Capital is held by Holding Company viz., VLS Finance Ltd. and its nominees)

2. FIXED ASSETS

		(Amount in Rs.)						
Particulars	Gross Block		Depreciation		Net Block			
	As on 1-Apr-08	Additions during the year	As at 31-Mar-09	Up to 1-Apr-08	For the Year	Up to 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
Computers	37,93,879	45,430	38,39,309	36,98,930	41,863	37,40,793	98,516	94,949
Software	0	1,04,000	1,04,000	0	8,776	8,776	95,224	0
Office Equipments	2,88,205	0	2,88,205	2,28,498	8,305	2,36,803	51,402	59,707
Furniture & Fixtures	71,112	0	71,112	63,113	1,448	64,561	6,551	7,999
Vehicles	28,013	0	28,013	27,409	150	27,559	454	604
Total	41,81,209	1,49,430	43,30,639	40,17,950	60,542	40,78,492	2,52,147	1,63,259
Previous Year	41,81,209	0	41,81,209	39,43,033	74,916	40,17,950	1,63,259	2,38,176

3) INVESTMENTS (LONG TERM)

Particulars	Quantity			
	As on 1-Apr-2008 (Nos.)	As on 31-Mar-2009 (Nos.)	As at 31-Mar-2009 (Nos.)	As at 31-Mar-2008 (Nos.)
QUOTED INVESTMENTS				
Fully Paid up (unless otherwise stated)				
A) IN EQUITY SHARES				
i) Relaxo Footwear Ltd.	5	5,20,000	5,20,000	1,50,80,000
ii) D Pharma Ltd.	10	200	200	1
iii) Punjab Wireless Systems Ltd.	10	500	500	1
iv) Bank of Baroda.	10	0	1	251
B) OTHERS				
UTI Master Plus 91	10	200	200	3,252
		5,20,900	5,20,901	1,50,83,505

NOTE: Aggregate value of quoted investments
Book Value (Rs.): 1,50,83,505
Market Value (Rs.): 1,43,06,671

SCHEDULES TO BALANCE SHEET (Contd...)

Sch. No.	As at		(Amount in Rs.)	
	March 31, 2009	As at March 31, 2008	March 31, 2009	March 31, 2008
4 SUNDRY DEBTORS				
(Unsecured and considered good unless otherwise stated)				
i) Debts outstanding for a period exceeding six months	-	-	-	-
ii) Other Debts	1,25,238	1,25,238	3,245	3,245
5 CASH AND BANK BALANCES				
Cash in Hand (As certified by the management)	10,117	15,306		
Broker's stamps in hand	11,008	21,572		
Balances with Scheduled Banks				
i) In current accounts	11,90,845	13,58,211		
ii) In Fixed deposit accounts	17,00,000	17,00,000		
	29,11,970	30,95,089		
6 LOANS AND ADVANCES				
(Unsecured, considered good)				
<i>Advances recoverable in cash or in kind or for value to be received or adjusted</i>				
i) Deposits with Stock Exchanges	77,00,000	77,00,000		
ii) Pre-paid Expenses	1,76,193	24,191		
iii) Advance Income Tax/TDS/FBT	18,32,843	15,10,359		
iv) Interest accrued but not due	1,10,332	41,595		
v) Margin money with Share brokers	2,51,00,000	2,50,00,000		
vi) Service Tax receivable	25,687	10,956		
vii) Other receivables	1,33,147	1,24,654		
	3,50,78,202	3,44,11,755		
7 CURRENT LIABILITIES				
i) Sundry Creditors	15,89,145	9,69,588		
ii) Other Liabilities	1,40,438	95,306		
	17,29,583	10,64,894		
8 PROVISIONS				
i) Provision for FBT	1,17,397	1,06,969		
ii) Provision for Leave encashment	1,56,247	2,00,323		
ii) Provision for Taxation	34,500	34,500		
	3,08,144	3,41,792		

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

Sch. No.	For the year ended		(Amount in Rs.)	
	March 31, 2009	For the year ended March 31, 2008	March 31, 2009	March 31, 2008
9 OPERATING EXPENDITURE				
SEBI Fees	344,749	-		
NSE Capital Market subscription	1,00,000	100,000		
V-Sat Charges	1,08,699	1,10,301		
Transaction and other NSE Charges	23,271	37,193		
Service Tax	185	74,621		
Securities Transaction Tax	961	3,22,442		
Brokers Stamp Duty	7,352	71,716		
	5,85,217	7,16,273		
10 EMPLOYEES' COST				
Salaries & Allowances	13,26,638	21,24,905		
Staff Welfare	753	745		
Employer's Contribution to PF, ESI, Gratuity Fund etc.	2,44,005	3,57,619		
	15,71,396	24,83,269		
11 ADMINISTRATIVE AND OTHER EXPENSES				
Rent	60,000	60,000		
Rates & Taxes	41,390	60,090		
Electricity Charges	36,000	1,20,000		
Office Maintenance	24,000	60,000		
Legal and other Consultancy Charges	1,20,000	1,23,500		
Repair & Maintenance	26,564	6,466		
Travelling and Conveyance	2,56,584	3,31,533		
Insurance	29,557	30,430		
Miscellaneous Expenses	20,233	17,130		
Business Promotion	77,399	1,55,123		
News Papers, Books & Periodicals	56,616	1,42,152		
Communication Expenses	60,515	1,43,667		
Printing & Stationery	7,301	30,741		
Internal Audit fee	20,000	20,000		
Directors Sitting Fee	8,000	7,000		
Auditors Remuneration				
- Statutory Audit fees	16,545	16,854		
- Tax audit fees	5,515	5,618		
- Certification fees	23,600	11,000		
- Out of pocket expenses	20,000	20,000		
	9,09,819	13,61,304		

SCHEDULE 12: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS
I. 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 general 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

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

f) 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.

g) 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.

h) 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.

II. NOTES TO ACCOUNTS:

a) **Contingent Liabilities:** - Nil

b) **Interest** income includes Rs.25,88,779/- (Previous Year - Rs.27,08,273/-) on fixed deposits and Rs.32,053/- (Previous Year - Rs. NIL/-) on income tax refund. Interest income on fixed deposits includes tax deducted at source of Rs. 5,92,746/- (Previous Year - TDS of Rs. 5,54,873/-).

c) **Other income** includes dividend income of Rs.3,90,400/- (Previous Year -Rs.3,90,000/-) The tax deducted at source during the year on said income is Rs. NIL. (Previous Year - Rs. NIL)

d) Deferred Tax

	As at 01.04.2008	Current Year Charge/(Credit)	As at 31.03.2009
a) Deferred Tax Liability on account of:			
Depreciation	31,593	(233)	31,826
Total (a)	31,593	(233)	31,826
b) Deferred Tax Assets on account of:			
Employee Benefits	68,090	14,982	53,108
Total (b)	68,090	14,982	53,108
Total (b-a)	36,497	15,215	21,282

e) 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	74,000	56,33,443	74,000	56,49,635	Nil	Nil
Previous Year (F&O)	Nil	Nil	20,80,071	2,10,04,97,690	20,80,071	2,10,25,69,307	Nil	Nil
Current Year (Currency Derivatives)	Nil	Nil	2,15,000	1,05,30,710	2,15,000	1,05,20,197	Nil	Nil
Previous Year (Currency Derivatives)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

f) 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.

g) 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.89,288/-) 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, 2009	(in Rupees) As at March 31, 2008
Change in present value of obligation		
Present value of obligation as at the beginning of the year	2,00,323	0
Interest cost	13,984	0
Current service cost	11,108	15,102
Actuarial (gain) / loss	(69,168)	1,85,221
Benefits paid	0	0
Present value of obligation as at the end of the year	1,56,247	2,00,323
Change in plan assets		
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	13,984	15,102
Current service cost	11,108	
Interest cost		
Return on plan assets		
Actuarial (gain) / loss	(69,168)	1,85,221
Net cost	1,56,247	2,00,323
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	7.00%	8.00%
Rate of increase in compensation levels	5.00%	7.00%

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.

h) Managerial Remuneration

No amount has been paid towards remuneration, perquisites or any other benefits to Shri S.K. Agarwal, the Managing Director, during the year.

i) Related Party Disclosure

Followings are the related parties: -

Holding Company: - VLS Finance Ltd.

Fellow Subsidiaries: VLS Investments Limited, VLS Asset Management Ltd. and VLS Investments Inc., U.S.A.

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		Total	
	31.03.09	31.03.08	31.03.09	31.03.08
Brokerage earned	26,767/-	3,35,051/-	26,767/-	3,35,051/-
Reimbursement amount claimed	15,96,195/-	5,08,144/-	15,96,195/-	5,08,144/-
Rent and other charges paid	1,20,000/-	2,40,000/-	1,20,000/-	2,40,000/-
Payable to Holding Company at the year end	8,52,727/-	1,95,290/-	8,52,727/-	1,95,290/-

Note: The Company did not enter into any transaction with Key Managerial Personnel / others during the year (Previous Year -Nil) and as such no disclosure on this account is required.

j) Calculation of Earning per share

Particulars	Equivalent No. of Shares Year ended 31 st March 2009	Equivalent No. of Shares Year ended 31 st March 2008
Basic and diluted		
Total Shares outstanding	55,00,000	55,00,000
Profits after taxes	Rs.48,632/-	Rs.10,76,699/-
EPS (In Rs.)	0.01	0.20

k) Previous Year's figures have been re-grouped and re-classified wherever considered necessary.

l) All figures have been rounded off to nearest rupee.

m) Schedules 1-12 form an integral part of the Accounts.

As per our report of even date

For Agiwal & Associates
Chartered Accountants

For and on behalf of the Board

V.K. Gupta

S.K. Agarwal

K.K.Soni

T.B. Gupta

Partner

Managing Director

Director

Director

Membership No. 81979

Place : New Delhi

Date : 25/05/2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration number	62123	State Code	55
CIN	U74899DL1994PLC062123		
Balance Sheet Date	31-03-2009		
II. Capital raised during the Year (Amount in Rs.Thousands)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)			
Total Liabilities	55,000	Total Assets	55,000
Sources of Funds:			
Paid up Capital	55,000	Application of Funds:	
Reserves & Surplus	Nil	Net Fixed Assets	252
Secured Loans	Nil	Investments	15,084
Unsecured Loans	Nil	Net Current Assets	36,078
		Accumulated Losses	3,565
		Deferred Tax Assets	21
Deferred Tax	Nil	Miscellaneous Expenditure	0
IV. Performance of Company (Amount in Rs. Thousands, except otherwise stated)			
Turnover	19,400	Total Expenditure	19,291
Profit/Loss Before Tax	109	Profit/Loss after Tax	49
Earning per Share (Rs.)	0.01	Dividend Rate	Nil
V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)			
Item Code No.	N.A.		
(ITC Code)			
Product Description	Share Broking Services		

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	(Amount in Rs.)	
	Year Ended 31-Mar-2009	Year ended 31-Mar-2008
A. Cash flow from operating activities		
Net Profit before tax and extra-ordinary items	1,08,847	11,22,779
Adjustments for:-		
Add: Depreciation	60,542	74,916
Unspent Liabilities Written Back	(25,926)	
Provision for leave encashment	-	45,696
Miscellaneous Expenditure written off	-	33,500
Operating profit before working capital changes	143,463	12,76,891
Adjustments for changes in Working Capital		
Trade Debtors and Loan & Advances	(823,440)	(405,300)
Trade Creditors and other Payables	6,46,539	6,76,024
Cash generated from operations	(33,438)	15,47,615
NET CASH FLOW FROM OPERATING ACTIVITIES	(I) (33,438)	15,47,615
B. Cash flow from investing activities		
Deployment in Fixed Assets	(149,430)	-
Deployment in investments	(251)	-
NET CASH USED IN INVESTING ACTIVITIES	(II) (149,681)	-
C. Cash flow from financing activities		
Proceeds from borrowings	-	-
NET CASH USED IN FINANCING ACTIVITIES	(III) -	-
NET CHANGES IN CASH & CASH EQUIVALENTS (I)+(II)+(III)	(183,119)	15,47,615
CASH & CASH EQUIVALENTS- OPENING BALANCE	30,95,089	15,47,474
CASH & CASH EQUIVALENTS- CLOSING BALANCE	29,11,970	30,95,089

As per our report of even date

For Agiwal & Associates

For and on behalf of the Board

V.K. Gupta

S.K. Agarwal

K.K.Soni

T.B. Gupta

Partner

Managing Director

Director

Director

Membership No. 81979

Date : 25/05/2009

Place : New Delhi

VLS INVESTMENTS LTD

DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present the 18th Annual Report of your Company, together with the audited Balance Sheet and the Profit and Loss Account for the year ended 31.03.2009.

FINANCIAL RESULTS

The Company has posted a net profit of Rs. 23,204/- . This notional profit is due to interest income on fixed deposit with the bank. There was no business activity during the year under review. However, the Board is continuing its efforts for undertaking suitable business activity keeping in view the resources available with the Company.

DIVIDEND

In order to conserve resources of Company no dividend is recommended for the year under review.

DIRECTORS

There was no change in the Board of Directors during the year under review.

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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that they have prepared the Annual Accounts for the Financial year ended 31st March, 2009 on a going concern basis.

PERSONNEL

The Company had no employees during the year under report and therefore there was no employee whose particulars are required to be disclosed under Directors' Report (Particulars of Employees) Rules 1975 in this report.

AUDITORS

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

AUDITORS' REPORT

The observations made by the Auditors in their report have been adequately dealt with in relevant Notes on Accounts and need no further comments from Directors.

FIXED DEPOSITS

The Company has neither invited nor accepted any Fixed Deposits during the year.

STATUTORY INFORMATION

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. During the year under review the Company did not absorb any new technology nor has carried out any R&D activity including for conservation of Energy. The head wise disclosure envisaged in aforesaid forms may be construed accordingly. 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.

For and on behalf of the Board of Directors

Place : New Delhi

S. K. Agarwal

Anurag Bhatnagar

Date : 19/05/2009

Director

Director

AUDITORS' REPORT

To,

The Members

VLS Investments Ltd.

Kanpur.

We have audited the attached Balance Sheet of VLS Investments Ltd. as at 31st March 2009 and also Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of section 227 (4A) of the Companies Act 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
- Further to our comments in the annexure referred to in paragraph one above we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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;
 - The balance sheet and Profit & Loss Account dealt with by these report are in agreement with the books of accounts;

- d. In our opinion the Balance sheet and profit & Loss account dealt with by these 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 31st March 2009, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the companies Act 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes to accounts thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- i. In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2009 and,
- ii. In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.

For Agiwal & Associates
Chartered Accountants
(V.K. Gupta)
Partner
(M. No. 81979)

Place: New Delhi
Date: 19th May, 2009

**ANNEXURE TO AUDITORS REPORT
REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE
Re: VLS Investments Ltd. for the year ended 31st March, 2009**

- (i) The Company do not own any fixed assets and as such, no comments are required to be given under this clause.
- (ii) The Company has not carried out any activities of purchase and sale of shares and securities during the year. There was nil stock-in-trade at the 31.03.2009 and as such, no comments can be given under this clause.
- (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. 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 company has not entered into any transactions that needed to be entered into the register maintained in pursuance to section 301 of the Companies Act, 1956.
(b) According to information and explanation given to us, there was no 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 period of Rs.5,00,000/- (Rupees Five Lacs only) or more in respect of each party.
- (vi) The Company has not accepted any deposits from the public during the year. Hence provisions of section 58A & 58AA 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 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.
- (viii) (a) The Company is regular in depositing undisputed statutory dues including investor education and protection fund, income-tax, wealth tax and any other statutory dues with the appropriate authorities. There was no outstanding against any undisputed statutory dues as on 31.03.2009.
(b) There was no outstanding of any disputed statutory dues as on 31.03.2009.
- (ix) The Company does not have accumulated losses and it has not incurred any cash losses during the financial year covered by our audit. There was no cash loss in the immediate preceding financial year also.
- (x) 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.
- (xi) The Company has not dealt in shares or other securities during the year under Audit.
- (xii) 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.
- (xiii) The Company has not raised any Term Loan during the year.
- (xiv) According to records examined by us, the Company has not raised any short term and long term funds during the year under review.
- (xv) The Company has not made the preferential allotment of shares during the year.
- (xvi) 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 (vii), (xi), (xiii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For Agiwal & Associates
Chartered Accountants
(V.K. Gupta)
Partner
(M. No. 81979)

Place: New Delhi
Date: 19th May, 2009

BALANCE SHEET AS ON 31ST MARCH, 2009

(Amount in Rupees)

Schedule No.	As At	
	31.03.2009	31.03.2008
I. SOURCES OF FUNDS		
<i>Shareholders' Funds</i>		
a) Share Capital	500200	500200
b) Reserves & Surplus	55573	32369
TOTAL	555773	532569
II. APPLICATION OF FUNDS		
<i>(A) Current Assets, Loans & Advances:</i>		
a) Cash & Bank Balances	556382	535268
b) Loans & Advances	31122	21725
c) Other Current Assets	8206	8239
	595710	565232
<i>(B) Less: Current Liabilities & Provisions:</i>		
a) Liabilities	11515	14618
b) Provisions	28422	18045
Net Current Assets (A-B)	555773	532569
TOTAL	555773	532569
Significant Accounting Policies and Notes on Accounts		
As per our report of even date		
For Agiwal & Associates		For and on behalf of the Board
Chartered Accountants		
V.K. Gupta	Tej Bhan Gupta	Anurag Bhatnagar
Partner	Director	Director
19th May, 2009		
New Delhi		

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

(Amount in Rupees)

	Year Ended	Year Ended
	31.03.2009	31.03.2008
INCOME		
Interest Income on Fixed Deposit with Bank(Gross)	45616	38832
Other Income	500	—
Total (A)	46116	38832
EXPENDITURE:		
Filing Charges	1020	1020
Auditor's Remuneration	5515	5618
Accounting Charges	6000	6000
Certification Charges	—	500
Total (B)	12535	13138
Profit for the year (A-B)	33581	25694
Less: Provision for taxation	10377	7939
Profit after Tax	23204	17755
Balance as per previous year Balance Sheet	32369	14614
Surplus carried to Balance Sheet	55573	32369
Earning per Share		
Basic and Diluted Earning per Share (Rs.)	0.46	0.35
Face Value per Share(Rs.)	10.00	10.00
Significant Accounting Policies and Notes on Accounts - Schedule 8		
As per our report of even date		
For Agiwal & Associates		For and on behalf of the Board
Chartered Accountants		
V.K. Gupta	Tej Bhan Gupta	Anurag Bhatnagar
Partner	Director	Director
19th May, 2009		
New Delhi		

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rupees)

	As at	As at
	31.03.2009	31.03.2008
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
500000 Equity Shares of Rs.10/- each	5000000	5000000
ISSUED, SUBSCRIBED & PAID-UP		
50020 Equity Shares of Rs.10/- each fully paid in Cash.	500200	500200
(The Share Capital in full is held by the holding company viz. VLS FINANCE LTD. by itself and through its nominees)		
TOTAL	500200	500200
SCHEDULE 2 – RESERVES & SURPLUS		
PROFIT & LOSS ACCOUNT		
Balance b/f	32369	14614
Add: Profit for the year	23204	17755
TOTAL	55573	32369
SCHEDULE 3 – CASH & BANK BALANCES		
a) Cash on Hand	460	—
b) Bank of Baroda - Current Account	36024	11995
c) Bank of Baroda – Fixed Deposit Account	519898	523273
TOTAL	556382	535268



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009 (Contd...)

(Amount in Rupees)

	As at 31.03.2009	As at 31.03.2008
SCHEDULE 4 - LOANS & ADVANCES		
Advance Income Tax/TDS	31122	21725
TOTAL	31122	21725
SCHEDULE 5 - OTHER CURRENT ASSETS		
Interest Accrued on FD with Bank (Net of TDS)	8206	8239
TOTAL	8206	8239
SCHEDULE 6 - CURRENT LIABILITIES		
Expenses payable	11515	14618
TOTAL	11515	14618
SCHEDULE 7 - PROVISIONS		
Provision for taxation	28422	18045
TOTAL	28422	18045

SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

- The Company adopts the accrual system of accounting.
- Preliminary expenditures are amortized equally over a period of ten years.
- Contingent Liabilities : Nil.
- Estimated amount of contracts remaining to be executed on Capital Account : Nil.
- The Company had no employees during the year 2008-2009.
- Related party disclosure :
 - Following are the related parties :-
Holding Company: VLS FINANCE LTD (100 %)
 - Fellow Subsidiaries :-
VLS Securities Ltd, VLS Asset Management Ltd, And VLS Investments Inc., Delaware, USA.
 - There are no deferred tax assets/liabilities during the year.
 - Interest Income on Fixed Deposits includes tax deducted at source Of Rs.9,397/-(Previous year Rs.7,999/-).
 - Previous year figures have been regrouped/rearranged wherever necessary to facilitate comparison.
 - Schedule 1 to 8 form an integral part of the Balance Sheet and the Profit and Loss Account.

As per our report of even date

For **Agiwal & Associates**
Chartered Accountants
V.K. Gupta
Partner

For and on behalf of the Board

Tej Bhan Gupta
Director

Anurag Bhatnagar
Director

19th May, 2009
New Delhi

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details:			
Registration No	12963	State Code	20
Balance Sheet date	31.03.2009		
CIN - U67120UP1991PTC012963			
II. Capital raised during the year (Amount in Rs.'000)			
Public Issues:	Nil	Rights Issues:	Nil
Bonus Issues:	Nil	Private Placement:	Nil
III. Position of mobilization and deployment of funds (Amt in Rs.'000)			
Total Liabilities :	556	Total Assets :	556
Sources of funds			
Paid-up Capital :	500	Net Fixed Assets :-	-
Reserves & Surplus :	56	Investments :	-
Secured Loans :	-	Net Current Assets :	556
Unsecured Loans :	-	Miscellaneous Expenditure:	-
		Accumulated Losses :	-
IV. Performance of Company (Amount in Rs.'000)			
Turnover :	46	Total Expenditure :	13
Profit/(Loss) before tax :	33	Profit/(Loss) after tax :	23
Earnings per share in Rs.:	0.46	Dividend rate% :	Nil
V. Generic names of principal products/services of Company (as per monetary terms)			
Investment Activities			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

(Amount in Rs.)

	Year Ended 31/03/2009	Year ended 31/03/2008
A. Cash Flow from operating activities		
Net Profit before Tax	33581	25694
Adjustment for :-		
Operating Profit before working capital changes	33581	25694
(Increase) /Decrease in Loans & Advances and Others	(9364)	(9755)
Increase / (Decrease) in trade payables & Others	(3103)	2506
Cash Generated from Operations	21114	18445
Net Cash From Operating Activities	21114	18445
B. Cash Flow from investing activities		
Net Profit/Loss on sale of Investments	0	0
Net Cash From Investing Activities	0	0
C. Cash Flow From Financing activities		
Proceeds from borrowings	0	0
Net Cash From Financing Activities	0	0
Net increase in Cash & Cash Equivalents (A+B+C)	21114	18445
D. Cash & Cash Equivalents at the beginning of the Year	535268	516823
E. Cash & Cash Equivalents at the end of the year	556382	535268
Increase/(Decrease) in Cash & Cash Equivalents (D-E)	21114	18445

As per our report of even date

For **Agiwal & Associates**
Chartered Accountants
V.K. Gupta
Partner

For & on behalf of the Board of Directors

Tej Bhan Gupta
Director

Anurag Bhatnagar
Director

19th May, 2009
New Delhi

VLS ASSET MANAGEMENT LTD.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 14th Annual Report of your Company together with the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date.

Financial Results

The Company has incurred a loss of Rs. 2050/- 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 a 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 making all efforts to identify suitable activity for operation keeping in view the means available. Accordingly the Company is being viewed as a going concern and the accounts have been prepared on the basis of the going concern assumption.

Dividend

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

Directors

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

Directors' Responsibility Statement

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

- that in preparation of annual accounts for the financial year ended 31st March, 2009, 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, 2009 on a going concern basis.

Auditors

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

Auditors Report

The observations made by Auditors in their report have been adequately dealt with in relevant Notes on Accounts and need no further comments from Directors.

Fixed Deposits

During the year under review, the Company has not invited or accepted 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 registered office of the Company was shifted to present location i.e. 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065, w.e.f. 12/06/2008 from C-489, Defence Colony, New Delhi-110024. The address of registered office of the Company was earlier notified as 13, Raja Dheer Sen Marg, 2nd Floor, Sant Nagar, New Delhi-110065. It was learnt subsequently that said address was incomplete as per view of postal authorities. Members are requested to take note of correct address of the Registered office of 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
S. K. Agarwal Director
Anurag Bhatnagar Director

Place : New Delhi
Date : 25/5/2009

AUDITORS' REPORT TO THE SHAREHOLDERS OF VLS ASSET MANAGEMENT LIMITED

- We have audited the attached Balance Sheet of VLS ASSET MANAGEMENT LIMITED as at 31st March, 2009, and the annexed Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- According to the information and explanations obtained and based on such checks as we considered necessary, we report that none of the matters specified in paragraphs 4 and 5 of the Companies (Auditors' Report) Order, 2003, issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act, 1956, are either applicable or call for a statement for the year under audit except that:



The accumulated losses of the company at the end of the financial year are not less than 50% of its net worth and it has incurred cash losses in the current as well as in the immediately preceding financial year.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:-
- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - On the basis of written representations received from the directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes on accounts give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and
 - in the case of the Profit & Loss Account, of the Loss for the year ended on that date, and
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V. Sankar Aiyar & Co.
Chartered Accountants

(V. Rethinam)
Partner

Membership Number:-10412

Place: New Delhi
Date: 25-05-09

BALANCE SHEET AS AT 31st March, 2009

(Amount in Rs.)

	Sch. No.	As At March 31, 2009	As At March 31, 2008
I. SOURCES OF FUNDS			
1 Shareholders' funds			
a) Share Capital	1	7,07,000	7,07,000
2 Loan Funds			
a) Unsecured Loan	2	9,15,871	9,15,871
TOTAL		16,22,871	16,22,871
II. APPLICATION OF FUNDS			
1. Current assets, loans & Advances			
a) Cash and Bank Balances	3	17,474	19,524
Less: Current Liabilities & Provisions			
a) Current Liabilities	4	5,431	5,431
Net Current Assets		12,043	14,093
2 Profit & Loss Account		16,10,828	16,08,778
TOTAL		16,22,871	16,22,871

NOTES ON ACCOUNTS

As our report of even date for **V. Sankar Aiyar & Co.** Chartered Accountants

For and on behalf of the Board

V. Rethinam
Partner
M. No. 10412

S.K. Agarwal
Director

S.C. Agarwal
Director

Date : 25 May , 2009
Place : New Delhi

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March, 2009

(Amount in Rs.)

	Sch. No.	As on 31-Mar-09	As on 31-Mar-08
INCOME			
Total		-	-
EXPENDITURE			
Administrative & Other expenses	5	2,050	1,023
Total		2,050	1,023
Loss for the year		(2,050)	(1,023)
Add: Loss B/F		(1,608,778)	(1,607,755)
Balance carried to balance sheet		(1,610,828)	(1,608,778)

Notes forming part of the Accounts 6

As our report of even date for **V. Sankar Aiyar & Co.** Chartered Accountants

For and on behalf of the Board

V. Rethinam
Partner
M. No. 10412

S.K. Agarwal
Director

S.C. Agarwal
Director

Date : 25 May , 2009
Place : New Delhi

SCHEDULES TO BALANCE SHEET AS AT 31st March, 2009

(Amount in Rs.)

	As at 31/03/2009	As at 31/03/2008
1 SHARE CAPITAL		
AUTHORISED CAPITAL		
1,00,00,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
70,700 Equity shares of Rs.10/- each fully paid up in cash(*)	707,000	707,000
*(70,100 share held by VLS Finance Ltd, the Holding Company)	707,000	707,000
2 UNSECURED LOAN		
From Holding Company i. e. VLS Finance Ltd. (Non interest bearing) (Maximum amount outstanding during the year Rs. 9,15,511/- (previous year Rs. 9,15,511). From Directors	915,511	915,511
	360	360
	915,871	915,871
3 CURRENT ASSETS, LOANS & ADVANCES		
Balance with Scheduled Bank in Current A/c	17,474	19,524
	17,474	19,524
4 CURRENT LIABILITIES & PROVISIONS		
Audit Fee Payable	5,431	5,431
	5,431	5,431

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2009

(Amount in Rs.)

	For the year ended 31-03-2009	For the year ended 31-03-2008
5 ADMINISTRATIVE AND OTHER EXPENSES		
Filing Charges	2,040	1,020
Bank Charges	10	3
	2,050	1,023

SCHEDULE 6 – NOTES ON ACCOUNTS

1. Significant accounting policies:

a) General

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

b) Method of Accounting

The company is following accrual basis of accounting.

2. Deferred Tax Liability/ Deferred Tax Asset

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

3. Related Party Disclosure (Accounting Standard - 18)

Following are the Related Parties:-

Holding company – VLS Finance Ltd.

Fellow Subsidiaries:- VLS Securities Ltd., VLS Investments Ltd., VLS Investment Inc.

Transaction during the year with the related party:-

Related Party	Nature of Transaction	As on 31 st March, 2009	As on 31 st March, 2008
Holding Company	Opening Balance	9,15,871	9,15,511
	Loan Received	Nil	360
	Closing Balance	9,15,871	9,15,871

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

S. No.	Particulars	Year Ended 31 st March 2009	Year Ended 31 st March 2008
1.	Net Profit/(Loss) after Tax	(2,050)	(1,023)
2.	Weighted Average number of Equity Shares	70,700	70,700
3.	Face value per Share	10	10
4.	Basic & Diluted Earning Per Share	(0.03)	(0.014)

5. The figures for the corresponding previous year have been regrouped or rearranged to make them comparable.

6. Schedules 1-6 form an integral part of the Accounts.

As per our report of even date

For and on behalf of the Board

for **V. Sankar Aiyar & Co.**

Chartered Accountants

V. Rethinam
Partner
M. No. 10412

S.K. Agarwal
Director

S.C. Agarwal
Director

Date : 25 May , 2009
Place : New Delhi

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration Details

Registration 55-65812 State Code 55
Balance Sheet Date 31-03-2009

II. Capital raised during the Year (Amount in Rs.Thousands)

Public Issue Nil Right Issue Nil
Bonus Issue Nil Private Placement Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities 1,623 Total Assets 1,623



Sources of Funds:		Reserves & Surplus	-
Paid up Capital	707	Unsecured Loans	916
Secured Loans	-		
Application of Funds:			
Net Fixed Assets	-	Investments	-
Net Current Assets	12	Misc. Expenditure	-
Accumulated Losses	1,611		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	-	Total Expenditure	2
Profit/Loss Before Tax	(2)	Profit/Loss after Tax	(2)
Earning per Share (Rs.)	-	Dividend Rate	Nil

V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms) *Not Applicable*

As per our report of even date

For V. Sankar Aiyar & Co.

Chartered Accountants

For and on behalf of the Board

V. Rethinam	S. K. Agarwal	S. C. Agarwal
M. No. 10412	Director	Director
Partner		

Date : 25th May, 2009

Place: New Delhi

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 09

	Year Ended 31/03/2009	Year ended 31/03/2008
Cash Flow from operating activities		
Net Profit before Tax	(2050)	(1023)
Adjustment for :-		
Operating Profit before working capital changes	(2050)	(1023)
Increase / (Decrease) in trade payables & Others	-	-
Cash Generated from Operations	(2050)	(1023)
<i>Net Cash From Operating Activities</i>	(2050)	(1023)
B. Cash Flow from investing activities		
Net Profit/Loss on Sale of Investments	-	-
<i>Net Cash From Investing Activities</i>	-	-
C. Cash Flow From Financing activities		
Proceeds from borrowings	-	-
<i>Net Cash From Financing Activities</i>	-	-
Net increase in Cash & Cash Equivalents (A+B+C)	(2050)	(1023)
D. Cash & Cash Equivalents at the beginning of the Year	19524	20547
E. Cash & Cash Equivalents at the end of the year	17474	19524
Increase/(Decrease) in Cash & Cash Equivalents (D-E)	(2050)	(1023)

As per our report of even date attached hereto

As per our report of even date

for V. Sankar Aiyar & Co.

Chartered Accountants

V. Rethinam

M. No. 10412

Partner

Date : 25 May, 2009

Place : New Delhi

For & on behalf of Board of Directors

S.K. Agarwal

Director

S.C. Agarwal

Director

VLS INVESTMENTS INC.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 5th Annual Report of your Company, together with the audited Balance Sheet and the Profit and Loss Account for the year ended on 31.12.2008.

FINANCIAL RESULTS

During the year under review, a net loss of 115 USD was recorded. There was a surplus of 1183 USD brought forward from the previous year and thus the profit available for appropriation aggregated to 1068 USD. The Company could not undertake any business activity during the year under review and the interest on bank deposit was the only income generated. However, the Board is continuing its efforts for undertaking suitable business activity keeping in view the resources available with the Company.

The Company could not liquidate any of the investments during the year under review and thus no remittance was made to VLS Finance Ltd., the holding company. However, all efforts are being made to liquidate the investments at the earliest as advised by the holding Company.

DIVIDEND

In order to conserve resources, no dividend is recommended for the year under review.

DIRECTORS

There was no change in the Board of Directors during the period under review.

PERSONNEL

The Company had no employees during the period under report.

AUDITORS

M/s. A. Mehta, Certified Public Accountant, 23 Wheelers Circle, Suite # 198, Stoughton, MA 02072, are appointed as the Statutory Auditors of the Company. The tenure, terms of appointment etc. of Statutory Auditors are in accordance with and subject to relevant regulations in force for the time being.

AUDITORS' REPORT

The observations made by the Auditors in their report have been adequately dealt with in relevant Notes on Accounts and need no further comments from Directors.

FIXED DEPOSITS

The Company has neither invited nor accepted any Fixed Deposits during the period under review.

ACKNOWLEDGEMENTS

The Board takes this opportunity to thank the Shareholders, Bankers and Business Associates for their all round cooperation and support.

For and on behalf of the Board of Directors

Place : New Delhi

Date : 16/03/2009

S. K. Agarwal

Director

Rajesh Jhalani

Director

Independent Auditors' Report

Board of Directors

VLS Investments Inc.,

Boston Massachusetts

We have audited the accompanying balance sheet of "VLS Investments Inc." as of December 31, 2008 and the related statements of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of "VLS Investments Inc." as of December 31, 2008, and the results of its operations and retained earnings for the year then ended in conformity with accounting principles generally accepted in the United States.

Place: New Delhi

Dated: 16th March, 2009

A. Mehta
Certified Public Accountant

Balance Sheet as at December 31, 2008 (expressed in USD)

	Notes	2008	2007
Assets:			
Current Assets:			
Financial Assets (Shares/Securities)	3	128,525	128,525
Cash at Bank		10,393	10,369
Formation Expenses	2	-	39
(To the extent not written off/adjusted)			
		<u>138,918</u>	<u>138,933</u>
Stockholder's Equity & Liabilities			
Stockholder's Equity:			
Common stock, no par value; 100 shares authorised, issued and outstanding	4	1,000	1,000
Current Liabilities:			
Accounts Payable	5	135,952	135,952
Accrued expenses		898	798
Total Current Liabilities		<u>136,850</u>	<u>136,750</u>
Accumulated Profit		1,068	1,183
		<u>138,918</u>	<u>138,933</u>

For and on behalf of Board

Date : 16th March, 2009

Place : New Delhi

S.K. Agarwal

Director

Rajesh Jhalani

Director

A. Mehta
Certified Public Accountant

The accompanying notes are an integral part of these financial statements.

Profit and Loss Account for the year ended December 31, 2008 (expressed in USD)

	Notes	2008	2007
Revenues:			
Interest Income		28	340
		<u>28</u>	<u>340</u>
Expenses:			
Bank Interest		-	-
Formation Expenses written off		39	40
Audit charges		100	100
Federal Tax		4	51
		<u>143</u>	<u>191</u>
Profit/(Loss) for the year		(115)	149
Add: Brought forward Profit		1,183	1,034
Profit/(Loss) available for appropriation		<u>1,068</u>	<u>1,183</u>

For and on behalf of Board

Date : 16th March, 2009

Place : New Delhi

S.K. Agarwal

Director

Rajesh Jhalani

Director

A. Mehta
Certified Public Accountant

The accompanying notes are an integral part of these financial statements.

Notes to the annual accounts December 31, 2008
(Continued)

1. General

VLS Investments Inc. ("the Company") was incorporated in the State of Delaware on 18th June, 2004 as a limited liability company. The object of the Company is the holding of investments in companies. The current financial statements are for the period from 01.01.2008 to 31.12.2008.

2. Summary of significant accounting policies

2.1 Basis of presentation

The annual accounts have been prepared in accordance with the Delaware and United States statutory requirements and on a going concern basis.

2.2 Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2.3 Foreign currencies

The Company's accounts are expressed in US Dollars (USD) and its accounting records are maintained in that currency.

Assets and liabilities denominated in other currencies are converted into USD at the rates prevailing at the balance sheet date.

Income and expenses in other currencies are translated into USD at the exchange rate prevailing at the transaction date.

2.4 Formation expenses

Formation expenses are amortized on a straight-line basis over a period of five years.

2.5 Financial assets

Financial assets are valued at cost. Where in the opinion of the Directors there has been a permanent diminution in the value of an investment such diminution is recognized by a charge to earnings.

2.6 Income Tax

The Company, with the consent of its shareholder, elected to be taxed as an S Corporation. In lieu of corporation income taxes, the stockholder is taxed on the Company's taxable income. Accordingly these financial statements do not include a provision of income taxes.

3. Financial assets – Investment in Shares/Stocks

Financial assets are analysed as follows: -

	(In USD)	
	2008	2007
Wirex Communication Inc. (1200 shares)	128,525	128,525
	<u>128,525</u>	<u>128,525</u>

4. Subscribed capital

The subscribed capital is US\$ 1,000 represented by 100 shares of common stock of no par value allotted to the holding company i.e. VLS Finance Ltd.

5. Creditors

Creditors are analysed as follows:

	(In USD)	
	2008	2007
Amount due to VLS Finance Ltd., the holding company	135,952	135,952
	<u>135,952</u>	<u>135,952</u>

6. The figures for the corresponding previous year have been regrouped or rearranged to make them comparable.

For and on behalf of Board

Date : 16th March, 2009

S.K. Agarwal

Rajesh Jhalani

Place : New Delhi

Director

Director

A. Mehta
Certified Public Accountant

See independent Auditor's Report

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of VLS Finance Ltd. ("the Parent Company") and its subsidiaries namely VLS Securities Limited, VLS Investments Ltd. and VLS Asset Management Limited as at 31st March, 2009 and VLS Investments Inc., Delaware, U.S.A. as at 31st December, 2008 along with its unaudited financial statement for the period from 01.01.2009 to 31.03.2009, the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended annexed thereto. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary namely VLS Asset Management Limited whose financial statement reflect total assets of Rs. 16,22,871/- as at 31st March, 2009 and total revenues of Rs. NIL for the

year ended on that date and also VLS Investments Inc., Delaware, U.S.A. as at 31st March, 2009 whose financial statement reflect total assets of Rs. 25,67,574/- as at 31st March, 2009 and total revenues of Rs. 459/- for the period ended on that date. These financial statements have been audited by other auditor, whose reports have 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 auditors.

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

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

- in the case of Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31st March 2009;
- in the case of the Consolidated Profit and Loss Account, of the consolidated results of the company and its subsidiaries for the year then ended; and
- in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the year then ended.

For Agiwal & Associates
Chartered Accountants

Place: New Delhi
Date: 28th May 2009

(P.C.Agiwal)
Partner
(M.No. – 80475)

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

(Amount in Rs.)

	Sch. No.	As at	
		31st March, 2009	31st March, 2008
I. SOURCES OF FUNDS			
Shareholders' Funds			
1. a) Capital	1	39,91,72,250	39,91,72,250
b) Reserves & Surplus	2	147,52,29,591	137,78,04,934
2. Minority Interests			
a) Capital		6,000	6,000
b) Reserves & Surplus			
Opening		(13,654)	(13,645)
Add: For the Year		(17)	(9)
		<u>(13,671)</u>	<u>(13,654)</u>
3. Loan Funds			
Unsecured Loans	3	1,31,81,948	1,33,06,948
Total Sources		188,75,76,118	179,02,76,478
II. APPLICATION OF FUNDS			
4. Fixed Assets			
a) Gross Block	4	131,84,25,670	133,79,27,550
b) Less: Depreciation		121,88,53,169	122,65,95,635
c) Net Block		9,95,72,501	11,13,31,915
5. Investments (At cost)			
	5	90,17,15,759	96,60,78,174
6. Deferred Tax Assets			
		4,03,33,843	3,71,97,273
7. A. Current Assets, Loans & Advances			
a) Share stock in trade	6	2,03,14,590	2,45,60,905
b) Stock on Hire	7	0	6,13,390
c) Sundry Debtors	8	1,56,26,884	1,15,29,416
d) Cash & Bank Balances	9	1,16,54,259	1,50,21,243
e) Other Current Assets	10	74,31,80,421	44,29,21,958
f) Loans and Advances	11	15,57,81,355	23,14,41,144
		<u>94,65,57,509</u>	<u>72,60,88,056</u>
B. Less: Current Liabilities & Provisions			
a) Liabilities	12	5,89,52,673	1,03,69,206
b) Provisions	13	4,16,50,821	4,00,51,579
		<u>10,06,03,494</u>	<u>5,04,20,785</u>
Net Current Assets (A-B)		84,59,54,015	67,56,67,271
8. Miscellaneous Expenditure			
(To the extent not written-off or adjusted)	14	0	1,845
Total Deployments		188,75,76,118	179,02,76,478
Significant Accounting Polices and Notes on Accounts	20		

As per our report of even date
For Agiwal & Associates
Chartered Accountants

For and on behalf of the Board

P.C. Agiwal
Partner

S.K. Agarwal
Managing Director

M.P. Mehrotra
Director

H.Consul
Company Secretary

May 28th, 2009
New Delhi


CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009			(Amount in Rs.)
	Sch. No.	For the year ended on 31st March, 2009	For the year ended 31st March, 2008
INCOME			
Sale of Shares/Securities/Currency Derivatives		615,43,71,504	1944,12,56,483
Income from Operations	15	4,43,78,429	11,95,57,724
Income from Investments		9,13,15,011	6,81,18,016
Other Income		13,12,47,195	14,81,642
Increase/(Decrease) in stock of shares	19	(4,246,315)	(8,813,139)
Total (A)		641,70,65,824	1962,16,00,726
EXPENDITURE			
Purchase of Shares/Securities/Currency Derivatives		623,37,10,133	1942,18,28,992
Interest & Finance Charges	16	7,118	7,770
Administrative & Other Expenses	17	3,49,93,010	2,88,87,033
Employees' Cost	18	1,12,84,114	1,16,19,954
Depreciation	4	51,14,707	48,15,573
Miscellaneous Expenditure Written-off	14	1,845	35,099
Total (B)		628,51,10,927	1946,71,94,421
PROFIT BEFORE ADJUSTMENTS		13,19,54,897	15,44,06,305
Add/(-)Less :Bad Debts Recovery/(Written off) (Net)		(23,727,423)	25,00,000
Add/(-)Less: Excess provision written back/(Provision for diminution) in the value of Assets (Net)		(12,214,494)	1,12,71,593
PROFIT BEFORE TAX		9,60,12,980	16,81,77,898
Less: Provision for Taxation			
Current Tax/MAT		13,10,173	1,66,97,950
Deferred Tax		(3,136,570)	(865,442)
Fringe Benefit Tax		4,22,000	3,47,000
PROFIT AFTER TAX		9,74,17,377	15,19,98,390
Less: Minority Interest		17	9
Add/(-)Less: Surplus/(-)Deficit brought forward from previous year		1,28,57,404	(12,385,886)
Add/(-)Less: Prior year adjustments		7,725	(10,433)
Add/(-)Less: Adjustment of tax provision of earlier year		(428)	0
Add: Statutory Reserve -Excess Provision written back		0	34,36,416
PROFIT AVAILABLE FOR APPROPRIATIONS		11,02,82,061	14,30,38,478
APPROPRIATED TO:			
Statutory Reserve u/s 45 IC of the RBI Act, 1934		1,94,94,847	3,01,81,074
Transfer to General Reserve		0	10,00,00,000
SURPLUS/(LOSS) CARRIED TO BALANCE SHEET		9,07,87,214	1,28,57,404
EARNING PER SHARE (Refer Note No.10 in Schedule 20)			
Basic and Diluted Earning per Share (Rs.)		2.45	3.82
Face Value per Share (Rs.)		10.00	10.00
Significant Accounting Policies and Notes on Accounts	20		

As per our report of even date.

For Agiwal & Associates

Chartered Accountants

P.C. Agiwal

Partner

May 28th, 2009

New Delhi

For and on behalf of the Board

S.K. Agarwal

Managing Director

M. P. Mehrotra

Director

H. Consul

Company Secretary

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31st March, 2009

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 1 CAPITAL		
AUTHORISED CAPITAL		
5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000	50,00,00,000
(Previous year 5,00,00,000 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
	<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)

SCHEDULE 2 RESERVES & SURPLUS

a) GENERAL RESERVE			
As per last Balance Sheet	29,68,83,932	19,68,83,932	
Add : Transfer from Profit and Loss A/c	0	10,00,00,000	
Total (a)	29,68,83,932	29,68,83,932	
b) STATUTORY RESERVE			
As per last Balance Sheet	8,30,55,019	5,63,10,361	
Less: Excess Provision of earlier years transferred to P/L account	0	34,36,416	
Add: Transfer from P/L account for the year	1,94,94,847	3,01,81,074	
Total (b)	10,25,49,866	8,30,55,019	
c) SECURITY PREMIUM 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			
As per Last Balance sheet	1,28,57,404	(12,385,886)	
Less: Transfer to Profit & Loss Account	1,28,57,404	(12,385,886)	
	0	0	
Add: Transfer from Profit & Loss Account	9,07,87,214	1,28,57,404	
Total (d)	9,07,87,214	1,28,57,404	
e) CAPITAL RESERVE			
	1,71,62,344	1,71,62,344	
Grand Total (a) to (e)	147,52,29,591	137,78,04,934	
SCHEDULE 3 UNSECURED LOANS			
a) Adjustable deposits	1,31,81,588	1,33,06,588	
b) Loan from Directors	360	360	
Total (a+b)	1,31,81,948	1,33,06,948	

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31st March, 2009 (Cont'd...)

(Amount in Rs.)

SCHEDULE 4 FIXED ASSETS

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2008	Additions during the year	Sales/ Adjust-ments	Cost As at 31-03-2009	Upto 31-03-2008	For the year	Sales/ Adjust-ments	Upto 31-03-2009	WDV As at 31-03-2009	WDV As at 31-03-2008
1	Assets for own use:										
A	Buildings	11,33,26,286	0	1,54,81,100	9,78,45,186	1,75,66,255	44,76,975	78,08,397	1,42,34,833	8,36,10,353	9,57,60,031
B	Temporary Structures	28,49,232	0	21,60,497	6,88,735	28,49,231	0	21,60,497	6,88,734	1	1
C	Vehicles	24,52,065	39,000	2,43,408	22,47,657	20,55,367	1,06,002	2,39,595	19,21,774	3,25,883	3,96,698
D	Office Equipments	14,92,733	1,06,007	0	15,98,740	10,37,044	71,296	0	11,08,340	4,90,400	4,55,689
E	Furniture & Fixtures	25,39,599	55,152	8,42,925	17,51,826	21,62,792	66,340	7,80,546	14,48,586	3,03,240	3,76,807
F	Air Conditioners	18,58,450	8,70,526	17,00,084	10,28,892	14,89,263	86,832	14,13,086	1,63,009	8,65,883	3,69,187
G	Computers	55,37,163	3,85,044	0	59,22,207	49,25,631	2,90,731	0	52,16,362	7,05,845	6,11,532
H	Electrical Installations	7,74,549	0	5,29,595	2,44,954	6,62,250	7,061	4,55,052	2,14,259	30,695	1,12,299
I	Generator	4,30,905	0	0	4,30,905	3,62,822	9,470	0	3,72,292	58,613	68,083
2	Assets on Lease	120,66,66,568	0	0	120,66,66,568	119,34,84,980	0	0	119,34,84,980	1,31,81,588	1,31,81,588
Total		133,79,27,550	14,55,729	2,09,57,609	131,84,25,670	122,65,95,635	51,14,707	1,28,57,173	121,88,53,169	9,95,72,501	11,13,31,915
	Previous Year	138,25,36,288	8,06,14,229	12,52,22,967	133,79,27,550	128,19,94,610	48,15,573	6,02,14,548	122,65,95,635	11,13,31,915	10,05,41,678

SCHEDULE : 5 INVESTMENTS (Long Term)

PARTICULARS	FACE VALUE	QUANTIT Y		AMOUNT (In Rs.)	
		AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2009	AS AT 31.03.2008
A. IN EQUITY SHARES					
1. Un-quoted & Fully Paid					
Hotline Display Device Ltd	10	45,00,000	45,00,000	4,51,87,500	4,51,87,500
Hotline Electronics Components Ltd	10	9,00,000	9,00,000	90,00,000	90,00,000
Hotline Electronics Ltd	10	20,00,000	20,00,000	2,00,75,000	2,00,75,000
Foremost Factors Ltd	10	0	40,000	0	4,00,000
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000
Anchal Fintrade P Ltd	100	35,000	35,000	35,00,000	35,00,000
Alok Fintrade P Ltd	100	5,000	5,000	5,00,000	5,00,000
B S Traders P Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P Ltd	100	10,000	10,000	10,00,000	10,00,000
Kanoria Properties P Ltd	100	80,000	80,000	80,00,000	80,00,000
Generatio Next Medical Services Co Pvt Ltd	100	42,000	42,000	42,00,000	42,00,000
Pranjali Investments P Ltd	100	56,000	56,000	56,00,000	56,00,000
Sunair Hotels Ltd.	10	95,94,824	95,94,824	23,59,48,240	23,59,48,240
Appu Ghar Entertainment Pvt Ltd	10	4,77,100	4,77,100	23,85,50,000	23,85,50,000
VLS Capital Ltd	10	48,20,833	48,20,833	7,38,53,947	7,38,53,947
MPL Enterprises Ltd +	10	5,482	5,482	0	0
Runeecha Textiles Ltd	10	3,57,600	3,57,600	17,88,000	17,88,000
GMR Ferro Alloys Ltd	10	0	570	0	1,61,020
BMS IT Institute Pvt. Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
Eha infrastructure P Ltd	10	4,90,000	4,90,000	49,36,750	49,36,750
Wirex Communication Inc	0	0	1,200	0	51,37,144
		SUB-TOTAL (A-1)		93,78,59,437	94,35,57,601
2. Quoted & Fully Paid					
ICDS Ltd. +	10	21,929	21,929	0	0
DHAMPUR SUGAR (KASHIPUR) LTD	10	99,949	99,949	10,05,217	10,05,217
AUTOLITE (INDIA) LTD	10	10,000	10,000	13,72,452	13,72,452
ADARSH PLANT PROJECT LTD	10	0	2,000	0	1,01,920
AHLUWALIA CONTRACTS (INDIA) LTD	2	300	2,000	8,457	7,32,972
ARTSON ENGINEERING LTD	1	10,000	10,000	9,99,200	9,99,200
ASSAM COMPANY (INDIA) LTD	1	2,000	1,500	75,260	77,535
ABB LTD	2	100	100	46,142	1,17,489
AGRODUTCH LTD	10	2,000	0	63,906	0
BANK OF RAJASTAN (+)	10	0	902	0	0
BANK OF BARODA	10	2	0	502	0
BAG FILMS LTD	2	5,000	0	2,16,833	0
BAJAJ HINDUSTAN LTD	1	1,000	0	53,533	0
CONS FINVEST HOLDINGS LTD	10	3,040	3,040	1,22,208	1,22,208
CENTRAL BANK OF INDIA	10	156	156	15,912	15,912
DCM SHRIRAM CONSOLIDATED LTD	2	4,000	4,000	2,69,938	2,73,897
DHAMPUR SUGAR LTD	10	12,810	5,000	8,99,147	4,15,951
DWARIKESH SUGAR INDUSTRIES LTD	10	0	1,150	0	85,096
DABUR LTD	1	1,000	0	99,918	0
D PHARMA LTD	10	200	200	1	1
EIH ASSOCIATED HOTELS LTD	10	500	500	66,374	66,374
HINDUJA FOUNDRIES LTD	10	1,000	1,000	2,44,219	2,44,219
ETC NETWORK LTD	10	900	0	65,470	0
GATI LTD	2	8,18,672	10,11,554	1,29,01,719	1,75,88,752
GMR INDUSTRIES LTD	10	1,930	1,930	4,57,790	4,57,790
GMR FERRO ALLOYS LTD	10	570	0	1,61,020	0
GUJARAT HOTELS LTD	10	12,987	12,987	7,77,541	7,77,541
GTC INDUSTRIES LTD	10	500	300	1,91,702	1,52,286
GEOJIT FINANCE LTD	1	500	0	21,850	0
HIMACHAL FUTURISTIC COMM LTD	10	0	20,000	0	8,81,524
HIND OIL EXPLORATION COMPANY LTD	10	0	1,000	0	1,07,490
INDRAPRASTA GAS LTD	10	1,000	1,000	1,15,818	1,15,818
INTERNATIONAL COMBUSTION (INDIA) LTD	10	300	300	1,87,624	1,87,624
INDIA GLYCOLS LTD	10	500	500	2,16,806	2,16,806
INDIABULLS REAL ESTATE LTD	2	750	820	84,908	6,45,024
IDEA CELLULAR LTD	10	500	0	23,395	0
JMC PROJECTS LTD	10	250	250	65,857	65,857
JAYPEE HOTELS LTD	10	7,106	5,062	4,73,321	8,79,094
JK TYRE LTD	10	1,000	0	1,45,540	0
LARSEN & TOUBRO LTD	2	200	0	1,40,467	0

SCHEDULE : 5 INVESTMENTS (Long Term) (Contd...)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2009	AS AT 31.03.2008	AS AT 31.03.2009	AS AT 31.03.2008
MAHINDRA LIFESPACE DEVELOPERS LTD	10	0	50	0	28,538
MRPL LTD	10	0	3,000	0	2,57,433
McLEOD RUSSEL (INDIA) LTD	5	500	500	43,418	43,418
NTPC LTD	10	500	500	1,34,577	1,34,577
MIRC ELECTRONICS LTD	1	9,400	9,400	5,01,960	5,01,960
MANGALORE CHEMICALS & FERTILIZERS LTD	10	40,714	40,714	16,48,456	16,48,456
MERCATOR LINES LTD	1	8,500	12,500	2,49,924	21,78,141
MRF LTD	10	0	50	0	2,23,337
JAYASWAL NECO INDUSTRIES LTD	10	20,000	20,000	12,39,958	12,39,958
OUDH SUGAR MILLS LTD	10	6,000	5,665	5,26,533	5,10,423
ONGC LTD	10	300	200	3,44,728	2,51,080
ORISSA SPONGE IRON & STEEL LTD	10	7,000	7,000	40,27,692	40,27,692
OSWAL CHEMICALS & FERTILIZERS LTD	10	17,000	17,000	2,19,760	10,97,808
PETRONET LNG LTD	10	7,000	7,000	4,03,455	4,03,455
PENINSULA LAND LTD	2	500	500	57,546	57,546
PRAKASH INDUSTRIES LTD	10	1,000	1,000	81,710	81,710
PRECISION PIPES & PROFILES COMPANY LTD	10	852	852	1,27,800	1,27,800
PVR LTD	10	0	200	0	62,340
PRAJ INDUSTRIES LTD	2	5,000	0	7,34,754	0
PUNJAB WIRELESS LTD	10	500	500	1	1
RELAXO FOOTWEAR LTD	5	17,20,776	17,20,776	4,98,66,395	4,98,66,395
RELIANCE PETRO LTD	10	11,000	1,000	9,03,970	2,10,520
SOFTSOL INDIA LTD	10	4,695	4,695	10,08,361	10,08,361
SWARAJ MAZDA LTD	10	300	300	89,232	89,232
SHANTI GEAR LTD	1	500	500	37,301	37,301
STEEL STRIPS & WHEELS LTD	10	1,000	1,000	1,68,042	1,68,042
SHIPPING CORPORATION OF INDIA LTD	10	0	400	0	85,918
SHIV-VANI OIL & GAS EXPLORATION SERVICES LTD	10	200	200	1,12,098	1,12,098
SIEMENS LTD	2	150	100	34,212	72,803
SBI LTD	10	84	0	98,106	0
SEAMEC LTD	10	1,000	0	49,824	0
SATYAM COMPUTERS LTD	2	400	0	17,806	0
TCI INDUSTRIES LTD	10	20,688	20,688	6,95,306	6,95,306
TATA CHEMICALS LTD	10	500	500	74,248	1,83,922
UNITECH LTD	2	1,800	1,800	48,884	6,89,042
UTI MASTER PLUS 91	10	200	200	3,252	3,252
VISHAL EXPORTS OVERSEAS LTD	1	0	10,000	0	45,300
VIPUL LTD	2	5,000	5,000	12,68,557	12,68,555
VISA STEEL LTD	10	0	695	0	43,563
WIPRO LTD	2	0	300	0	1,28,321
WARREN TEA LTD	10	0	2,000	0	2,26,920
		SUB-TOTAL (A-2)		8,64,07,913	9,55,16,573
B. IN PREFERENCE SHARES					
Unquoted & Fully Paid					
Fusebase Eltoro Pvt Ltd	100	12,500	12,500	12,50,000	12,50,000
		SUB-TOTAL (B)		12,50,000	12,50,000
C. DEBENTURES & BONDS					
Unquoted & Fully Paid-up					
Eha infrastructure Pvt Ltd (0% optionally convertible debentures)	1,00,000	690	690	6,90,00,000	6,90,00,000
ICICI Bond (12%)	1,00,000	1	1	1,04,000	1,04,000
		SUB-TOTAL (C)		6,91,04,000	6,91,04,000
		TOTAL (A1+A2+B+C)		109,46,21,350	110,94,28,174
Less: Provision for diminution in value of investments				20,00,000	15,00,000
		TOTAL (C1)		89,46,21,350	95,94,28,174
I. Aggregate value of quoted investments			At cost	8,64,07,913	9,55,16,573
			Market Value	10,75,29,650	23,12,55,827
II. Aggregate value of un-quoted investments - Others			At cost	100,82,13,437	101,39,11,601
D. INVESTMENT IN IMMOVABLE PROPERTIES:-			TOTAL (D)	70,94,409	66,50,000
		TOTAL (C1+D)		90,17,15,759	96,60,78,174
+Bonus Shares received, hence cost of acquisition is NIL.					

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE TO CONSOLIDATED BALANCE SHEET AS AT 31st March, 2009 (Contd.)
SCHEDULE 6 SHARE STOCK IN TRADE

(At Cost or market price, whichever is lower)

(Amount in Rs.)

Name of the Company	As on 31.03.2009		As on 31.03.2008	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Stock of Quoted Equity shares (Fully Paid)				
ARIHANT COTSYN LTD	2,000	1	2,000	1
CENTRAL ROADLINES CORP LTD	2,82,700	1	2,82,700	1
HINDUSTAN ADHESIVES LTD	1,000	1	1,000	1
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	1,585	10	3,903
SOUTH ASIAN ENTERPRISES LTD	17,11,289	2,03,13,000	17,11,289	2,45,56,997
SWEDE INDIALTD	200	1	200	1
Total	20,26,199	2,03,14,590	20,26,199	2,45,60,905

(Amount in Rs.)

	As at 31st March, 2009	As at 31st March, 2008
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SCHEDULE 7 STOCK ON HIRE

Disbursed Value less capital repayments matured (secured)	0	7,32,579
Less: Provision for Non-performing Assets	0	1,19,189
Total	0	6,13,390

SCHEDULE 8 SUNDRY DEBTORS

a) Instalments Receivable (Unsecured)		
Considered Good		
1. Due for more than six months	53,81,407	68,69,212
2. Others	0	0
	53,81,407	68,69,212
Less: Provision for Non-performing Assets	53,81,407	68,69,212
Total (a)	0	0
b) Dues from Share Brokers		
Considered Good		
1. Due for more than six months	0	0
2. Others	1,56,26,884	1,15,29,416
	1,56,26,884	1,15,29,416
Less: Provision for Non-performing Assets	0	0
Total (b)	1,56,26,884	1,15,29,416
Total (a+b)	1,56,26,884	1,15,29,416

SCHEDULE 9 CASH & BANK BALANCES

a) Cash on Hand	8,42,177	15,71,976
b) Balances with scheduled banks		
1. In Current Accounts	33,20,907	50,41,729
2. In Deposit Accounts	74,91,175	84,07,538
Total (a+b)	1,16,54,259	1,50,21,243

SCHEDULE 10 OTHER CURRENT ASSETS

a) Interest Accrued but not due	65,92,046	53,998
b) Security Deposits with Govt Department	1,500	1,000
c) Security Deposits with others	91,86,524	79,84,524
d) Margin Money with share brokers	63,84,00,000	35,92,00,000
e) Other Receivable	0	5,97,494
Less: Provision for Non-performing Assets	0	5,00,000
	0	97,494
f) Advance Tax Paid	8,90,00,351	7,55,84,942
Total (a+b+c+d+e+f)	74,31,80,421	44,29,21,958

SCHEDULE 11 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise specified)

a) Short term Loans and Advances	8,26,12,647	11,47,98,885
Less: Provision for Non-performing Assets	20,00,000	3,40,81,701
	8,06,12,647	8,07,17,184
b) Advances Recoverable in cash or in kind or for value to be received	7,76,77,048	15,68,29,111
Less: Provision for Non-performing Assets	25,08,340	61,05,151
	7,51,68,708	15,07,23,960
Total (a+b)	15,57,81,355	23,14,41,144

SCHEDULE 12 LIABILITIES

a) Creditors for Expenses		
i) Total Outstanding dues of Micro, Small and Medium Enterprises	0	0
ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	14,75,817	13,58,425
b) Other Liabilities	5,74,76,856	90,10,781
Total (a+b)	5,89,52,673	1,03,69,206

SCHEDULE 13 PROVISIONS

a) Provision for Taxation		
Balance B/fd	3,84,37,800	2,17,39,850
Add: Provision for the year	13,10,173	1,66,97,950
Total (a)	3,97,47,973	3,84,37,800
b) Provision for Fringe Benefit Tax		
Balance B/fd	9,97,528	6,50,528
Add: Provision for the year	4,22,000	3,47,000
	14,19,528	9,97,528
Less: Provision for the earlier year reversed	34,572	0
Total (b)	13,84,956	9,97,528
c) Provision for Leave encashment		
Balance B/fd	6,16,251	4,46,551
Add/(Less): Provision/(Excess Provision) for the year	(98,359)	1,69,700
Total (c)	5,17,892	6,16,251
Total (a+b+c)	4,16,50,821	4,00,51,579

SCHEDULE 14 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

a) Share Issue Expenses		
Balance B/fd	0	33,500
Less: Written off to Profit & Loss Account	0	33,500
Total (a)	0	0

(b) Preliminary Expenses		
Balance B/fd.	1,845	3,444
Less: Written off to Profit & Loss Account	1,845	1,599
Total (b)	0	1,845
Total (a+b)	0	1,845

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	for the year ended 31st March 2009	for the year ended 31st March 2008
--	---------------------------------------	---------------------------------------

SCHEDULE 15 INCOME FROM OPERATIONS

Income from other Credit Operations	4,43,78,429	11,95,57,724
Total	4,43,78,429	11,95,57,724

SCHEDULE 16 INTEREST & FINANCE CHARGES

Bank / Finance Charges	7,118	7,770
Total	7,118	7,770

SCHEDULE 17 ADMINISTRATIVE & OTHER EXPENSES

Advertisement & Business Promotion	11,30,411	15,98,181
Consultancy, Legal & Service Charges	90,73,475	1,24,27,319
Communication Expenses	9,91,336	12,06,780
Electricity & Water Charges	3,45,981	5,50,853
Insurance	57,810	73,241
Office Expenses	15,13,385	15,76,583
Securities Transaction Tax	13,21,327	36,13,289
Shares Transaction Charges	2,50,315	3,01,006
SEBI Membership Fee	3,44,749	0
NSE Capital Market Subscription	1,00,000	1,00,000
Brokers Stamp Duty	7,352	71,716
Travelling Expenses & Conveyance	38,72,496	16,48,518
Rates & Taxes	11,96,791	11,41,839
Rent	44,00,000	89,000
Repairs & Maintenance		
—Building	0	1,61,284
—Others	52,51,596	19,08,522
Miscellaneous Expenses	37,79,534	13,83,041
Auditors' Remuneration		
a) Audit Fees	1,37,455	1,38,912
b) For Other Services		
—For Tax audit	49,635	50,562
—For certification	1,44,100	1,29,508
—Out of pocket expenses	70,029	50,643
Internal Auditors' Remuneration		
—Fees	70,000	70,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	4,86,000	3,19,000
Loss on sale/written off of fixed assets	3,91,233	2,69,236
Total	3,49,93,010	2,88,87,033

SCHEDULE 18 EMPLOYEES' COST

Salaries	94,67,889	97,16,410
Staff Amenities	4,51,029	4,44,043
Employer's Contribution to PF, ESI, Gratuity Fund etc.	13,65,196	14,59,501
Total	1,12,84,114	1,16,19,954

SCHEDULE 19 INCREASE/(DECREASE) IN STOCK OF SHARES

Closing Stock of Shares	2,03,14,590	2,45,60,905
Less: Opening Stock of Shares	2,45,60,905	3,33,74,044
Net Increase/(Decrease) in Stock of Shares	(4,246,315)	(8,813,139)

SCHEDULE 20 Significant Accounting Policies and Consolidated Notes on Accounts for the year ended on 31st March 2009
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., VLS Investments Ltd., VLS Asset Management Ltd. and VLS Investments Inc., Delaware, USA.

C. FOREIGN EXCHANGE TRANSLATIONS

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

II. NOTES ON ACCOUNT

- Contingent Liability: - Nil

CONSOLIDATED FINANCIAL STATEMENTS

- b) Estimated amount of contracts remaining to be executed on Capital Account: Nil.
2. 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.
3. Cash & Bank Balances include
- Share Transfer Stamps of Rs. 1,416/- (Previous Year Rs.1,416/-).
 - Brokers' Stamps of Rs. 11,008/- (Previous year Rs.21,572/-)
 - Bank Deposits include fixed deposits of Rs.12,71,277/- (Previous Year – Rs.11,84,265) pledged with the banks as security for overdraft facilities.
4. 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.
5. 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 01.04.2008		Purchases		Sales		Closing Stock in trade as on 31.03.2009	
	Qty.*	Value Rs	Qty.*	Value Rs	Qty.*	Value Rs	Qty.*	Value Rs
Shares	2026199	24560905	25406133	4308970538	25406133	4222556001	2026199	20314590
(Previous year)	2026199	33374044	19438129	18828950359	19438129	18844956287	2026199	24560905
Commodities	Nil	Nil	53028	1914208885	53028	1921295306	Nil	Nil
(Previous year)	Nil	Nil	480281	592878633	48028	596300196	Nil	Nil
Currency Derivatives	Nil	Nil	215000	10530710	215000	10520197	Nil	Nil
(Previous Year)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* Quantity of Shares is in nos., Commodities is in lots and Currency Derivatives is in US \$.

6. 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.
7. Related Party Disclosure : Followings are the related parties:-
Key Managerial Personnel: - Shri T.B. Gupta (Executive Vice-Chairman in VLS Finance Ltd. till 22/10/2008) and Shri S.K. Agarwal (Managing Director in VLS Finance Ltd. and VLS Securities Ltd.)
Associates: - South Asian Enterprises Ltd.
Relative of Key Managerial Personnel: Mrs. Sudha Agarwal, wife of Shri.S.K.Agarwal.
Summary of transactions with the above related parties is as follows :-

Particulars	(Amount in Rs.)		
	Associates	Key Managerial Personnel	Others
Purchase of Securities	Nil (Previous Year: 45,00,000)		
Rent and Other charges paid	1,15,790 (Previous year : Nil)		Nil (Previous year: 89,000)
Remuneration to Managing Director and Executive Vice-Chairman		17,78,806 (Previous year: 19,53,449)	

8. Deferred Tax Assets are net of deferred tax liabilities of Rs. 3,23,28,676/- (Previous year Rs.3,54,98,679/-). The major components of deferred tax assets and liabilities are as under:-

Particulars	Deferred Tax Assets	Deferred Tax Liabilities
Fixed Assets	Rs. Nil (Previous year Rs. Nil)	Rs.3,23,28,676/- (Previous year Rs. 3,54,98,679)
Accumulated Losses	Rs. 7,24,86,488/- (Previous year Rs. 7,24,86,488)	Rs. Nil (Previous year Rs. Nil)
Leave Encashment	Rs. 1,76,031/- (Previous year Rs.2,09,464)	Rs. Nil (Previous year Rs. Nil)
Total	Rs. 7,26,62,519/- (Previous year Rs. 7,26,95,952)	Rs. 3,23,28,676/- (Previous year Rs. 3,54,98,679)

9. Managerial Remuneration

Particulars	Paid to Shri T.B. Gupta	Paid to Shri S.K. Agarwal
Remuneration	Rs.2,02,189 (Part of the year) (Previous Year – Rs.3,61,608/-)	Rs. 11,97,000 (Previous Year – Rs. 11,08,000)
Perquisites	Rs.73,540 Previous Year – Rs.1,19,044/-)	Rs. 3,06,077 Previous Year – Rs. 3,64,797)

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 - 31 st March, 2009	Year ended 31 st March, 2008
-------------	---	---

Basic and Diluted

Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 9,74,17,377	Rs. 15,19,98,390
EPS	Rs. 2.45	Rs. 3.82

11. The Company has made the provision for Taxation / MAT payable under the Income Tax Act, 1961 of Rs.13,10,173 (Previous year Rs. 1,66,97,950/-). Out of this Rs. 12,99,796 (Previous year Rs. 1,66,55,511) relates to VLS Finance Ltd., Rs. Nil (Previous year Rs. 34,500) relates to VLS Securities Ltd. and Rs.10,377 (Previous year Rs.7,939/-) relates to VLS Investments 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)	8,44,86,196	28,80,359
Interest on Debentures and Bonds (Gross)	12,000	12,000
Tax Deducted at Source	Nil	Nil

14. Interest Receipts (Gross) of Rs. 4,43,23,556/- (Previous Year Rs.6,66,99,261) grouped under Income from Operations includes Tax Deducted at Source of Rs. 97,02,635/- (Previous Year Rs. 1,50,28,341).
15. Expenditure in Foreign Exchange:-Foreign Travel Expenses in respect of VLS Finance Ltd- Rs.12,28,397/- (Previous year Rs. 85,567) and Other Rs. Nil/- (Previous Year Rs.55,624).
16. Margin Money with Share Brokers shown under the Schedule 10: Other Current Assets – includes Rs. 2,50,00,000/- in respect to VLS Securities Ltd is given in the form of fixed deposits.
17. Bad Debts written off of Rs.2,37,24,423 is net of bad debts recovery of Rs.1,75,00,000/- (Previous year: Recovery of Bad debts of Rs. 25,00,000/- is net of Bad Debts written off of Rs.Nil.) of VLS Finance Ltd.
18. **SUBSIDIARY COMPANIES**
The subsidiary companies considered in the consolidated financial statement are :-

S. No.	Name of Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on 31.03.2009
1.	VLS Securities Ltd.	India	100
2.	VLS Investments Ltd.	India	100
3.	VLS Asset Management Ltd.	India	99.15
4.	VLS Investments Inc, Delaware.	USA	100

19. The audited financial statement of the subsidiaries have been considered for Consolidation except in case of VLS Investment Inc, Delaware, USA where audited financial statement as at 31.12.2008 and unaudited financial statement for the period 01.01.2009 to 31.03.2009 have been considered.
20. Outstanding derivatives contracts in case of VLS Finance Ltd. at the year end are of Rs.1,35,68,625/- (Previous year: Rs.15,33,190/-) The loss on these derivatives have been provided for.
21. Provision for Diminution in the value of Investment Rs.1,22,14,494/- is net off of Rs.3,77,85,506/-being excess provision written back in the value of assets (Previous year: Provision in the value of Investment written back Rs.1,12,71,593/- is net off of Rs.12,71,593/- being amount written back on account of excess provision of assets) of VLS Finance Ltd.
22. Repairs and Maintenance - Others shown under Administrative & Other Expenses in Schedule 17 includes Rs.33,97,190/- (Previous Year: Nil) incurred on premises taken on lease of VLS Finance Ltd.
23. Other Income shown above includes Rs.13,07,54,256/-being profit on sale of one of the properties of VLS Finance Ltd.
24. 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.
25. Previous year figures have been regrouped/rearranged wherever necessary.
26. Schedules from 1 to 20 form an integral part of accounts.

As per our report of even date

For Agiwal & Associates

Chartered Accountants

P.C. Agiwal

Partner

May 28th, 2009

New Delhi

For and on behalf of the Board

S.K. Agarwal

Managing Director

M. P. Mehrotra

Director

H. Consul

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009
Rs. lacs

PARTICULARS	For the Year ended	
	31.03.2009	31.03.2008
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	960.13	1681.78
Add:		
Interest & Finance Charges	0.07	0.08
Depreciation	51.15	48.16
Loss on sale/written off of fixed assets	3.91	2.69
Provision for Leave encashment	(0.98)	1.70
Miscellaneous Expenditure written off	0.02	0.35
	1014.30	1734.76
Less: Income from Investments	913.15	681.18
Income from sale of property	1307.54	527.72
Excess Provision written back/ (Provision for diminution)in the Value of Assets (Net)	(122.14)	112.72
	2,098.55	1321.62
Operating Profit before Working Capital Changes	(1084.25)	413.14
Changes in Working Capital		
Trade & Other Receivables	(1,873.96)	2190.23
Inventories	42.46	88.13
Trade & Other Payables	485.83	75.33
Cash generated from operations	(2,429.92)	2766.83
Less:		
Interest Paid	0.07	0.08
Cash flow before extraordinary items	(2,429.99)	2766.75
Extraordinary Items	0.00	0.00
Net Cash Flow from Operating Activities (A)	(2,429.99)	2766.75
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Deployment in Fixed Assets	1369.64	366.28
Net Proceeds from investments	114.78	(3759.97)
Income from Investments	913.15	681.18
Net Cash used in Investing Activities (B)	2397.57	(2712.51)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	(1.25)	0.00
Net Cash Flow from Financing Activities (C)	(1.25)	0.00
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	(33.67)	54.24
Cash & Cash Equivalents (Opening)	150.21	95.97
Cash & Cash Equivalents (Closing)	116.54	150.21

Note : Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 12.71 lacs (Previous year Rs. 11.84 Lacs), which are pledged with them as security for overdraft facility.

As per our report of even date

For Agiwal & Associates

Chartered Accountants

P.C. Agiwal

Partner

May 28th, 2009

New Delhi

For and on behalf of the Board

S.K. Agarwal

Managing Director

M. P. Mehrotra

Director

H. Consul

Company Secretary

NOTICE

22nd 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 Monday,
the 31st day of August, 2009

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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BOARD OF DIRECTORS :

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

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.

THE BOMBAY STOCK EXCHANGE LTD.,

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

THE MADRAS STOCK EXCHANGE LTD.

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

THE CALCUTTA STOCK EXCHANGE ASSOcn. LTD.

7, Lyons Range, Kolkata-700 001.

Members are requested to take note of present address of Registered Office of the Company as well as that of R&T agent for share transfer & investor related services.

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.



VLS FINANCE LTD.

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

**ATTENDANCE CARD
TWENTY SECOND ANNUAL GENERAL MEETING
Monday, the 31st Day of August, 2009**

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

I hereby record my presence at the 22nd 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 **MONDAY, the 31st DAY OF AUGUST, 2009.**

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 22nd Annual General Meeting of the Company to be held on Monday, the 31st Day of August, 2009 at
03.30 P.M. and at any adjournment thereof.

Dated this _____ day of _____ 2009.

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

FOR OFFICE USE ONLY	
Proxy No. _____	

Affix Revenue Stamp

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.

XXII ANNUAL REPORT 2008-2009



VLS FINANCE LTD.

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

Book Post



If not delivered, please return to :
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East of Kailash,
New Delhi-110 065
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