

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th Annual General Meeting of the Members of **VLS FINANCE LTD.** will be held at The Auditorium, Sri Sathya Sai International Centre, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003 on Thursday, 29th day of September, 2011 at 3.30 P. M. to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011, 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.
2. To appoint a Director in place of Shri Somesh Mehrotra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri N. C. Sundararajan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Brij Behari Tandon who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Gian Vijeshwar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint the Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act, 1956 M/s. Agiwal & Associates, Chartered Accountants, (Firm’s Regn. No.FRN 000181N) the present Statutory Auditors of the Company be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting of the Company and at such remuneration as may be determined by the Board of Directors of the Company / Committee of the Board and that the remuneration may be paid on a progressive billing basis if so agreed between the Auditors and Audit Committee or such other officer of Company as may be approved by the Audit Committee/ Board.”

SPECIAL BUSINESS:

7. Revision of remuneration of Shri S. K. Agarwal - Managing Director of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 310, 316 and other applicable provisions including any amendments thereof, read with Schedule XIII of the Companies Act, 1956 as amended up to date, subject to such approvals, permission and sanctions, if any, as may be required from appropriate authorities or bodies from time to time and in partial modification of the resolution passed at the Annual General Meeting of the Company held on 21/09/2010, approval of the Company be and is hereby accorded to the revision in remuneration of Shri S. K. Agarwal - Managing Director of the Company and the revised remuneration package of Shri S. K. Agarwal – Managing Director shall be as under:

a. Salary

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

b. Perquisites

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

- i. HRA/ Leased Accommodation: Rs.33,500/- (Rupees Thirty Three Thousand Five Hundred only) per month.
- ii. Medical Reimbursement:
Expenses incurred for the Managing Director and the family subject to a ceiling of Rs.15,000/- (Rupees Fifteen Thousand only) per annum.
- iii. Leave Travel Concession: For the Managing Director and his family incurred not exceeding Rs.48,000/- (Rupees Forty Eight Thousand only) per annum.
- iv. Reimbursement of expenses for Books and Periodicals upto Rs. 47,400/- (Rupees Forty Seven Thousand Four Hundred only) per annum.
- v. Reimbursement of secretarial services upto Rs. 12,500/- (Rupees Twelve Thousand five Hundred only) per month.
- vi. Provident Fund, Gratuity payable, entitlement & encashment of leave as per rules of the Company.
- vii. Facility of Chauffeur driven car for use on Company’s business as per rules of the Company.
- viii. Facility of Telephones or provision of similar equipments/facilities for official purpose will be free & not to be considered as perquisites except that the charges for personal long distance calls will be billed by Company to Managing Director.

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

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

All other terms and conditions of service will remain unchanged.

RESOLVED FURTHER THAT the aforesaid revision in remuneration shall be effective from 1st April, 2011, for residual period of appointment of Managing Director unless enhanced during the intervening period, in accordance with applicable provisions of Companies Act, 1956 and/or other law(s), for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the Managing Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory amendment/modification thereof, from time to time, to settle any question or difficulty in connection therewith or incidental thereto and to do all such things deeds and acts including delegation of powers herein to any person/ committee as may be deemed necessary or expedient for giving effect to said revision and in case it is required to obtain the consent of Company in this regard, to the end and intent that it shall be deemed to have been accorded expressly by authority of this resolution.”

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

Place: New Delhi
Date : 12/08/2011

NOTES: -

1. A Member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. The appointment of proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, in the form enclosed hereto, duly filled and authenticated. A proxy may not vote except on a poll.
2. The submission of form of proxy by a member does not preclude such member from attending and voting at the meeting. The proxy in such event shall not be eligible to attend the meeting. Only bonafide members of the Company whose names appear on the Register of Members/ Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
3. In the case of joint holders, the vote of the senior shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members. Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members of the Company shall remain closed from 22.09.2011 to 29.09.2011 (both days inclusive).
5. The Company has retained M/s RCMC Share Registry Pvt. Ltd., ("Registrar & Transfer Agent") at B-106, Sector -2, Noida, U.P. 201301 (Phone Nos. 0120 - 4015880, 4015886) w.e.f. 01/04/2003 for entire shareholder services. All correspondence, therefore, may be addressed to the said Registrar & Transfer Agent. However, for any further assistance in said matters, queries may be addressed to the Company Secretary at Registered Office at 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065 Phone No. 46656666 (100 lines), Fax: 46656699. Dedicated Investor Services e-mail: hconsul@vlsfinance.com
6. SEBI vide circular ref. no. MRD/DoP/Cir-05/2009 dated May 20, 2009 has clarified that providing the PAN information will be mandatory for transactions in securities in physical form as well. Amongst others, all transactions involving transfer/ transmission/ transposition of shares in physical form of listed companies, whether off market or not will require copy of PAN card of transferee(s) be furnished to the Company/RTAs for transfer/ transmission/ transposition of shares. This is for information of all investors.
7. Members are requested to intimate the change in address, if any, to the Company's Registrar or the Company at its Registered Office for shares held in physical mode. Members can avail the facility of nomination in respect of shares held by them in physical form, in accordance with the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in prescribed form no. 2B duly filled in, to the Registrar & Transfer Agent of Company. Members holding shares in demat (Electronic) form are requested to notify any change in address, mandate/bank details/ nominations to their respective Depository Participants. The changes effected by depository participants will automatically be reflected in Company's records upon updation of beneficiary owners list provided by Depositories.
8. The shares of the Company are traded in demat segment only w.e.f. 28th August, 2000 for all categories of investors. Members who still hold the shares of Company in physical form are advised to contact their depository participant for dematerialization of their holdings in their own interest. **The ISIN No. allotted to Company is INE709A01018** for both the Depositories viz. The National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting except on Saturdays, Sundays and other Holidays.
10. Member/Proxies are requested to bring their copies of the Annual Report to the meeting and the attendance slip duly filled in, for attending the meeting. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
11. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act 1956, for item No. 7 of the notice is annexed hereto and forms part of this notice.
12. The Unpaid/unclaimed dividends up to 31/03/95 had been transferred to General Revenue Account of Central Government and can be claimed from the Central Government in prescribed form. Pursuant to Section 205A of the Companies Act, 1956 ("the Act") all unclaimed/unpaid dividends after 31/03/95 up to the financial year 1997-99 (18 months) has been credited to Investor Education & Protection Fund ("IEPF"). Please note that once unclaimed dividend is transferred to IEPF of the Central Government in accordance with the regulations, no claim shall lie against the Company or IEPF in respect thereof. No dividend is pending for transfer to IEPF in terms of the provisions of Section 205C of the Companies Act, 1956.
13. *The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has notified that service of notice/ documents including Annual Report can be made by Company through e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their Depository Participant. Members holding shares in physical form are requested to send their e-mail address to the Registrar and Transfer Agents M/s RCMC Share Registry Pvt. Ltd., at B-106, Sector -2, Noida, U.P. 201301 or to the Company.*
14. *The Company in adherence to its policy to provide par excellence Investor service, periodically undertakes to locate members whose share certificate are lying undelivered and promptly sends share certificates upon identification of members. With the advent of clause 5A in the Listing agreement, the undelivered shares will be credited to "Unclaimed Suspense Account" with a depository participant in due course. As a consequence inter-alia, the voting rights in respect of such shares shall stand frozen till shares are restored to members. The members are, therefore requested to update their address in Company's records by informing respective depository participant, in case shares are held in demat (electronic) form and where shares are held in physical form by writing to Company or its Registrar and Transfer Agent.*

15. 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 31/07/2011.	Chairman/Member of the Committees of other companies as on 31/07/2011.	Whether qualified u/s 274(1)(g) of the Companies Act, 1956
1.	Shri Somesh Mehrotra	06/04/1967	06/06/1994	M. Com. Industrialist having over 22 years experience in financial services, administration and amusement industry.	a) VLS Capital Ltd. b) Gaurav Overseas Export Pvt. Ltd. c) Om Sai Sports Ltd.	NIL NIL NIL	Yes
2.	Shri. N.C. Sundararajan	15/11/1929	25/04/1992	FOA He is former president of the Institute of Chartered Accountants of India and renowned Chartered Accountant having over 5 decades of experience in field of finance, taxation, corporate laws and administration.	NIL	NIL	Yes
3.	Shri B.B. Tandon IAS (Retd.)	30/06/1941	22/10/2008	M.A., LL.B, CAIIB He is a retired IAS officer of 1965 batch and was Chief Election Commissioner of India from 16/05/2005 to 29/06/2006. He has held various top-level posts in the Government of India including as Additional Secretary- Ministry of Company Affairs and at State level as Principal Secretary (Power) - Govt. of Himachal Pradesh. He has also served on the Board of several Public Sector Undertakings. He has over 4 decades of experience in policy making, administration and Government affairs.	1. Adani Power Ltd. 2. Precision Pipes & Profiles Ltd. 3. Oriental Carbon & Chemicals Ltd. 4. Jaiprakash Power Ventures Ltd. 5. Exicom Tele Systems Ltd. 6. Vikas Global One Ltd. 7. Birla Corporation Ltd. 8. Dhampur Sugar Mills Ltd. 9. Ambience Pvt. Ltd. 10. Bhushan Steels Ltd. 11. Jaypee Infratech Ltd.. 12. Filatex India Ltd. 13. Lanco Anpara Power Ltd 14. ABC(India) Ltd. 15. Ambuja Cement Foundation.	i. Audit Committee-Member ii. Remuneration Committee Chairman iii. Finance Committee Member i. Audit Committee Member ii. Remuneration Committee Chairman i. Audit Committee Member ii. Remuneration Committee Member i. Audit Committee Member ii. Committee of Directors iii. Remuneration Committee Member i. Shareholders/ investors Grievance Committee Member ii. Remuneration/ Compensation Committee Member Audit Committee Chairman NIL Audit Committee Member NIL Remuneration Committee Member NIL	Yes

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 31/07/2011.	Chairman/Member of the Committees of other companies as on 31/07/2011.	Whether qualified u/s 274(1)(g) of the Companies Act, 1956
1.	Shri Gian Vijeshwar	02/03/1945	31/01/2007	M.A. (Public Administration) He is an eminent figure in Indian amusement industry and had pioneered in establishment of amusement parks in India, the first being Appu Ghar in Delhi. He has over 40 years of rich experience in general management, financial administration and project management.	1. International Amusement Ltd. 2. International Recreation Parks Pvt. Ltd. 3. Unitech Amusement Parks Ltd. 4. Appu Ghar Entertainment Pvt. Ltd. 5. Appu Ghar Holdings Pvt. Ltd. 6. Appu Ghar Recreation Parks Pvt. Ltd. 7. Appu Ghar Securities & Solutions Pvt. Ltd. 8. International Amusement Solutions Ltd. 9. GKMR Corporate Solutions Pvt. Ltd. 10. D.B.Holding Pvt. Ltd. 11. International Amusement & Infrastructures Ltd. 12. VLS Capital Ltd. 13. South Asian Enterprises Ltd.	i) Share Application Committee-Chairman ii) Share Allotment Committee-Chairman iii) Share Transfer Committee-Chairman iv) Audit Committee-Member NIL NIL NIL NIL NIL NIL NIL NIL NIL i. Audit Committee-Member ii. Remuneration Committee-Member NIL NIL	Yes

(B) Shareholding of above Directors as on 31/03/2011

S. No.	Name of Directors	No. of Shares held in Company	Percentage
1	Shri Somesh Mehrotra	404106	1.0514
2	Shri N.C. Sundararajan	3000	0.0075
3.	Shri Gian Vijeshwar	NIL	NIL
4.	Shri B.B. Tandon	NIL	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.
ITEM NO.7

Shri S. K. Agarwal was reappointed as Managing Director of the Company for period of 3 years w.e.f. 21st August, 2010 by the Board of Directors in its meeting held on 27/07/2010 on the terms and conditions as contained in agreement entered into between the Company and Shri S. K. Agarwal for this purpose on that date. The appointment was approved by members in their meeting held on 21/9/2010.

Shri S. K. Agarwal- Managing Director of the Company, is also the Managing Director of VLS Securities Ltd., a subsidiary of the Company. He continues to hold said position by virtue of his reappointment by the Board of Directors of VLS Securities Ltd. in its meeting held on 30/06/2010 for a further period of 3 years w.e.f. 01.07.2010. He is not drawing any remuneration from said subsidiary.

The revision in remuneration of Shri S. K. Agarwal Managing Director has been made in accordance with the conditions specified in Part 1 of Schedule XIII and the remuneration payable is within the ceiling laid down in Part II thereof and the requirements of Part III thereof are being complied with. The Board concurring to the recommendation of remuneration committee, revised the remuneration of Shri S. K. Agarwal – Managing Director w.e.f. 01/04/2011, subject to approval of members vide its resolution dated 12/8/2011.

The above enhancement in remuneration of Shri S.K. Agarwal is subject to the approval of the members.

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

A copy of Board's approval for revision of remuneration package of Managing Director is available for inspection by the members of the Company at Registered office of the Company between 11:00 a.m. and 1:00 p.m. on all working days till the date of the Annual General Meeting except on Saturdays, Sundays and Holidays. In terms of Section 302 of the Companies Act, 1956, this may be construed as abstract of revised terms and conditions of appointment of Shri S. K. Agarwal as Managing Director.

None of the Directors except Shri S. K. Agarwal is concerned or interested in the resolution.

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

Place: New Delhi
Date :12/08/2011

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Twenty fourth Annual Report of the Company together with the audited statement of accounts for the year ended 31st March, 2011.

1. Financial Results	(Rs. in Lakhs)	
	For the year ended 31 st March 2011	For the year ended 31 st March 2010
Gross Receipts	60153.05	104937.78
Profit before Interest & Depreciation	830.90	728.81
Less: Interest & Finance Charges	59.00	4.92
Profit before depreciation	771.90	723.89
Less: Depreciation	45.91	48.91
Profit before Tax	725.99	674.98
Less: Provision for Taxation	222.73	194.56
Profit after Tax	503.26	480.32
Surplus b/fd. From previous year	1547.50	1131.33
Previous year adjustments/other adjustment	3.14	31.91
Available for Appropriations	2053.90	1643.56
Appropriations:		
To General Reserve	0.00	0.00
To Statutory Reserve (under RBI Act, 1934)	100.65	96.06
Total Appropriations	100.65	96.06
Surplus c/f	1953.25	1547.50

2. Management Discussion and Analysis

Financial Review

During the period under review, the gross receipts have declined to Rs. 60153.05 lacs as compared to gross receipts of the previous year of Rs. 104937.78 lacs. The profit after tax of Rs.503.26 lacs has increased as compared to profit after tax of Rs. 480.32 lacs of the previous year mainly due to better margins earned in trading activities, inspite of shrinkage of arbitrage opportunities.

Industry Structure and Development

The global economy grew at 3.7% in 2010-11, belying earlier expectations of higher growth. While the Asian economies, with the exception of Japan which was struck by natural calamities and nuclear accident, grew by over 7%, the developed economies such as the US, UK and Europe registered lower growth in the range of 3 to 4%. The Asian economies were less affected by the recession during the last two years thereby enabling a faster return to normalcy. However the emerging economies were impacted by rising oil, food and commodity prices forcing several Central Banks to take a series of anti inflationary measures.

The Economic Survey of India 2010-11 has predicted the 9% growth for

the Indian economy in the next fiscal and estimated 8.6 percent growth in this financial year. The Survey has expressed concern over inflation and advocated for more money tightening by the Reserve Bank of India to reduce inflationary pressures. As per the survey, the inflation stood at 8.23 per cent in January 2011. The Survey stated that inflation could be 1.5 per cent more in future as India is on a growth path. As per the Survey, despite risks of global events like volatility in commodity prices and political turmoil in the West Asia, the Indian economy is set to grow faster and scale greater heights.

According to the Economic Survey, Manufacturing sector registered 9.1 percent growth and Exports had an impressive growth of 29.5 percent from April to December 2010. The Survey pointed out that imports also increased by 19 percent in the same period due to higher prices of crude oil and food grains. The Survey stated that the spending in social sector programmes increased by five percent of the GDP over past five years. The Survey pointed out that Forex reserves of India are estimated to be over 297 billion US dollars. Besides advocating for a new goods and services tax, the Economic Survey has also suggested increasing private public partnerships in the infrastructure sector.

According to the said Economic Survey, inflation and widening current account deficit remain major areas of concern. The Economic Survey puts emphasis on the farm and the infrastructure sectors for achieving higher economic growth. In view of above, strong growth in financial service sector is expected though the inflationary pressure may pose a restraint on same.

While the Reserve Bank of India (RBI) has continued the process of exiting from the expansionary monetary policy, it has focused its attention on controlling inflation. Between April 2010 and May 2011, RBI revised its policy rates seven times raising Repo Rates from 5.25% to 7.25% and Reverse Repo rates from 3.75 % to 6.25%. The stance of the monetary policy announced by RBI in May 2011 is clearly aimed at inflation targeting. The key priorities as set out by the policy are:

1. To maintain an interest rate environment that moderates inflation and anchors inflation expectations.
2. To foster an environment of price stability that is conducive to sustaining growth in the medium- term, coupled with financial stability.
3. To manage liquidity in order to ensure that it remains broadly in balance, with neither a large surplus diluting monetary transmission nor a large deficit choking off fund flows.

Besides above, the regulatory framework of financial services providers including Banks and NBFCs was reviewed and modified by RBI intermittently to achieve alignment with its policies. During the year, RBI announced several changes in the regulatory guidelines applicable to NBFCs. Notable among these are:

- Increase in CRAR from 12% to 15% for all NBFCs by 31st March 2011.
- Contingent provision of 0.25% on standard Assets.
- Removal of Priority Sector status for Bank lending to NBFCs other than MFIs.

RBI has set up a Working Group on NBFCs under the Chairmanship of a former Deputy Governor of RBI, to examine a range of emerging issues pertaining to regulation of the NBFC sector. The broad terms of reference of the working group are:

- To focus on the definition and classification of NBFCs.
- To address regulatory gaps and regulatory arbitrage.

- To maintain standards of governance in the NBFC Sector and appropriate approach to NBFC supervision.

It is hoped that the working group will take into account the heterogeneity of the sector and address the various issues that have been raised by them over the years, in order that they may continue to play their important role in India's growth story.

Outlook, Risks and Concerns

The relentless increase in interest rates over the past year has already started exerting pressure on corporate and retail borrowers alike. The rise in funding costs comes at a time when manufacturing segments of industries are already under strain with rising costs of oil, commodities and other inputs. Similarly, as inflation stretches the wallets of families grappling with higher prices of food and other essentials, the strains are very visible. As always, global events, oil and commodity price movements, geo political factors and inevitably, the behaviour of the monsoon, will all come to bear on the trajectory of India's economic growth in 2011-12.

Your Company's fortunes are closely linked to those of the stock and commodities markets. Consequently, the growth prospects for 2011-12 are likely to be broadly reflective of those trends. In the projected scenario of low to moderate growth, continuing inflation and higher interest costs, your Company will continue to strive for meaningful growth, focusing as always on, a balanced portfolio mix and efficient cost management, in order to sustain profitability.

The NBFC sector in which your Company operates, continues to face stiff competition from Banks and Financial Institutions leading to thinning of margins. The Company as a measure of risk mitigation, has not been focusing on financing activities as part of its activities to generate revenues for last few years. As in earlier years, the Company's operations continued to be capital/commodity market centric during the year under review. Your Company has been making a judicious use of risk hedging tools 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. The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at periodic intervals. Your Company 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.

Opportunities and Threats

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

Your Company is also making efforts to strengthen its subsidiary 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 and RBI regulations. The Company ensures that the regulatory guidelines are complied with at various levels. The internal audit reports are regularly monitored by the Audit Committee.

Segment wise Performance

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

Cautionary Statement

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

3. Dividend

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

4. Directors

Shri Somesh Mehrotra, Shri N. C. Sundararajan, Shri Gian Vijeshwar and Shri B. B. Tandon - 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, 2011, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that they have prepared the annual accounts for the financial year ended 31st March, 2011 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 for this purpose. However, use of energy efficient devices, wherever possible, in conducting business of Company is part of administration policies. Details of foreign exchange earnings and outgo are given below:

Foreign Exchange earnings	:	Nil
Foreign Exchange outgo	:	Rs. 27,56,104/-

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

The Company has paid the Annual Listing fees for the year 2011-2012 to all the aforesaid Stock Exchanges. The delisting confirmation is yet to be received from The Calcutta Stock Exchange Ltd. and The Madras Stock Exchange Limited.

10. Fixed Deposits

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

11. Human Resource

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

12. Subsidiary Companies

Statement pursuant to Section 212(1) (e) read with sub-section (3) of the said section of the Companies Act, 1956 for the financial year ended 31/3/2011 in respect of the subsidiary companies, is enclosed with Annual Accounts of the Company.

13. Consolidated Financial Statements

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

14. Group

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

- a. Shri M. P. Mehrotra
- b. M. P. Mehrotra (HUF)
- c. Dr. (Mrs.) Sushma Mehrotra
- d. Shri Somesh Mehrotra
- e. Ms. Divya Mehrotra
- f. Mrs. Sadhana Mehrotra
- g. Ms. Daya Mehrotra
- h. Shri Ramji Mehrotra
- i. Mrs. Sushma Mehrotra
- j. VLS Capital Ltd.
- k. Gaurav Overseas Exports Pvt. Ltd.
- l. Pragati Moulders Ltd.
- m. 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 : 12/08/2011

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 11 Directors all being non-executive, except the Managing Director. The Board of your Company consist of 2 (Two) Promoter Directors, 8 (Eight) 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 31/03/2011 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 2010-2011	Whether attended AGM held on 21.09.2010	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	1	-	1
2)	Shri S. K. Agarwal (Managing Director)	Executive, Non-Independent	4	YES	3	1	-
3)	Shri Somesh Mehrotra	Non-Executive, Promoter	2	NO	2	-	-
4)	Shri N. C. Sundararajan	Non-Executive, Independent	2	NO	-	-	-
5)	Shri A. K. Puri	Non-Executive, Independent	4	NO	-	-	-
6)	Shri M. G. Diwan	Non-Executive, Independent	4	NO	6	1	3
7)	Dr. S. Ramesh	Non-Executive, Independent	4	NO	3	1	2
8)	Shri B. M. Oza	Non-Executive, Independent	2	YES	-	-	-
9)	Shri M. P. Mehrotra	Non-Executive, Promoter	4	NO	14	5	5
10)	Shri Gian Vijeshwar	Non-Executive, Independent	0	NO	6	1	2
11)	Shri B. B. Tandon	Non-Executive, Independent	4	NO	14	1	7

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

- b) During the year ended 31/03/2011, 4 (Four) Board Meetings were held with one meeting in every quarter on 26/05/2010, 27/07/2010, 28/10/2010 and 9/02/2011.

- 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 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. 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. Members of VLS management team regularly review the health of its business across strategy and performance to staffing and compliance.

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

- e) Details of remuneration paid to the Directors during the year ended on 31.03.2011:

S.No.	Name of the Director	Salary (In Rs.)	Perquisites (In Rs.)	Sitting fee (In Rs.)	Commission (In Rs.)	Total (In Rs.)
1)	Shri Ajit Kumar	N.A.	N.A.	40,000	N.A.	40,000
2)	Shri S.K. Agarwal	15,60,000	3,67,592	0	0	19,27,592
3)	Shri Somesh Mehrotra	N.A.	N.A.	30,000	N.A.	30,000
4)	Shri B.M. Oza	N.A.	N.A.	38,000	N.A.	38,000
5)	Dr. S. Ramesh	N.A.	N.A.	90,000	N.A.	90,000
6)	Shri A.K. Puri	N.A.	N.A.	90,000	N.A.	90,000
7)	Shri N.C. Sundararajan	N.A.	N.A.	40,000	N.A.	40,000
8)	Shri M.G. Diwan	N.A.	N.A.	40,000	N.A.	40,000
9)	Shri M. P. Mehrotra	N.A.	N.A.	80,000	N.A.	80,000
10)	Shri Gian Vijeshwar	N.A.	N.A.	0	N.A.	0
11)	Shri B. B. Tandon	N.A.	N.A.	1,06,000	N.A.	1,06,000

Notes:

- i) Currently, the Company does not have any stock option scheme.
- ii) No other remuneration, except sitting fee is paid to non-executive directors.
- iii) Shri M. P. Mehrotra, Shri Somesh Mehrotra and Shri N.C.Sundararajan held 285, 4,04,106 and 3,000 equity shares of the Company respectively as on 31.03.2011. No other director held any shares of the Company on that date for self or for others on beneficial basis. None of the Directors except Shri M.P. Mehrotra and Shri Somesh Mehrotra are related to each other.
- iv) The service contract in case of Managing Director is 3 years with notice period of 3 months. All the Non-Executive Directors are liable to retire by rotation.

f) Code of Conduct

The Code of Conduct is applicable on all Directors and Senior Managerial personnel of the Company with certain provisions applicable to all employees e.g. Insider Trading etc. The 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 31/03/2011.

Date: 12/08/2011

Place: New Delhi

**S. K. Agarwal
Managing Director**

g) Disclosures regarding appointment or re-appointment of Directors

Shri Somesh Mehrotra, Shri B. B. Tandon, Shri N. C. Sundararajan and Shri Gian Vijeshwar - Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible have offered themselves for reappointment. The relevant information about these Directors has been furnished in notice convening the ensuing Annual General Meeting.

2. AUDIT COMMITTEE
a) Composition

As on 01/04/2011 the Audit Committee consisted of Dr. S. Ramesh (Chairman of the Committee) with Shri N. C. Sundararajan, Shri A.K. Puri, Shri M. P. Mehrotra and Shri B. B. Tandon as members. The 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 Audit Committee inter-alia advises the management on areas where systems, processes, measures for controlling and monitoring revenue, internal audit and risk management can be improved. The Company Secretary is the Secretary of the Committee. The Statutory Auditor is regularly invited for meetings of the Committee. The Internal Auditor, the Managing Director and other Executives are also invited to committee's meetings, whenever required. The minutes of Audit committee meetings are regularly placed before the Board. The Board had accepted all the recommendations made by Audit Committee during the year under review.

c) Meetings and attendance

During the year ended on 31/03/2011, 4 (Four) Audit Committee Meetings were held on 26/05/2010, 27/07/2010, 28/10/2010 and 9/02/2011. The summary of attendance of members is as under:

Name	Shri A.K. Puri	Shri N. C. Sundararajan	Shri M.P. Mehrotra	Dr. S. Ramesh	Shri B.B. Tandon
Attendance in Four Meetings	4	2	4	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 B.B. Tandon and Shri S. K. Agarwal as members. Apart from approval of share transfer and related aspects the Committee is vested with the requisite powers and authority to specifically look into the redressal of the shareholders and investor's grievances. The Company Secretary is the Compliance Officer and Secretary of the Committee.

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

b) Meetings and attendance

During the year under review, 13 (Thirteen) meetings of Shareholders/ Investors Grievance Committee were held on 27/04/2010, 26/05/2010, 30/06/2010, 30/07/2010, 31/08/2010, 13/09/2010, 28/09/2010, 28/10/2010, 30/11/2010, 29/12/2010, 29/01/2011, 28/02/2011 and 29/03/2011.

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

Name	Shri B.M. Oza	Shri S. K. Agarwal	Shri B. B. Tandon
Attendance in 13 meetings	9	13	13

c) Shareholders Complaints

The Company had received 14 complaints during the financial year ended 31st March, 2011. All the complaints whether received through SEBI, Stock Exchange or individual members during the year were redressed to the satisfaction of investors and none remained outstanding at the end of the year under report. The nature wise summary of complaints received and redressed during the year is as under:

Nature of Complaints**	Received	Redressed
Non-receipt of Dividend	0	0
Non-receipt of shares after transfer	0	0
Non-receipt of Annual Report	9	9
Non-receipt of Bonus Shares	5	5
Non-receipt of Name change sticker	0	0
Loss of shares/for duplicate shares	0	0
Non- receipt of share certificate after Rejection of Demat request	0	0
Total	14	14

** 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, 2010	September 21, 2010	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2009	August 31, 2009	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2008	September 30, 2008	3.00 p.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

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

- In the AGM held on 21.9.2010, a Special Resolution was passed for approval of raising funds under section 81(1A) of the Companies Act, 1956.
- In the AGM held on 31.8.2009, no agenda item was required to be approved by special resolution.
- In the AGM held on 30.9.2008, 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 had appealed before the Hon'ble Supreme Court against decision of Hon'ble tribunal. In the mean time, the Company was advised that in order to settle the issue, the Company may approach SEBI for a consent order in the matter. The requisite application was made by the Company vide application dated 10th June, 2008 which has been accepted by SEBI and the Company has paid Rs.10,97,280/- towards settlement charges on 09/02/2010. Subsequently the Supreme Court on 16/07/2010 heard the matter and disposed off the case in terms of aforesaid settlement made according to SEBI's guidelines for consent order.

c) Legal Proceedings

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

d) Whistle blower policy

The Company does not have a documented Whistle blower policy at present, but no person is denied access to Audit Committee. Further, the existing working setup also provides unfettered approach to management by the employees in reporting any matter envisaged to be covered in the whistle blower policy.

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 01/04/2010 comprised Shri B.M. Oza - Chairman of the Committee with Shri Somesh Mehrotra, Dr. S. Ramesh, and Shri A. K. Puri as Members. The company secretary acts as secretary of the committee. The Committee formulates the remuneration package for managerial personnel including Executive Director(s) for approval of the Board and performs other roles detailed out in the listing agreement executed with the Stock Exchanges or as assigned by the Board from time to time. During the year under review one meeting of remuneration committee was held on 27/07/2010.

- iii) The periodic results were not sent to any shareholders. However, they had been published in newspapers as prescribed in listing agreement. They are also available on company website namely www.vlsfinance.com. The results of the Company were available on www.sebiedifar.nic.in in terms of Clause 51 of the Listing Agreement which has been discontinued by SEBI w.e.f. 01/04/2010 and Clause 51 of the Listing Agreement has been deleted vide SEBI's circular no. CIR/CFD/DCR/3/2010 dated 19/04/2010. The periodic reporting is being done on www.corpfiling.co.in in terms of clause 52 of the Listing Agreement.
- iv) The Board has so far not adopted Peer group evaluation of Directors and restricting the tenure of Independent Directors to nine years in aggregate as recommended in listing agreement. Your Directors being seasoned and highly experienced personalities in their field, keep themselves abreast of latest developments in their area of expertise and in the area of technology, management etc. 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. Periodic presentations are made at Board/committee meetings encompassing business and performance updates of Company, business strategy relevant statutory changes and judicial pronouncements, internal policies etc. The individual contribution of Directors in fulfilling their responsibilities as Director interalia in strategic management of Company forms basis of internal evaluation by the Board.
- v) There was no qualification in the Auditor's Report on the Annual Accounts of the Company for the year under review.
- vi) The Company has adhered to applicable directions of Reserve Bank of India (RBI) for Non Banking Finance Companies.

6. COMMUNICATION TO SHAREHOLDERS

- a) The Company does not send newsletter to shareholders on quarterly or half yearly basis. The Company publishes un-audited quarterly results in prescribed format, in two newspapers viz. The Financial Express and Jansatta regularly. The said results are also made available on the Company's website <http://www.vlsfinance.com> and www.corpfiling.co.in in terms of clause 52 & 54 of Listing Agreement. 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	:	Thursday, 29 th September, 2011 at 3.30 PM
- Venue	:	The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003
- Financial Year	:	April to March
- Book Closure	:	From 22-09-2011 to 29-09-2011 (both days inclusive)
- Buy back of shares	:	During the year under review, there was no proposal by the Company to buy back its shares.
- Dividend payment date	:	Not Applicable as no dividend has been recommended.

b) Listing at Stock Exchanges

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

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

The annual listing fee has been paid to all the Stock Exchanges as mentioned above up to the year 2011-2012. However, de-listing confirmation is yet to be received from the Calcutta Stock Exchange Ltd. and the Madras Stock Exchange Ltd.

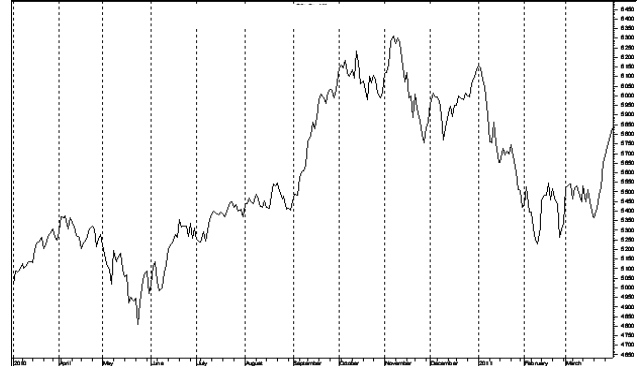
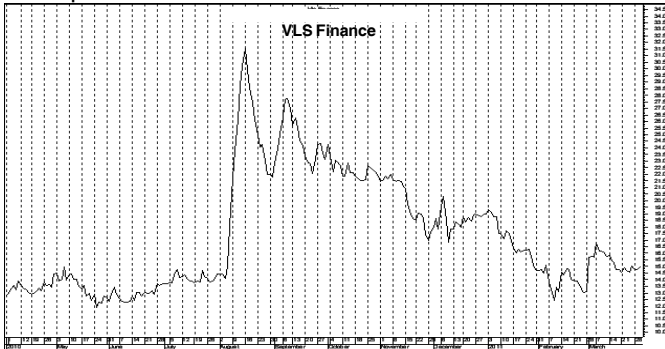
c) Stock Market data

(Source: Metastock)

Monthly highs, lows and trading volume for the Financial Year 2010-2011:

Months	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr-10	14.60	12.50	749680	14.95	12.65	691324
May-10	16.25	11.50	1070848	15.70	11.73	783118
Jun-10	14.40	11.70	830175	14.30	12.12	604054
Jul-10	15.40	13.20	1046349	15.45	13.30	865728
Aug-10	32.95	13.85	15086135	32.82	14.00	12872364
Sep-10	29.25	21.70	5156264	29.00	21.60	3361117
Oct-10	25.60	21.00	1760971	25.00	21.10	1214714
Nov-10	22.80	16.00	1085131	22.95	16.35	709556
Dec-10	21.30	16.75	1334016	21.55	16.00	1132251
Jan-11	19.70	13.60	404135	19.50	14.30	246431
Feb-11	16.75	11.90	476013	16.80	12.05	374660
Mar-11	17.50	12.65	689082	17.00	13.00	591691
Total			29688799			23447008

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. 01/04/2011 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, 2011

Slab of Share holdings (No. of Shares)	No. of share holders	%age	Nominal Value of Shares held (Rs.)	%age
1-500	15078	51.9501	34368940.00	8.6365
501-1000	10434	35.9496	69112060.00	17.3670
1001-2000	2058	7.0907	29976780.00	7.5328
2001-3000	538	1.8536	13992540.00	3.5162
3001-4000	227	0.7821	8278130.00	2.0802
4001-5000	209	0.7201	9959020.00	2.5026
5001-10000	286	0.9854	21423620.00	5.3835
10001 and above	194	0.6684	210838910.00	52.9813
Total	29024	100.00	397950000.00	100.0000

According to categories of shareholders as on March 31, 2011

Sl. No.	Categories	No. of shares	Amount in Rs.	Percentage of shareholding
1.	Promoters, Directors and Relatives	15089893	150898930.00	37.9191
2.	Financial Institutions and Banks	9500	95000.00	0.0239
3.	Mutual Fund	100	1000.00	0.0003
4.	Fils	300	3000.00	0.0008
5.	Corporate Bodies	2775570	27755700.00	6.9747
6.	Clearing Members	313590	3135900.00	0.7880
7.	Indian Public	21302462	213024620.00	53.5305
8.	Trust	3000	300000.00	0.0754
9.	NRI/OCBs/FN	273585	2735850.0	0.6875
	Grand Total	39795000	397950000.00	100.0000

g) Dematerialisation of Shares and liquidity

89.30% of the total share capital of Company was held in dematerialized form as on 31/03/2011. The shares of Company are actively traded in BSE Ltd. and The National Stock Exchange of India Ltd. The shares of the Company are traded only in demat segment w.e.f. 28th August 2000.

h) There were no ADRs/ GDRs/ Warrants or other convertible instruments out standing as on 31/03/2011.

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, 2011	Mid of August, 2011
Quarter ending	September 30, 2011	Mid of November, 2011
Quarter ending	December 31, 2011	Mid of February, 2012
Year ending	March 31, 2012 #	End of May, 2012
Annual General Meeting for the year ended March 31, 2011		29 th September, 2011

For the quarter ending 31/03/2012 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 2010-11.

l) Plant Location

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

Auditors' Certificate on Corporate Governance

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

CERTIFICATE

To the Members of
VLS Finance Ltd.

We have examined the compliance of conditions of corporate governance by VLS Finance Ltd., for the year ended on 31st March, 2011, 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
(Firm Registration No: 000181N)
Chartered Accountants
(P.C. Agiwal)
(Partner)
Membership No. 80475

Date: 12/08/2011
Place: New Delhi

AUDITORS' REPORT

To,
The Members
VLS Finance Ltd.
New Delhi

We have audited the attached Balance Sheet of VLS Finance Ltd. as at 31st March 2011 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 2011, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2011 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 2011 and;
 - 2) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
 - 3) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Agiwal & Associates
(Firm Registration No: 000181N)
Chartered Accountants
(V.K. Gupta)
Partner
(M. No. 81979)

Place: New Delhi
Date: 30th May, 2011

**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 2011**

- (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

- (iii) (a) 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.
- (b) 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 31.03.2011 is Rs.9,16,531 -.
- (c) 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.
- (d) 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.
- (e) 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 31.03.2011.
- (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2011.
- (x) The Company neither have accumulated losses at the end of the year, nor incurred cash losses during the current financial year or in the immediately preceding Financial Year.
- (xi) On the basis of the verification of records and information and explanations given to us, the Company does not owe any dues to financial institutions or banks. The Company has not issued any debentures during the year.
- (xii) The Company has maintained proper record for dealing and trading in shares, securities, debentures and timely entries have been made therein. The shares, securities and debentures and other investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Act.
- (xiii) In our opinion and according to information and explanations given to us, the Company has not given any Guarantee for loans taken by others from Banks or Financial Institutions.
- (xiv) The Company has not raised any Term Loan during the year.
- (xv) According to the cash flow statement and other records examined by us and the information and explanations given to us, on overall basis, the funds raised on short-term basis have not been used during the year for long-term investments.
- (xvi) The Company has not made any preferential allotment of shares to any party covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xvii) To the best of our knowledge and information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

For Agiwal & Associates
(Firm Registration No: 000181N)
Chartered Accountants
(V.K. Gupta)
Partner
(M. No.81979)

Place: New Delhi
Date: 30th May, 2011

BALANCE SHEET AS AT 31st March, 2011

(Amount in Rupees)

	Sch. No.	As at 31st Mar, 2011	As at 31st March, 2010
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	39,91,72,250	39,91,72,250
b) Reserves & Surplus	2	158,22,76,782	153,16,36,316
2. Loan Funds			
Secured Loans	3	14,92,54,188	8,34,45,100
Unsecured Loans	4	1,31,81,588	1,31,81,588
Total Sources		214,38,84,808	202,74,35,254
II. APPLICATION OF FUNDS			
3. Fixed Assets			
a) Gross Block	5	131,33,81,535	131,49,23,854
b) Less: Depreciation		122,21,60,568	121,96,65,946
c) Net Block		9,12,20,967	9,52,57,908
4. Investments (At cost)	6	93,06,37,460	93,30,72,054
5. Deferred Tax Assets		2,42,50,284	3,20,64,522
6. A. Current Assets, Loans & Advances			
a) Share stock in trade	7	2,09,97,199	1,57,13,541
b) Sundry Debtors	8	43,48,84,892	35,53,11,276
c) Cash & Bank Balances	9	24,00,01,292	16,68,50,299
d) Other Current Assets	10	43,69,79,119	47,57,65,313
e) Loans and Advances	11	9,85,81,836	9,29,67,431
		123,14,44,338	110,66,07,860
B. Less: Current Liabilities & Provisions			
a) Liabilities	12	13,30,21,984	13,92,31,205
b) Provisions	13	6,46,257	3,35,885
		13,36,68,241	13,95,67,090
Net Current Assets (A-B)		109,77,76,097	96,70,40,770
Total Deployments		214,38,84,808	202,74,35,254
Significant Accounting Policies and Notes on Accounts 19			

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

For and behalf of the Board

V.K.Gupta
Partner
M.No:81979

S.K.Agarwal
Managing Director

M.P. Mehrotra
Director

May 30th, 2011
New Delhi

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011
(Amount in Rupees)

	Sch. No.	For the year ended 31st Mar, 2011	For the year ended 31st March, 2010
INCOME			
Sale of Shares/Securities/Commodities/Currency		593,85,82,943	1038,49,12,965
Income from Operations	14	5,50,59,993	6,81,62,628
Income from Investments (Net)		1,60,41,590	4,52,42,557
Other Income		3,37,108	60,662
Increase/(Decrease) in stock of shares	18	52,83,658	(4,601,049)
Total (A)		<u>601,53,05,292</u>	<u>1049,37,77,763</u>
EXPENDITURE			
Purchase of Shares/Securities/Commodities/Currency		588,20,18,429	1037,58,33,545
Interest & Finance Charges	15	59,00,472	4,92,692
Administrative & Other Expenses	16	3,90,27,980	3,69,88,579
Employees' Cost	17	94,50,580	79,93,273
Depreciation	5	45,90,503	48,91,277
Total (B)		<u>594,09,87,964</u>	<u>1042,61,99,366</u>
PROFIT BEFORE ADJUSTMENTS		7,43,17,328	6,75,78,397
Less: Provision for diminuation in the value of Assets (Net)		15,00,000	80,000
Less: Contingent Provisions against Standard Assets		2,18,125	0
PROFIT BEFORE TAX		7,25,99,203	6,74,98,397
Less: Provision for Taxation:			
Current Tax - MAT		1,44,58,671	1,12,18,588
Deferred Tax		78,14,238	82,48,039
PROFIT AFTER TAX		5,03,26,294	4,80,31,771
Add: Surplus b/fd. from previous year		15,47,49,931	11,31,33,156
Add/(Less): Adjustment of tax provisions of earlier years (Net)		(24,628)	31,96,683
Add/(Less): Prior year adjustments		3,38,800	(5,325)
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>20,53,90,397</u>	<u>16,43,56,285</u>
APPROPRIATED TO:			
Statutory Reserve u/s 45 IC of the RBI Act, 1934		1,00,65,259	96,06,354
SURPLUS CARRIED TO BALANCE SHEET		<u>19,53,25,138</u>	<u>15,47,49,931</u>
EARNING PER SHARE (Refer Note No:13 in Schedule 19)			
Basic and Diluted Earning per Share (Rs.)		1.26	1.21
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
(Firm Registration No: 000181N)
Chartered Accountants

For and behalf of the Board

V.K.Gupta
Partner
M.No:81979

S.K.Agarwal
Managing Director

M.P. Mehrotra
Director

May 30th, 2011
New Delhi

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rupees)

(Amount in Rupees)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 1 SHARE CAPITAL		
AUTHORISED CAPITAL		
15,00,00,000 Equity Shares of Rs.10/- each (Previous year 5,00,00,000 Equity shares of Rs.10/-each)	<u>150,00,00,000</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 5 FIXED ASSETS

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 2 RESERVES & SURPLUS		
a) GENERAL RESERVE		
As per last Balance Sheet	<u>29,68,83,930</u>	<u>29,68,83,930</u>
Total (a)	<u>29,68,83,930</u>	<u>29,68,83,930</u>
b) STATUTORY RESERVE		
As per last Balance Sheet	<u>11,21,56,220</u>	<u>10,25,49,866</u>
Add: Transfer from P/L account for the year	<u>1,00,65,259</u>	<u>96,06,354</u>
Total (b)	<u>12,22,21,479</u>	<u>11,21,56,220</u>
c) SECURITY PREMIUM ACCOUNT		
As per last Balance Sheet	<u>96,78,46,235</u>	<u>96,78,46,235</u>
(Includes Rs. 4,74,33,750/- being share premium received on forfeited shares)		
Total (c)	<u>96,78,46,235</u>	<u>96,78,46,235</u>
d) SURPLUS		
Total (d)	<u>19,53,25,138</u>	<u>15,47,49,931</u>
Grand Total (a) to (d)	<u>158,22,76,782</u>	<u>153,16,36,316</u>
SCHEDULE 3 SECURED LOANS		
Overdraft Facility from Bank	<u>14,92,54,188</u>	<u>8,34,45,100</u>
	<u>14,92,54,188</u>	<u>8,34,45,100</u>
SCHEDULE 4 UNSECURED LOANS		
Adjustable deposits	<u>1,31,81,588</u>	<u>1,31,81,588</u>
Total	<u>1,31,81,588</u>	<u>1,31,81,588</u>

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2010	Additions during the year	Sales/ Adjustments	Cost As at 31-03-2011	Upto 31.03.2010	For the year	Sales/ Adjustments	Upto 31-03-2011	As at 31-03-2011	As at 31.03.2010
1	Assets for own use:										
A	Buildings	9,78,64,951	0	0	9,78,64,951	1,84,16,339	39,72,430	0	2,23,88,769	7,54,76,182	7,94,48,612
B	Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
C	Vehicles	28,09,644	1,36,543	3,81,680	25,64,507	21,21,785	1,91,369	3,16,407	19,96,747	5,67,760	6,87,859
D	Office Equipments	13,96,490	1,55,067	6,62,712	8,88,845	9,36,685	73,895	5,18,925	4,91,655	3,97,190	4,59,805
E	Furniture & Fixtures	17,24,462	0	8,48,839	8,75,623	14,39,777	51,477	8,10,005	6,81,249	1,94,374	2,84,685
F	Air Conditioners	10,28,892	0	0	10,28,892	2,83,453	1,03,690	0	3,87,143	6,41,749	7,45,439
G	Computers	20,68,253	5,16,015	4,56,713	21,27,555	16,95,219	1,86,947	4,50,544	14,31,622	6,95,933	3,73,034
H	Electrical Installations	2,44,954	0	0	2,44,954	2,18,529	3,676	0	2,22,205	22,749	26,425
I	Generator	4,30,905	0	0	4,30,905	3,80,445	7,019	0	3,87,464	43,441	50,460
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	131,49,23,854	8,07,625	23,49,944	131,33,81,535	121,96,65,946	45,90,503	20,95,881	122,21,60,568	9,12,20,967	9,52,57,908
	Previous Year	131,40,95,023	8,28,831	0	131,49,23,854	121,47,74,669	48,91,277	0	121,96,65,946	9,52,57,908	9,93,20,354

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE : 6 INVESTMENTS (Long Term)					
A. IN EQUITY SHARES					
1. Un-quoted & Fully Paid					
Hotline Display Devices Ltd	10	0	45,00,000	0	4,51,87,500
Hotline ElectronicComponents Ltd	10	0	9,00,000	0	90,00,000
Hotline Electronics Ltd	10	20,00,000	20,00,000	2,00,75,000	2,00,75,000
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000
Anchal Fintrade P.Ltd	100	35,000	35,000	35,00,000	35,00,000
Alok Fintrade P.Ltd	100	5,000	5,000	5,00,000	5,00,000
B S Traders P Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P Ltd	100	10,000	10,000	10,00,000	10,00,000
Kanoria Properties P Ltd	100	80,000	80,000	80,00,000	80,00,000
Generatio Next Medical Services Co Pvt Ltd	100	42,000	42,000	42,00,000	42,00,000
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
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)	88,36,71,937	93,78,59,437

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE : 6 INVESTMENTS (Long Term) (Contd..)					
2. Quoted & Fully Paid					
ICDS Ltd (+)	10	21,929	21,929	0	0
Kashipur Sugar Mills Ltd (Previously Dhampur Sugar (Kashipur) Ltd)	10	89,767	89,767	7,99,032	7,99,032
Artson Engineering Ltd	1	4,104	4,104	1,00,376	1,00,376
Bank Of Baroda	10	1	1	251	251
Binani Cement Ltd	10	0	1,500	0	1,17,269
Essar Oil Ltd	10	0	5,500	0	8,15,656
Gati Ltd	2	0	4,000	0	2,64,564
GMR Industries Ltd	10	0	100	0	7,506
Gujarat Hotels Ltd	10	5,134	5,134	2,71,813	2,71,813
Gujarat State Petronet Ltd	10	0	1,000	0	99,630
Hind Oil Exploration Co Ltd	10	1,200	1,200	3,76,253	3,76,253
Indraprastha Medical Corporation Ltd	10	2,000	0	95,426	0
JP Associates Ltd	2	750	750	84,337	1,15,943
Jindal Steel & Power Ltd	1	0	25	0	16,971
JSW Energy Ltd	10	1,000	0	1,27,194	0
NTPC Ltd	10	250	250	48,000	48,000
Mercator Lines Ltd	1	3,000	3,000	87,440	87,440
NHPC Ltd	10	5,000	5,000	1,61,730	1,61,730
Noida Toll Bridge Co Ltd	10	2,000	0	64,600	0
Jayaswal Neco Industries Ltd	10	2,000	0	88,670	0

(Amount in Rupees)

SCHEDULE : 6 INVESTMENTS (Long Term) Contd...					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
Orrisa Sponge Iron Ltd	10	2,936	2,936	16,13,828	16,13,828
Relaxo Footwear Ltd	5	9,50,776	12,00,776	2,75,43,912	3,47,86,395
Reliance Industries Ltd	10	950	1,400	9,54,935	11,67,052
Reliance Mediaworks Ltd	5	500	0	1,11,689	0
Shiva Texyarn Ltd	10	1,000	0	62,175	0
Sujana Metal Products Ltd	5	1,500	0	21,920	0
Tata Steel Ltd	10	300	0	2,05,413	0
Uflex Ltd	10	1,200	0	1,70,513	0
TCI Industries Ltd	10	9,699	14,246	5,76,607	7,13,300
SUB-TOTAL (A-2)				3,35,66,114	4,15,63,008
B. IN PREFERENCE SHARES					
Un-quoted & Fully Paid					
Pan Parag India Ltd - 6% Non Cumulative Redeemable Non Convertible (\$)	10	100	100	0	0
Fusebase Eltoro Pvt Ltd	100	0	12,500	0	12,50,000
SUB-TOTAL B				0	12,50,000
C. IN EQUITY SHARES OF SUBSIDIARIES					
Un-quoted & Fully Paid-up					
VLS Securities Ltd.	10	1,36,50,000	75,00,000	13,65,00,000	7,50,00,000
VLS Investments Ltd.	10	0	50,020	0	5,00,200
VLS Asset Management Ltd.	10	70,100	70,100	7,01,000	7,01,000
SUB-TOTAL C				13,72,01,000	7,62,01,200
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)				112,35,43,051	112,59,77,645
Less: Provision for diminution in value of Investments				20,00,00,000	20,00,00,000
TOTAL (D1)				92,35,43,051	92,59,77,645
I. Aggregate value of quoted investments		At Cost		3,35,66,114	4,15,63,008
		Market Value		28,35,10,771	30,92,31,465
II. Aggregate value of un-quoted investments		At Cost		13,72,01,000	7,62,01,200
		At Cost		95,27,75,937	100,82,13,437
E. INVESTMENT IN IMMOVABLE PROPERTIES:-					
TOTAL (E)				70,94,409	70,94,409
GRAND TOTAL (D1+E)				93,06,37,460	93,30,72,054
(+) Bonus Shares received, hence cost of acquisition is NIL (\$) Preference shares received on allotment pursuant to the scheme of Arrangement between Kothari Products Ltd and Pan Parag India Ltd, hence cost of acquisition is NIL					

SCHEDULE 7 SHARE STOCK IN TRADE
(At Cost or market price, whichever is lower)

Name of the Company	As on 31.03.2011		As on 31.03.2010	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Stock of Quoted Equity shares (Fully Paid)				
ARIHANT COTSYN LTD	2,000	1	2,000	1
CENTRAL ROADLINES CORPORATION LTD	2,82,700	1	2,82,700	1
HINDUSTAN ADHESIVES LTD	1,000	13,000	1,000	1
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD	10	3,792	10	3,903
SOUTH ASIAN ENTERPRISES LTD	17,11,289	2,09,80,403	17,11,289	1,57,09,633
SWEDE INDIA LTD	200	1	200	1
Total	20,26,199	2,09,97,199	20,26,199	1,57,13,541

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE 8 SUNDRY DEBTORS		
a) Instalments Receivable (Unsecured) Considered Doubtful		
1. Due for more than six months	41,81,406	51,81,406
2. Others	0	0
Sub-total	41,81,406	51,81,406
Less: Provision for Non-performing Assets	41,81,406	51,81,406
Total (a)	0	0
b) Dues from share Brokers Considered Good		
1. Due for more than six months	0	0
2. Others	43,48,84,892	35,53,11,276
Total (b)	43,48,84,892	35,53,11,276
Total (a+b)	43,48,84,892	35,53,11,276
SCHEDULE 9 CASH & BANK BALANCES		
a) Cash on Hand (as certified)	18,97,261	9,61,645
b) Balances with scheduled banks		
1. In Current Accounts	6,09,031	3,93,654
2. In Deposit Accounts	23,74,95,000	16,54,95,000
Total (a+b)	24,00,01,292	16,68,50,299
SCHEDULE 10 OTHER CURRENT ASSETS		
a) Interest Accrued but not due	61,20,077	70,87,584
b) Security Deposits with Govt Department	1,500	1,500
c) Security Deposits with Others	14,89,524	14,87,524
d) Margin Money with Share Brokers	38,15,00,000	42,20,99,000
e) Advance Tax Paid	8,28,22,073	8,25,45,600
Less: Tax Provisions	3,49,54,055	3,74,55,895
Total (a+b+c+d+e)	43,69,79,119	47,57,65,313
SCHEDULE 11 LOANS AND ADVANCES (Unsecured, considered good unless otherwise specified)		
a) Loans and Advances	8,19,35,472	8,16,91,414
Less: Provision for Non-performing Assets	10,00,000	10,00,000
	8,09,35,472	8,06,91,414
b) Loans to subsidiaries	9,16,531	9,15,511
c) Receivables from subsidiaries	2,48,370	2,86,455
d) Advances Recoverable in cash or in kind or for value to be received	2,27,69,803	1,48,62,391
Less: Provision for Non-performing Assets	62,88,340	37,88,340
Total (a+b+c+d)	1,64,81,463	1,10,74,051
Total (a+b+c+d)	9,85,81,836	9,29,67,431
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	20,21,984	27,31,205
b) Other Liabilities	13,10,00,000	13,65,00,000
Total (a+b)	13,30,21,984	13,92,31,205
SCHEDULE 13 PROVISIONS		
a) Contingent Provisions on Standard Assets		
Balance B/fd	0	0
Add: Provision for the year	2,18,125	0
	2,18,125	0
Less: Provision written back	0	0
Total (a)	2,18,125	0
b) Provision for Leave Encashment :-		
Balance B/fd	3,35,885	3,61,645
Add: Provision for the year	92,247	0
	4,28,132	3,61,645
Less: Provision written back	0	25,760
Total (b)	4,28,132	3,35,885
Total (a+b)	6,46,257	3,35,885

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011
(Amount In Rupees)

	For the Year ended on 31st March, 2011	For the Year ended on 31st March, 2010
SCHEDULE 14 INCOME FROM OPERATIONS		
Income from other Credit Operations	5,50,59,993	6,81,62,628
Total	5,50,59,993	6,81,62,628
SCHEDULE 15 INTEREST & FINANCE CHARGES		
Interest to Bank	58,92,976	4,85,661
Bank / Finance Charges	7,496	7,031
Total	59,00,472	4,92,692
SCHEDULE 16 ADMINISTRATIVE & OTHER EXPENSES		
Advertisement & Business Promotion	15,16,322	16,74,740
Consultancy, Legal & Service Charges	1,03,54,436	1,45,05,039
Communication Expenses	10,13,857	9,56,085
Electricity & Water Charges	3,14,952	3,11,220
Insurance	23,436	15,178
Office Expenses	14,12,726	13,99,604
Securities Transaction Tax	5,01,242	13,22,862
Shares Transaction Charges	19,794	1,44,511
Travelling Expenses & Conveyance	63,39,635	33,43,382
Rates & Taxes	71,36,839	15,38,381
Rent	42,12,000	47,00,000
Repairs & Maintenance		
—Others	10,95,989	10,39,191
Miscellaneous Expenses	40,98,219	50,18,178
Auditors' Remuneration		
a) Audit Fees	1,21,330	1,10,300
b) For Other Services		
—For Tax audit	44,120	44,120
—For certification	1,46,500	1,15,500
—Out of pocket expenses	52,175	34,552
Internal Auditors' Remuneration		
—Fees	50,000	50,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	5,54,000	4,74,000
Loss/(Profit) on account of Foreign Exchange rate difference	0	1,83,736
Loss on sale/written off of Fixed Assets	12,408	0
Total	3,90,27,980	3,69,88,579
SCHEDULE 17 EMPLOYEES' COST		
Salaries	82,43,850	68,55,439
Staff Amenities	4,38,037	4,25,933
Employer's Contribution to PF, ESI, Gratuity Fund etc.	7,68,693	7,11,901
Total	94,50,580	79,93,273
SCHEDULE 18-INCREASE/(DECREASE) IN STOCK OF SHARES		
Closing Stock of Shares	2,09,97,199	1,57,13,541
Less: Opening Stock of Shares	1,57,13,541	2,03,14,590
Increase/ (Decrease) in Stock of Shares	52,83,658	(4,601,049)

SCHEDULE: 19 Significant Accounting Policies and Notes on Accounts for the year ended on 31st March 2011
I. SIGNIFICANT ACCOUNTING POLICIES:-
A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

B. REVENUE RECOGNITION

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

on such commodities sale transaction, the necessary provision equivalent to loss is made and charged to the Profit & Loss Account in the year of sale.

C. FIXED ASSETS

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

a) On Own Assets:

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

b) On Leased Assets:

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

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

D. SHARE - STOCK IN TRADE

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

E. INVESTMENTS

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

F. DEFERRED REVENUE EXPENDITURE

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

G. PROVISION FOR RETIREMENT BENEFITS

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

H. TAXATION

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

I. FOREIGN EXCHANGE TRANSLATIONS

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

II. NOTES ON ACCOUNT

- Contingent Liability:- The service tax amount of Rs.3,96,550/- has neither been provided nor paid on rental payment by the Company and is considered as Contingent Liability due to view taken by Honourable Delhi High Court that no service tax is leviable on rent of immovable property.
- 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.21,74,95,000/- (Previous Year – Rs.10,56,00,000/-) pledged with the banks as security for availing overdraft facilities.
- The Company has followed the applicable Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies regarding Capital Adequacy, Asset Classification, provisioning for and income recognition on non-performing assets.
- Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

Trading items	Opening Stock in trade as on 01.04.2010		Purchases		Sales		Closing Stock in trade as on 31.03.2011	
	Qty.*	Value Rs.	Qty.*	Value Rs.	Qty.*	Value Rs.	Qty.*	Value Rs.
Shares	2026199	15713541	495922	617398615	495922	618593801	2026199	20997199
(Previous year)	2026199	20314590	8638377	8416681052	8638377	8412147116	2026199	15713541
Commodities	Nil	Nil	110675	5041546175	110675	5096969932	Nil	Nil
(Previous year)	Nil	Nil	53624	1959152493	53624	1972765849	Nil	Nil
Currency (Derivatives)	Nil	Nil	3956	223073639	3956	223019211	Nil	Nil
(Previous year)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

6. Income from investments include:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	18,64,123	15,41,530
Interest on Debentures and Bonds (Gross)	12,000	12,000
Tax Deducted at Source	Nil	Nil

- Interest Receipts (Gross) Rs.5,25,59,993/- (inclusive of interest of Rs.1,31,65,975/- on Fixed Deposits and of Rs.3,93,55,549/- on margin money with share brokers and other interest received of Rs.38,469/-) (Previous Year Rs. 6,81,62,628/-, inclusive of interest of Rs.66,86,772/- on Fixed Deposits and Rs.6,07,59,761/- on margin money with share brokers and other interest received of Rs.7,16,095/-) grouped under Income from Operations includes Tax Deducted at Source amounting to Rs.52,52,158/- (Previous Year Rs.67,85,853/-).
- The Current Assets, Loans and advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- The term of lease agreements in respect of Leased Assets have expired and the assets continue in the possession of lessees. However, the said assets have been included in the block of fixed assets of the Company pending the transfer of titles.
- Related Party Disclosure
Followings are the related parties:-
Subsidiaries: - VLS Securities Ltd. (99.64%) and VLS Asset Management Ltd. (99.15%),
Key Managerial Personnel: - Shri S.K.Agarwal (Managing Director)
Associates: - South Asian Enterprises Ltd.
Summary of transactions with the above related parties is as follows:-

Particulars	(Amount in Rs.)			
	Subsidiaries	Associates	Key Managerial Personnel	Others
Purchase of Securities	21,06,31,852 (Previous year. Rs. 7,57,61,099)			
Sale of Securities	21,22,50,186 (Previous year Rs.11,49,43,218)			
Purchase of Currency	22,30,73,639 (Previous year.Nil)			
Sale of Currency	22,30,19,211 (Previous year.Nil)			
Rent and other Charges received	1,20,000 (Previous year. Rs. 1,20,000)			
Rent and other charges paid	18,13,848 (Previous year. Rs.15,86,272)			
Remuneration to Managing Director			19,27,592 (Previous year. Rs.15,01,217)	
Due from Subsidiaries (outstanding balance as on 31.03.2011)	11,64,901 (Previous year. Rs. 12,01,966)			

- Deferred Tax Assets of Rs.2,42,50,284/- (Previous Year Rs. 3,20,64,522/-) are net of deferred tax liabilities of

Rs. 2,89,80,281/- (Previous year Rs.3,09,33,716/-). The major components of deferred tax assets and liabilities are as under :-

Particulars	Deferred Tax Assets	Deferred Tax Liabilities
Fixed Assets		Rs. 2,89,80,281/- (P.Y. Rs.3,09,33,716)
Accumulated Losses	Rs.5,30,88,350/-	(P.Y.Rs. 6,28,84,071)
Leave Encashment	Rs. 1,42,215/- (P.Y. Rs.1,14,167)	
Total	Rs. 5,32,30,565/- (P.Y. Rs. 6,29,98,238)	Rs. 2,89,80,281/- (P.Y. Rs.3,09,33,716)

12. Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal
Remuneration	Rs. 15,60,000/- (Previous Year – Rs. 11,97,000/-)
Perquisites	Rs. 3,67,592/- (Previous Year – Rs. 3,04,217/-)

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.

13. Earning Per Share

Calculation of EPS (Basic and Diluted)

Particulars	Equivalent No. of Shares - Year ended	
	31 st March 2011	31 st March 2010
Basic and Diluted		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 5,03,26,294	Rs. 4,80,31,771
EPS	Rs. 1.26	Rs. 1.21

- Expenditure in Foreign Exchange:-Foreign Travel Expenses Rs. 27,56,104/-(Previous year Rs 6,17,574).
- A non interest bearing amount of Rs. 9,16,531/- (maximum amount outstanding during the year is Rs.9,16,531/-) is due from VLS Asset Management Ltd., the subsidiary of the Company.
- The Company being a Non-Banking Financial Company is mainly engaged in finance business including dealings through Stock and Commodity Exchanges. As all activities of the Company are covered under finance business; there are no separate segments for reporting as per the Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India.
- The name of VLS Investments Ltd., a wholly owned subsidiary of the Company, has been struck off under section 560 of the Companies Act, 1956 vide order dated 30/09/2010 of the Registrar of Companies, U.P. and Uttaranchal in response to the said company's application under Easy Exit Scheme-2010. This will not materially affect the operations of the Holding Company
- Contingent Provisions against Standard Assets of Rs. 2,18,125/- is made vide RBI notification dated 17th January, 2011 and the same is shown as "Contingent Provisions against Standard Assets" in schedule 13.
- (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]

(Rs. In lakhs)

Particulars		
Liabilities side:		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue
(a) Debentures : Secured	0.00	0.00
: Unsecured	0.00	0.00
(other than falling within the meaning of public deposits)		
(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
Overdraft facility from Bank	1,492.54	0.00
Assets side:		
Amount Outstanding		
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured		0.00
(b) Unsecured		1,058.70
(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		41.81
(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	209.97
(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	335.66
(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	8,836.72
(b) Preference	0.00
(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	1,372.01

(5) 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	11.65	11.65
(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	1,105.98	1,105.98
Total	0.00	1,117.63	1,117.63

(6) 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	1,352.72	1,372.01
(b) Companies in the same group	0.00	0.00
(c) Other related parties	209.80	209.80
2. Other than related parties	9,273.20	7,863.42
Total	10,835.72	9,445.23

(7) Other information

Particulars		Amount
(i)	Gross Non-Performing Assets	
(a)	Related parties	0.00
(b)	Other than related parties	114.70
(ii)	Net Non-Performing Assets	
(a)	Related parties	0.00
(b)	Other than related parties	0.00
(iii)	Assets acquired in satisfaction of debt	70.94

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	2010-2011	2009-2010
(i) CRAR (%)	99.62	99.46
(ii) CRAR - Tier I Capital (%)	99.62	99.46
(iii) CRAR - Tier II Capital (%)	0.00	0.00

(c) Exposure to Real Estate Sector

Category		2010-2011	2009-2010
(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 to30/31 days (One Month)	over one month to 2 months	over2 months upto 3 months	Over3 months to 6 months	Over6 months to 1 year	Over1 year to 3 years	Over3 years to 5 years	Over 5years	Total
Liabilities									
Borrowings from banks	Nil	Nil	Nil	4.00	10.93	Nil	Nil	Nil	14.93
Market Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Assets									
Advances	0.00	0.17	0.05	43.87	39.24	0.69	0.15	12.88	97.05
Investments	0.00	0.00	0.00	0.00	2.10	3.36	0.00	89.70	95.16

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. 87,224/- (Previous year: Rs.1,22,494/-) which includes Rs.18,351/- (Previous year: Rs.23,408/-) 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, 2011	As at March 31, 2010
Change in present value of obligation		
Present value of obligation as at the beginning of the year	3,35,885	3,61,645
Current service cost	44,557	38,640
Interest cost	28,472	28,852
Actuarial (gain) / loss	19,218	(93,252)
Benefits paid	0	0
Present value of obligation as at the end of the year	4,28,132	3,35,885
Change in plan assets	Not Applicable	Not Applicable
Plan assets at the beginning of the year		
Expected return on plan assets		
Contribution by the Company		
Benefits paid		
Actuarial (gain) / loss		
Plan assets at the end of the year		
Liability recognised in the financial statement		
Cost for the year		
Current service cost	44,557	38,640
Interest cost	28,472	28,852
Return on plan assets	0	0
Actuarial (gain) / loss	19,218	(93,252)
Net cost	92,247	(25,760)
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
Main actuarial assumptions		
Discount rate	8.50%	8.00%
Rate of increase in compensation levels	5.00%	5.00%

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

21. Provision for Diminution in the value of Assets Rs. 15,00,000/- is net off of Rs.10,00,000/- being excess provision written back in the value of assets. (Previous year: Provision for Diminution in the value of assets Rs.80,000/- is net off of Rs.23,00,000/- being excess provision written back in the value of assets)
22. VLS Investments Inc., Delaware, USA, a wholly owned subsidiary of the Company, has been dissolved as per the Certificate of Dissolution received by the Company in the month of December 2010. This will not materially affect the operations of the Holding Company.
23. Rates & Taxes Shown under Schedule 16 of "Administrative & Other Expenses" include Rs.65,00,000/- towards fee paid to Registrar of Companies for increase in Authorised Share capital.
24. 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.
25. Previous year figures have been regrouped /rearranged wherever necessary.
26. Schedules from 1 to 19 form an integral part of accounts.

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

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

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

May 30th, 2011
New Delhi

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

Registration	23129	State Code	55
CIN: L65910DL1986PLC023129		Balance Sheet Date	31.03.2011

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	2143885	Total Assets	2143885
Sources of Funds:			
Paid up Capital	399172	Reserves & Surplus	1582277
Secured Loans	149254	Unsecured Loans	13182
Application of Funds:			
Net Fixed Assets	91221	Investments	930637
Net Current Assets	1097777	Misc. Expenditure	Nil
Deferred Tax Assets	24250	Accumulated Losses	Nil

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

Turnover	6013587	Total Expenditure	5940988
Profit/Loss Before Tax	72599	Profit/Loss after Tax	50326
Earning per Share (Rs.)	1.26	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 Securities Ltd.	VLS Asset Management Ltd.
2. Financial Year of the Subsidiary Company ended on	31.03.2011	31.03.2011
3. i) No. of shares held by VLS Finance Ltd. and/or its nominees	1,36,50,000 equity shares of Rs.10 each	70,100 equity shares of Rs.10 each
ii) Extent of Holding Company's interest in the subsidiary as on 31.3.2011	99.64%	99.15%
1. Net Aggregate amount of the profits/losses of the subsidiary company so far as it concerns the members of VLS Finance Ltd.		
a) Not dealt within the accounts of VLS Finance Ltd.	Nil	Nil
i) For the subsidiary's financial year ended on 31.3.2011	Net Profit Rs.6,60,991	Net Loss Rs.1,011
ii) For the previous Financial Year	Net Profit Rs.17,12,348	Net Loss Rs.1,014
b) Dealt within the accounts of VLS Finance Ltd.		
i) For the subsidiary's Financial Year ended on 31.3.2011	NIL	NIL
ii) For the previous financial years	NIL	NIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011

Rs. in Lacs

PARTICULARS	For the Year ended 31.03.2011	For the Year ended 31.03.2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	725.99	674.98
Add Interest & Finance Charges	59.00	4.93
Depreciation	45.91	48.91
Prior Year adjustments	3.39	(0.05)
	834.29	728.77
Less Income from Investments	160.42	452.43
Operating Profit before Working Capital Changes	673.87	276.34
Changes in Working Capital		
Trade & Other Receivables	(411.12)	(809.11)
Inventories	(52.83)	46.01
Trade & Other Payables	(84.01)	776.96
Cash generated from operations	125.91	290.20
Less Income Tax Paid (Net of refund)	172.71	69.87
Interest Paid	59.00	4.93
Net Cash Flow from Operating Activities (A)	(105.80)	215.40
B CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in Fixed Assets	(5.54)	(8.29)
Net proceeds from investments	639.35	298.12
Investment in Subsidiaries	(615.00)	(200.00)
Income from Investments	160.42	452.43
Net Cash used in Investing Activities (B)	179.23	542.26
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	658.08	834.45
Net Cash Flow from Financing Activities (C)	658.08	834.45
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	731.51	1592.11
Cash & Cash Equivalents (Opening)	1668.50	76.39
Cash & Cash Equivalents (Closing)	2400.01	1668.50

Notes:-

- Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs.2174.95 lacs(Previous Year Rs.1056.00 lacs), which are pledged with them as security for overdraft facility.
- Previous year's figures have been regrouped/reclassified wherever applicable.

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

For and behalf of the Board

(V.K.Gupta)
Partner
M.No:81979

S.K.Agarwal
Managing Director

M.P. Mehrotra
Director

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

May 30th, 2011
New Delhi

VLS SECURITIES LIMITED
DIRECTORS' REPORT

To

The Members of **VLS SECURITIES LIMITED**

Your Directors are pleased to present the 17th Annual Report of your Company together with the Balance Sheet as at 31st March, 2011 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.636.17 lacs as against Rs. 93.36 lacs in the previous year. The profit before tax was Rs.6.50 lacs as compared to Rs. 18.99 Lacs in last year. The Company earned a post tax profit of Rs.6.62 lacs after adjusting credit for deferred tax for the year under review as against Rs. 17.12 lacs earned in the preceding year. The expenditure of Rs.7.12 Lacs incurred during the year, in increasing the Authorised Capital and issue of shares, interalia, has brought down the profit.

Dividend

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

Operations

Your Company earned brokerage of Rs. 6.29 lakhs during the year under review, as compared to Rs. 5.42 lakhs earned during the previous year. The Company is continuing its efforts to increase its retail broking business.

The Company is also doing business as a trading member of Currency Derivatives segment of MCX Stock Exchange Limited ('MCX') and in Future & option segment as Trading Member of National Stock Exchange of India Limited ('NSE'). It is trading and clearing Member in cash segment of NSE as well. The management is carefully monitoring the market scenario to tap the right opportunities.

Future Outlook

During the year under review, the uptrend coupled with volatility in Indian capital market continued and so did the cautious trading by retail investors. The global scenario particularly turmoil in west Asian economies impacted the working of Indian stock market. However, keeping in view the domestic demand, the financial services sector is expected to grow in the current financial year as estimated by the recent Economic Survey of India.

Keeping in view the current market scenario and the uptrend expected by the analysts, the Merchant Banking Division of the Company is continuing to explore possibilities of making inroads on consultancy and similar fee based services. The activities of F & O segment and currency derivative segment are also expected to further the revenue generations of the Company. The Company is also exploring possibilities of Portfolio Management services to its clients which will also help in strengthening the revenue of the Company.

Directors

There was no change in the Board of Directors during the year under review. During the year, 5 Board meetings were held on 24/05/2010, 30/06/2010, 24/09/2010, 29/12/2010 and 08/03/2011 respectively.

Shri P. K. Sharan and Shri R. K. Goswami - Directors shall be retiring by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Your Directors recommend their re-appointment.

Increase of Authorised Share Capital & Further Issue of Share capital

During the financial year 2010-11, the Company increased the authorised share capital from the existing Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lacs only) to Rs.17,50,00,000/- (Rupees Seventeen Crores Fifty Lacs only) comprising of 1,75,00,000 (One Crore and Seventy Five Lacs) Equity Shares of Rs. 10/- each. The same were approved by the members in Extra Ordinary General Meeting of the Company held on 10/02/2011. Pursuant to the authorization given by the members of the Company in the Extra Ordinary General Meeting of the Company held on 10.02.2011 to offer, issue and allot upto 75,00,000 equity shares of Rs.10/- each aggregating to Rs. 7,50,00,000/- on private placement basis at any one time or from time to time to "VLS Finance Ltd.", the holding company in one or more tranches, the Board in its meeting held on 08.03.2011, had allotted 62,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 6,20,00,000/- (Rupees Six Cores Twenty Lakh only) to VLS Finance Ltd., the holding company to facilitate the business activities of the Company.

Audit Committee

During the year, 4 meetings of the Audit Committee were held on 24/05/2010, 24/09/2010, 29/12/2010 and 08/03/2011. There was no change in constitution of Audit Committee during the year. Shri S. K. Agarwal - Managing Director is Chairman of the Committee with Shri T. B. Gupta and Shri K. K. Soni as

members. All the recommendations made by the Committee were accepted by the Board in entirety.

Directors' Responsibility Statement

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

1. that in preparation of annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2011 on a going concern basis.

Auditors

The term of M/s. Agiwal & Associates, Chartered Accountants, the Statutory Auditors of the Company will conclude at the ensuing Annual General Meeting. They have furnished a Certificate confirming their eligibility under Section 224 (1B) of the Companies Act, 1956 to act as Auditors of the Company, if reappointed, and have also given their consent to the re-appointment. In accordance with the recommendation of the Audit Committee, the Board further recommends their reappointment for the Financial Year 2011-2012. 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 held any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

Statutory Disclosures

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

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

Foreign Exchange Earning : Nil

Foreign Exchange Outgo : Nil

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

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

Human Resources

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : 26/05/2011

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, 2011 and also Profit and Loss Account of the Company for the year ended on that date and the cash flow statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph one above we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act 1956;
 - e) On the basis of written representations received from the directors as on 31st March 2011, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of The Companies Act 1956;
 - f) In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contracts (Regulation) Rules, 1957 have been kept in so far as it appears from our examination of such books.
 - g) The stock broker has complied with the requirements of the stock exchange in so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the stock exchange.
 - h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes to accounts thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - 1) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2011 and,
 - 2) In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.
 - 3) In the case of cash flow statement, of the cash flows for the year ended on that date.

For Agiwal & Associates
(Firm Registration No.000181N)
Chartered Accountants
(V.K. Gupta)
Partner
Membership No. 81979

Place: New Delhi
Date: 26th May 2011

**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 2011**

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

- (b) In view of (a) above, this para in relation to procedures of physical verification of stock-in-trade is not applicable to the Company.
 - (c) Since the Company did not have any inventory during the year under review, this para is not applicable to it.
 - (iii) (a) The Company has not taken/granted any loans secured/unsecured from/to the Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (b) As the Company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the clause related to rate of interest and other terms and conditions of loans taken and given by the Company, secured or unsecured, which are prima facie prejudicial to the interest of the Company is not applicable to the Company.
 - (iv) In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of its business, for the purchase of fixed assets and for purchase/sale of securities and currency derivatives. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
 - (v) (a) To the best of our knowledge and belief and according to information and explanations given to us, the transactions that needed to be entered into the register maintained in pursuance to Section 301 of the Companies Act, 1956, have been so entered.
 - (b) According to information and explanation given to us, the transaction, made in pursuance of contracts or arrangements entered into Register(s) maintained under section 301 of the Companies Act 1956 as aggregating during the year of Rs. 5,00,000/- (Rs. five lacs only) or more in respect of each party, have been made at the rates which are reasonable having regard to prevailing market rates.
 - (vi) The Company has not accepted any deposits from the public during the year. Hence provisions of Section 58A & 58AA or any other relevant provisions of the Companies Act 1956 and rules of Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company.
 - (vii) In our opinion, the Company has an internal audit system, commensurate with the size and nature of its business.
 - (viii) In our opinion and according to the information and explanations given to us, maintenance of cost records as prescribed by the Central Govt. under section 209(1) (d) of the Act is not required as the Company is not in the manufacturing activity.
 - (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax and any other statutory dues with the appropriate authorities. There was no outstanding against any undisputed statutory dues as on 31-03-2011.
 - (b) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2011.
 - (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 and in the immediately preceding Financial Year.
 - (xi) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of securities by way of pledge of shares, debentures or other securities.
 - (xii) The Company has maintained proper records for dealing and trading in shares, securities and currency derivatives, debentures and timely entries have been made therein. The shares, securities and currency derivatives, debentures and other investments have been held by the Company in its own name except to the extent of exemption granted under section 49 of the Act.
 - (xiii) In our opinion and according to information and explanations given to us, the Company has not given any Guarantee for loans taken by others from Banks or Financial Institutions.
 - (xiv) The Company has not raised any Term Loan during the year.
 - (xv) According to the cash flow statement and other records examined by us and the information and explanations given to us, on overall basis, funds raised on short-term basis have not been used during the year for long-term investment.
 - (xvi) The Company has not made any preferential allotment of shares to any party covered in the register maintained under section 301 of the Act during the year.
 - (xvii) To the best of our knowledge and information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- The Para Nos. 4 (xi), (xiii), (xix) and (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

For Agiwal & Associates
(Firm Registration No.000181N)
Chartered Accountants
(V.K. Gupta)
Partner

Place: New Delhi
Date: 26th May 2011

Membership No. 81979

BALANCE SHEET AS AT 31st MARCH 2011

(Amount in Rs.)

	Sch. No.	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' funds			
Share Capital	1	13,70,00,000	7,50,00,000
TOTAL		13,70,00,000	7,50,00,000
II. APPLICATION OF FUNDS			
1. Fixed Assets	2		
a) Gross Block		43,49,139	43,30,639
b) Less : Depreciation		42,19,441	41,64,436
c) Net Block		1,29,698	1,66,203
2. Investments (At cost)	3	7,56,61,459	1,50,83,505
3. Deferred Tax Asset		29,242	16,774
4. A. Current Assets, Loans & Advances			
a) Sundry Debtors	4	11,89,428	11,64,290
b) Cash and Bank Balances	5	1,28,69,150	1,12,57,935
c) Loans and Advances	6	4,73,06,719	4,63,48,823
		6,13,65,297	5,87,71,048
B. Current Liabilities & Provisions			
a) Current Liabilities	7	12,17,476	7,58,163
b) Provisions	8	1,57,636	1,34,705
		13,75,112	8,92,868
Net Current Assets (A-B)		5,99,90,185	5,78,78,180
5. Profit & Loss Account		11,89,416	18,55,338
TOTAL		13,70,00,000	7,50,00,000

Significant Accounting Policies and Notes to Accounts

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 As per our report of even date
For Agiwal & Associates
 (F. R. N. 000181N)

For and on behalf of the Board

Chartered Accountants

V.K. Gupta
 Partner

S.K. Agarwal
 Managing Director

K.K.Soni
 Director

T.B. Gupta
 Director

Membership No. 81979

Place : New Delhi

Date : 26th May, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

	Sch. No.	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sale (Securities & Currency Derivatives)		5,84,78,428	41,47,551
Income from brokerage		6,29,806	5,42,145
Interest Income (Gross)		31,51,262	29,15,975
Other Income		13,58,100	17,30,310
Total		6,36,17,596	93,35,981
EXPENDITURE			
Purchase (Securities & Currency Derivatives)		5,84,79,379	41,47,359
Operating expenses	9	9,61,097	6,94,180
Employees Cost	10	18,12,544	15,43,941
Administrative & Other expenses	11	16,60,445	9,65,909
Depreciation	2	55,004	85,944
Total		6,29,68,469	74,37,333
PROFIT BEFORE TAX		6,49,127	18,98,648
Less: Provision for Taxation:			
Current Tax / Mat		-	181,792
Deferred Tax		(12,468)	4,508
PROFIT AFTER TAX		6,61,595	1,712,348
Less: Adjustment of tax provision of earlier year		4,327	(2,303)
Surplus / (Deficit) B/Fd from Previous Year		(1,855,338)	(3,565,383)
Profit / (Loss) available for Appropriation		(1,189,416)	(1,855,338)
Surplus / (Deficit) carried to Balance Sheet		(1,189,416)	(1,855,338)

EARNING PER SHARE
 (Refer Note No. j in Schedule 12)

Basic and Diluted Earning per Share (Rs.)

0.08

0.29

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
 (F. R. N. 000181N)

For and on behalf of the Board

Chartered Accountants

V.K. Gupta
 Partner

S.K. Agarwal
 Managing Director

K.K.Soni
 Director

T.B. Gupta
 Director

Membership No. 81979

Place : New Delhi

Date : 26th May, 2011

SCHEDULES TO BALANCE SHEET

(Amount in Rs.)

Sch. No.	As at March 31, 2011	As at March 31, 2010
1 SHARE CAPITAL		
AUTHORISED		
1,75,00,000 Equity shares (Previous Year 75,00,000 Equity shares) of Rs.10/- each		
ISSUED, SUBSCRIBED & PAID UP		
1,37,00,000 Equity shares (Previous Year 75,00,000 Equity shares) of Rs.10/- each, fully paid up in cash	13,70,00,000	7,50,00,000
	13,70,00,000	7,50,00,000

2 FIXED ASSETS

(Amount in Rs.)

Particulars	Gross Block			Depreciation			Net Block	
	As on 01-Apr-10	Additions during the year	As at 31-Mar-11	Up to 01-Apr-10	For the Year	Up to 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Computers	38,39,309	18,500	38,57,809	37,80,199	24,982	38,05,181	52,628	59,110
Software	1,04,000	0	1,04,000	46,866	22,854	69,720	34,280	57,134
Office Equipments	2,88,205	0	2,88,205	2,43,953	6,155	2,50,108	38,097	44,252
Furniture & Fixtures	71,112	0	71,112	65,747	971	66,718	4,394	5,365
Vehicles	28,013	0	28,013	27,672	42	27,714	299	341
Total	43,30,639	18,500	43,49,139	41,64,437	55,004	42,19,441	1,29,698	1,66,202
Previous Year	43,30,639	-	43,30,639	40,78,492	85,944	41,64,436	1,66,203	2,52,147

3 INVESTMENTS (LONG TERM)

Particulars	Quantity			
	As on 31-Mar-2011 (Nos.)	As on 31-Mar-2010 (Nos.)	As at 31-Mar-2011 (Rs.)	As at 31-Mar-2010 (Rs.)

QUOTED INVESTMENTS

Fully Paid up (unless otherwise stated)

Face Value (in Rs.)

A) IN EQUITY SHARES

i) Relaxo Footwear Ltd.	5	7,70,000	5,20,000	7,56,57,954	1,50,80,000
ii) D Pharma Ltd.	10	200	200	1	1
iii) Punjab Wireless Systems Ltd.	10	500	500	1	1
iv) Bank of Baroda.	10	1	1	251	251

B) OTHERS

UTI Master Plus 91	10	200	200	3,252	3,252
		7,70,901	5,20,901	7,56,61,459	1,50,83,505

NOTE: Aggregate value of quoted investments

Book Value (Rs.): 7,56,61,459

Market Value (Rs.): 21,48,04,759

1,63,31,419

4 SUNDRY DEBTORS

(Unsecured and considered good unless otherwise stated)

i) Debts outstanding for a period exceeding six months	-	-	-	-
ii) Other Debts	11,89,428	11,89,428	11,64,290	11,64,290
		11,89,428		11,64,290

5 CASH AND BANK BALANCES

Cash in Hand (As certified by the management)		17,841		23,128
Broker's stamps in hand		-		11,302
Balances with Scheduled Banks				
i) In current accounts		28,51,309		11,23,505
ii) In Fixed deposit accounts		1,00,00,000		1,01,00,000
		1,28,69,150		1,12,57,935

6 LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received or adjusted

i) Deposits with Stock Exchanges		77,00,000		77,00,000
ii) Pre-paid Expenses		10,03,998		47,035
iii) Advance Income Tax/TDS/FBT	11,64,900		19,36,055	
Less: Provision for Taxation/FBT	(181,792)	9,83,108	(303,292)	16,32,763
iv) Interest accrued but not due		236,166		2,33,222
v) Margin money with Share brokers		3,59,00,000		3,58,99,000
vi) Service Tax receivable		1,372		3,332
vii) Income Tax Refund Receivable		524,700		483,395
viii) Other receivables		9,57,375		3,50,076
		4,73,06,719		4,63,48,823

7 CURRENT LIABILITIES

i) Sundry Creditors		9,45,000		4,14,491
ii) Other Liabilities		2,72,476		3,43,672
		12,17,476		7,58,163

8 PROVISIONS

Provision for Leave encashment		1,57,636		1,34,705
		1,57,636		1,34,705

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

Sch. No.	(Amount in Rs.)	
	For the year ended March 31, 2011	For the year ended March 31, 2010
9 OPERATING EXPENDITURE		
SEBI Fees	5,19,000	3,18,151
NSE Capital Market subscription	1,00,000	1,00,000
V-Sat Charges	1,00,000	1,00,000
Transaction and other NSE Charges	1,66,472	1,75,557
Securities Transaction Tax	75,625	472
	9,61,097	6,94,180
10 EMPLOYEES' COST		
Salaries & Allowances	15,23,602	12,93,256
Staff Welfare	252	363
Employer's Contribution to PF, ESI, Gratuity Fund etc.	2,88,690	2,50,322
	18,12,544	15,43,941
11 ADMINISTRATIVE AND OTHER EXPENSES		
Rent	60,000	60,000
Rates & Taxes	7,53,767	34,756
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and other Consultancy Charges	80,000	1,35,000
Repair & Maintenance	26,351	31,310
Travelling and Conveyance	3,20,547	2,90,231
Insurance	14,585	46,244
Miscellaneous Expenses	15,284	8,237
Business Promotion	1,01,552	79,168
News Papers, Books & Periodicals	52,190	47,431
Communication Expenses	82,256	69,765
Printing & Stationery	2,853	2,607
Internal Audit fee	40,000	40,000
Directors Sitting Fee	9,000	8,000
Auditors Remuneration		
- Statutory Audit fees	16,545	16,545
- Tax audit fees	5,515	5,515
- Certification fees	-	11,100
- Out of pocket expenses	20,000	20,000
	16,60,445	9,65,909

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 generally accepted accounting practices.

b) Revenue Recognition

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

c) Fixed Assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation.
- Depreciation on fixed assets is provided on Written down Value Method at the rates (single shift basis) provided by Schedule-XIV of the Companies Act, 1956 on pro-rata basis.

d) Miscellaneous Expenditures

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

e) Provision for Retirement Benefits

- 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.

iii) Short Term Employees Benefits

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

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

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.30,89,028/- (Previous Year- Rs.28,43,981/-) on fixed deposits and Rs.62,234/- (Previous Year - Rs.71,994/-) on income tax refund. Interest income on fixed deposits includes tax deducted at source of Rs.4,62,558/- (Previous Year-TDS of Rs.5,41,170/-).

c) Other income includes dividend income of Rs.7,80,015/- (Previous Year -Rs 6,50,009/-)

The tax deducted at source during the year on said income is Rs. NIL. (Previous Year - Rs. NIL)

d) Deferred Tax

	Asat 01.04.2010	Current Year Charge/(Credit)	Asat 31.03.2011
a) Deferred Tax Liability on account of: Depreciation	24,850	(5,382)	19,468
Total (a)	24,850	(5,382)	19,468
b) Deferred Tax Assets on account of:			
Employee Benefits	41,624	7,086	48,710
Total (b)	41,624	7,086	48,710
Total (b-a)	16,774	12,468	29,242

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	Nil	Nil	Nil	Nil	Nil	Nil
Previous Year (F&O)	Nil	Nil	7,271	21,29,344	7,271	21,30,241	Nil	Nil
Current year (Currency Derivatives)	Nil	Nil	10,74,000	5,84,79,379	10,74,000	5,84,78,428	Nil	Nil
Previous Year (Currency Derivatives)	Nil	Nil	42,000	20,18,015	42,000	20,17,310	Nil	Nil

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

- 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

- Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6

months and is payable on retirement/termination/resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined contribution plan where annual contributions as demanded by the insurer are deposited.

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

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

	(in Rupees) As at March 31, 2011	(in Rupees) As at March 31, 2010
Change in present value of obligation		
Present value of obligation as at the beginning of the year		
Interest cost	11,419	12,466
Current service cost	12,432	10,143
Actuarial (gain) / loss	(920)	(44,151)
Benefits paid	0.00	0.00
Present value of obligation as at the end of the year	1,57,636	1,34,705
Change in plan assets	Not Applicable	Not Applicable
Plan assets at the beginning of the year	1,34,705	1,56,247
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	11,419	12,466
Current service cost	12,432	10,143
Interest cost		
Return on plan assets		
Actuarial (gain) / loss	(920)	(44,151)
Net cost	1,57,636	1,34,705
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
Main actuarial assumptions		
Discount rate	8.50%	8.00%
Rate of increase in compensation levels	5.00%	5.00%

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

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 Asset Management Ltd.

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

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

Transactions during the year with the related parties: -

Nature of Transactions	Holding Company		Total	
	31.03.11	31.03.10	31.03.11	31.03.10
Brokerage earned	1,59,956/-	1,53,979/-	1,59,956/-	1,53,979/-
Reimbursement amount claimed	18,13,848/-	15,86,272/-	18,13,848/-	15,86,272/-
Rent and other charges paid	1,20,000/-	1,20,000/-	1,20,000/-	1,20,000/-
Payable to Holding Company at the year end	2,48,370/-	2,86,455/-	2,48,370/-	2,86,455/-

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 2011	Equivalent No. of Shares Year ended 31 st March 2010
Basic and diluted		
Total Shares outstanding	1,37,00,000	75,00,000
Weighted Average of Shares	79,07,671	N.A.
Profits after taxes	Rs.6,61,595/-	Rs.17,12,348/-
EPS (In Rs.)	0.08	0.29

- k) Rate & Taxes shown under Schedule 11 of "Administrative and Other Expenses" include Rs.6,50,000/- towards fee paid to Registrar of Companies for increase in Authorized Share Capital of the Company.

- l) VLS Finance Limited is the Holding Company, who holds 99.63% equity capital of the Company.

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

- n) **All figures** have been rounded off to nearest rupee.

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

As per our report of even date

For Agiwal & Associates

(F.R.N. 000181N)

Chartered Accountants

For and on behalf of the Board

V.K. Gupta

Partner

Membership No. 81979

Place : New Delhi

Date : 26th May, 2011

S.K. Agarwal

Managing Director

K.K.Soni

Director

T.B. Gupta

Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration number	62123	State Code	55
CIN	U74899DL1994PLC062123		
Balance Sheet Date	31-03-2011		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	62,000

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

Total Liabilities	1,37,000	Total Assets	1,37,000
Sources of Funds:		Application of Funds:	
Paid up Capital	1,37,000	Net Fixed Assets	130
Reserves & Surplus	Nil	Investments	75,662
Secured Loans	Nil	Net Current Assets	59,990
Unsecured Loans	Nil	Accumulated Losses	1,189
Deferred Tax	Nil	Deferred Tax Assets	29
Deferred Tax	Nil	Miscellaneous Expenditure	0

IV. Performance of Company (Amount in Rs. Thousands, except otherwise stated)

Turnover	63,618	Total Expenditure	62,968
Profit/Loss Before Tax	649	Profit/Loss after Tax	662
Earning per Share (Rs.)	0.00	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 2011

(Amount in Rs.)

	Year Ended 31-Mar-2011	Year ended 31-Mar-2010
A. Cash flow from operating activities		
Net Profit before tax and extra-ordinary items	649,127	18,98,648
Adjustments for:-		
Add: Depreciation	55,004	85,944
Unspent Liabilities Written Back	-	77,091
Prior Year adjustments	4,329	-
Operating profit before working capital changes	708,460	20,61,683
Adjustments for changes in Working Capital		
Trade Debtors and Loan & Advances	(983,034)	(12,612,965)
Trade Creditors and other Payables	482,244	(1,102,752)
Cash generated from operations	(500,790)	(11,654,034)
NET CASH FLOW FROM OPERATING ACTIVITIES	(I) 207,670	(11,654,034)
B. Cash flow from investing activities		
Deployment in Fixed Assets	(18,500)	-
Deployment in investments	(60,577,954)	-
NET CASH USED IN INVESTING ACTIVITIES	(II) (60,596,454)	-
C. Cash flow from financing activities		
Issue of equity share capital	62,000,000	20,000,000
NET CASH USED IN FINANCING ACTIVITIES	(III) 62,000,000	20,000,000
NET CHANGES IN CASH & CASH EQUIVALENTS	(I)+(II)+(III) 1,611,216	8,345,966
CASH & CASH EQUIVALENTS- OPENING BALANCE	11,257,935	29,11,970
CASH & CASH EQUIVALENTS- CLOSING BALANCE	12,869,150	112,57,935

Note: Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs.100 lacs)

(Previous year Rs.101 Lacs.)

For Agiwal & Associates

(F.R.N. 000181N)

Chartered Accountants

V.K. Gupta

Partner

Membership No. 81979

Date : 26th May, 2011

Place : New Delhi

For & on behalf of the Board

S.K. Agarwal

Managing Director

K.K.Soni

Director

T.B. Gupta

Director

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

Your Directors present the 16th Annual Report of your Company together with the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date.

Financial Results

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

Dividend

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

Directors

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

Directors' Responsibility Statement

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

1. That in preparation of annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true & 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.
3. That the Directors have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Annual Accounts for the financial year ended 31st March, 2011 on a going concern basis.

Auditors

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

Auditors Report

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

Fixed Deposits

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

Statutory Disclosure

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

The Company has had no foreign exchange outgo or inflow.

Personnel

The Company had no employees during the year under report. Therefore, the particulars required pursuant to Section 217(2A) of the Companies Act, 1956

read with the Companies (Particulars of Employees) Rules 1975, as amended, are not applicable to the Company.

Acknowledgement

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

For and on behalf of the Board of Directors

Place : New Delhi S. K. Agarwal Anurag Bhatnagar
Date : 23/5/2011 Director Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF VLS ASSET MANAGEMENT LIMITED

1. We have audited the attached Balance Sheet of **VLS ASSET MANAGEMENT LIMITED** as at 31st March, 2011, 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.
2. 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.
3. 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:-
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) 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.
 - (v) On the basis of written representations received from the directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956;
 - (vi) 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:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - (b) in the case of the Profit & Loss Account, of the Loss for the year ended on that date, and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V. Sankar Aiyar & Co.
Chartered Accountants
FRN 109208W

(V. Rethinam)
Partner
Membership Number:-10412

Place: New Delhi
Date: 23-05-2011

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



BALANCE SHEET AS AT 31st March, 2011

(Amount in Rs.)

	Sch. No.	As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
1. Shareholders' funds			
a) Share Capital	1	7,07,000	7,07,000
2. Loan Funds			
a) Unsecured Loan	2	9,16,891	9,15,871
TOTAL		16,23,891	16,22,871
II. APPLICATION OF FUNDS			
1. Current assets, loans & Advances			
a) Cash and Bank Balances	3	16,451	16,451
Less: Current Liabilities & Provisions			
a) Current Liabilities	4	5,431	5,431
Net Current Assets		11,020	11,020
2. Profit & Loss Account		16,12,871	16,11,851
TOTAL		16,23,891	16,22,871

NOTES ON ACCOUNTS

As our report of even date
for **V. Sankar Aiyar & Co.**
Chartered Accountants
(Firm Regn. No. 109208W)
V. Rethinam
Partner
M. No. 10412
Date : 23rd May , 2011
Place : New Delhi

S.K.Agarwal
Director

S.C.Agarwal
Director

For and on behalf of the Board

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March, 2011

(Amount in Rs.)

	Sch. No.	As on 31-Mar-11	As on 31-Mar-10
INCOME			
Total		-	-
EXPENDITURE			
Administrative & Other expenses	5	1,020	1,023
Total		1,020	1,023
Loss for the year		(1,020)	(1,023)
Add: Loss B/F		(1,611,851)	(1,610,828)
Balance carried to balance sheet		(1,612,871)	(1,611,851)
EARNING PER SHARE (Refer Note No.4 in Schedule 6)			
Basic and Diluted Earning per Share (Rs.)		(0.014)	(0.014)
Face Value per Share (Rs.)		10	10

Notes forming part of the Accounts

As our report of even date
for **V. Sankar Aiyar & Co.**
Chartered Accountants
(Firm Regn. No. 109208W)
V. Rethinam
Partner
M. No. 10412
Date : 23rd May , 2011
Place : New Delhi

S.K.Agarwal
Director

S.C.Agarwal
Director

For and on behalf of the Board

SCHEDULES TO BALANCE SHEET AS AT 31st March, 2011

(Amount in Rs.)

	As at 31-Mar-2011	As at 31-Mar-2010
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 (*)		
* (70,100 share held by VLS Finance Ltd, the Holding Company)	707,000	707,000
	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. 9,16,531/- (previous year Rs. 9,15,511).)	916,531	915,511
From Directors	360	360
	916,891	915,871
3 CURRENT ASSETS, LOANS & ADVANCES		
Balance with Scheduled Bank in Current A/c	16,451	16,451
	16,451	16,451
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, 2011

(Amount in Rs.)

	For the year ended 31-03-2011	For the year ended 31-03-2010
5 ADMINISTRATIVE AND OTHER EXPENSES		
Filing Charges	1,020	1,020
Bank Charges	-	3
	1,020	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, 2011	As on 31 st March, 2010
Holding Company	Opening Balance	9,15,871	9,15,871
	Transactions during the year	Nil	Nil
	Closing Balance	9,16,891	9,15,871

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

S. No.	Particulars	Year Ended 31 st March 2011	Year Ended 31 st March 2010
1.	Net Profit/(Loss) after Tax	(1,020)	(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	(0.014)	(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 **V. Sankar Aiyar & Co.**
Chartered Accountants
(Firm Regn. No. 109208W)
V. Rethinam
Partner
M. No. 10412
Date : 23rd May , 2011
Place : New Delhi

S.K.Agarwal
Director

S.C.Agarwal
Director

For and on behalf of the Board

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 31-03-2011

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 1,624 Total Assets 1,624
Sources of Funds:
Paid up Capital 707 Reserves & Surplus -
Secured Loans - Unsecured Loans 917
Application of Funds:
Net Fixed Assets - Investments -
Net Current Assets 11 Misc. Expenditure -
Accumulated Losses 1,613

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

Turnover - Total Expenditure 1
Profit/Loss Before Tax (1) Profit/Loss after Tax (1)
Earning per Share (Rs.) - Dividend Rate Nil

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

Not Applicable



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011

	Year Ended 31/03/2011	Year ended 31/03/2010
Cash Flow from operating activities		
Net Profit (Loss) before Tax	(1020)	(1023)
Adjustment for :-		
Operating Profit before working capital changes	(1020)	(1023)
Increase / (Decrease) in trade payables & Others	-	-
Cash Generated from Operations	(1020)	(1023)
<i>Net Cash From Operating Activities</i>	(1020)	(1023)
B. Cash Flow from investing activities		
Proceeds from borrowing	(1020)	-
<i>Net Cash From Financing Activities</i>	(1020)	-
Net increase in Cash & Cash Equivalents (A+B+C)	-	(1023)
C. Cash & Cash Equivalents at the beginning of the year	16451	17474
D. Cash & Cash Equivalents at the end of the year	16451	16451
Increase / (Decrease) in Cash & Cash Equivalents (D-E)	-	(1023)

As per our report of even date attached hereto

for V. Sankar Aiyar & Co. For & on behalf of the Board of Directors
Chartered Accountants
(Firm Regn. No. 109208W)

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

Date : 23rd May, 2011
Place : New Delhi

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached Consolidated Balance Sheet of VLS Finance Ltd. ("the Parent Company") and its subsidiaries namely VLS Securities Limited and VLS Asset Management Limited as at 31st March, 2011, 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. 16,23,891/- as at 31st March, 2011 and total revenues of Rs. NIL for the year ended on that date. These financial statements have been audited by other auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

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

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

a) in the case of Consolidated Balance Sheet, of the state of affairs of the company and its subsidiaries as at 31st March 2011;

b) 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

c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the year then ended.

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

Place: New Delhi
Date: 30th May 2011

(V.K. Gupta)
Partner
(M.No. – 81979)

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in Rs.)

	Sch. No.	As at 31st March, 2011	As at 31st March, 2010
I. SOURCES OF FUNDS			
Shareholders' Funds			
1. a) Capital	1	39,91,72,250	39,91,72,250
b) Reserves & Surplus	2	157,94,87,580	152,81,06,661
2. Minority Interests			
a) Capital		5,06,000	6,000
b) Reserves & Surplus			
Opening		(13,680)	(13,671)
Add/(Less): For the Year		595	(9)
		(13,085)	(13,680)
3. Loan Funds			
Secured Loans	3	14,92,54,188	8,34,45,100
Unsecured Loans	4	1,31,81,948	1,31,81,948
Total Sources		214,15,88,881	202,38,98,279
II. APPLICATION OF FUNDS			
4. Fixed Assets			
a) Gross Block	5	131,77,30,682	131,92,54,501
b) Less: Depreciation		122,63,80,017	122,38,30,391
c) Net Block		9,13,50,665	9,54,24,110
5. Investments (At cost)	6	86,90,97,919	87,19,54,359
6. Deferred Tax Assets		2,42,79,526	3,20,81,296
7. A. Current Assets, Loans & Advances			
a) Share stock in trade	7	2,09,97,199	1,57,13,541
b) Sundry Debtors	8	43,60,74,320	35,64,75,566
c) Cash & Bank Balances	9	25,28,86,893	17,86,98,353
d) Other Current Assets	10	48,17,98,393	52,12,45,767
e) Loans and Advances	11	9,99,04,380	9,24,95,736
		129,16,61,185	116,46,28,963
B. Less: Current Liabilities & Provisions			
a) Liabilities	12	13,39,96,521	13,97,19,859
b) Provisions	13	8,03,893	4,70,590
		13,48,00,414	14,01,90,449
Net Current Assets (A-B)		115,68,60,771	102,44,38,514
Total Deployments		214,15,88,881	202,38,98,279
Significant Accounting Policies and Notes on Accounts	19		

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

(V.K. Gupta)
Partner
M.No.81979

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

K.K. Soni
Executive Director & CFO

H. Consul
Company Secretary

May 30th, 2011
New Delhi


CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011			(Amount in Rs.)
	Sch. No.	For the year ended on 31st March, 2011	For the year ended 31st March, 2010
INCOME			
Sale of Shares/Securities/Currency Derivatives		599,70,61,371	1038,90,60,516
Income from Operations	14	5,88,41,061	7,26,64,962
Income from Investments (Net)		1,68,21,605	4,58,16,956
Other Income		8,55,193	80,964
Increase/(Decrease) in stock of shares	18	52,83,658	(4,601,049)
Total (A)		607,88,62,888	1050,30,22,349
EXPENDITURE			
Purchase of Shares/Securities/Currency Derivatives		594,04,97,808	1037,99,80,904
Interest & Finance Charges	15	59,00,472	4,94,049
Administrative & Other Expenses	16	4,15,90,543	3,86,02,238
Employees' Cost	17	1,12,63,124	95,37,214
Depreciation	5	46,45,507	49,77,222
Total (B)		600,38,97,454	1043,35,91,627
PROFIT BEFORE ADJUSTMENTS		7,49,65,434	6,94,30,722
Less: Provision for diminution in the value of Assets (Net)		15,00,000	80,000
Less: Contingent Provisions against Standard Assets		2,18,125	0
PROFIT BEFORE TAX		7,32,47,309	6,93,50,722
Less: Provision for Taxation			
Current Tax/MAT		1,44,58,671	1,14,10,151
Deferred Tax		78,01,769	82,52,547
PROFIT AFTER TAX		5,09,86,869	4,96,88,024
Add/(Less): Minority Interest		(595)	9
Add: Surplus brought forward from previous year		13,40,57,930	9,07,87,214
Add/(-)Less: Prior year adjustments		3,38,800	(5,325)
Add/(-)Less: Adjustment of tax provision of earlier year (Net)		55,845	31,94,380
PROFIT AVAILABLE FOR APPROPRIATIONS		18,54,38,849	14,36,64,284
APPROPRIATED TO:			
Statutory Reserve u/s 45 IC of the RBI Act, 1934		1,00,65,259	96,06,354
SURPLUS/(LOSS) CARRIED TO BALANCE SHEET		17,53,73,590	13,40,57,930
EARNING PER SHARE (Refer Note No.11 in Schedule 19)			
Basic and Diluted Earning per Share (Rs.)		1.28	1.25
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
(Firm Registration No: 000181N)
Chartered Accountants
Y.K.Gupta
Partner
M.No:81979
May 30th, 2011
New Delhi

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

M.P. Mehrotra
Director

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011
(Amount in Rs.)

	As at 31st March, 2011	As at 31st March, 2010
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SCHEDULE 1 CAPITAL

AUTHORISED CAPITAL

15,00,00,000 Equity Shares of Rs.10/- each	150,00,00,000	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	29,68,83,932
Total (a)	<u>29,68,83,932</u>	<u>29,68,83,932</u>
b) STATUTORY RESERVE		
As per last Balance Sheet	11,21,56,220	10,25,49,866
Add: Transfer from P/L account for the year	1,00,65,259	96,06,354
Total (b)	<u>12,22,21,479</u>	<u>11,21,56,220</u>
c) SECURITY PREMIUM ACCOUNT		
As per last Balance Sheet	96,78,46,235	96,78,46,235
(Includes Rs.4,74,33,750/- being share premium received on forfeited shares)		
Total (c)	<u>96,78,46,235</u>	<u>96,78,46,235</u>
d) SURPLUS		
As per Last Balance sheet	13,40,57,930	9,07,87,214
Less: Transfer to Profit & Loss Account	13,40,57,930	9,07,87,214
	0	0
Add: Transfer from Profit & Loss Account	17,53,73,590	13,40,57,930
Total (d)	<u>17,53,73,590</u>	<u>13,40,57,930</u>
e) CAPITAL RESERVE		
(As per Last Balance sheet)	1,71,62,344	1,71,62,344
Grand Total (a) to (e)	<u>157,94,87,580</u>	<u>152,81,06,661</u>

SCHEDULE 3 SECURED LOANS

Overdraft Facility from Bank	14,92,54,188	8,34,45,100
(Secured by pledge of Fixed Deposits of the Company)		
Total	<u>14,92,54,188</u>	<u>8,34,45,100</u>

SCHEDULE 4 UNSECURED LOANS

a) Adjustable deposits	1,31,81,588	1,31,81,588
b) Loan from Directors	360	360
Total (a+b)	<u>1,31,81,948</u>	<u>1,31,81,948</u>

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011 (Cont'd...)

SCHEDULE 5 FIXED ASSETS

(Amount in Rupees)

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2010	Additions during the year	Sales/ Adjustments	Cost As at 31-03-2011	Upto 31-03-2010	For the year	Sales/ Adjustments	Upto 31-03-2011	WDV As at 31-03-2011	WDV As at 31-03-2010
1	Assets for own use:										
A	Buildings	9,78,64,951	0	0	9,78,64,951	1,84,16,339	39,72,430	0	2,23,88,769	7,54,76,182	7,94,48,612
B	Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
C	Vehicles	28,37,657	1,36,543	3,81,680	25,92,520	21,49,458	1,91,411	3,16,407	20,24,462	5,68,058	6,88,199
D	Office Equipments	16,84,700	1,55,067	6,62,712	11,77,055	11,80,639	80,050	5,18,925	7,41,764	4,35,291	5,04,061
E	Furniture & Fixtures	17,95,576	0	8,48,839	9,46,737	15,05,522	52,448	8,10,005	7,47,965	1,98,772	2,90,054
F	Air Conditioners	10,28,892	0	0	10,28,892	2,83,453	1,03,690	0	3,87,143	6,41,749	7,45,439
G	Computers	60,11,563	5,34,515	4,56,713	60,89,365	55,22,292	2,34,783	4,50,544	53,06,531	7,82,834	4,89,271
H	Electrical Installations	2,44,954	0	0	2,44,954	2,18,529	3,676	0	2,22,205	22,749	26,425
I	Generator	4,30,905	0	0	4,30,905	3,80,445	7,019	0	3,87,464	43,441	50,460
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	131,92,54,501	8,26,125	23,49,944	131,77,30,682	122,38,30,391	46,45,507	20,95,881	122,63,80,017	9,13,50,665	9,54,24,110
	Previous Year	131,84,25,670	8,28,831	0	131,92,54,501	121,88,53,169	49,77,222	0	122,38,30,391	9,54,24,110	9,95,72,501

SCHEDULE : 6 INVESTMENTS (Long Term)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
A. IN EQUITY SHARES					
1. Un-quoted & Fully Paid					
Hotline Display Device Ltd.	10	0	45,00,000	0	4,51,87,500
Hotline Electronics Components Ltd	10	0	9,00,000	0	90,00,000
Hotline Electronics Ltd	10	20,00,000	20,00,000	2,00,75,000	2,00,75,000
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000
Anchal Fintrade P Ltd	100	35,000	35,000	35,00,000	35,00,000
Alok Fintrade P Ltd	100	5,000	5,000	5,00,000	5,00,000
B S Traders P Ltd	100	2,55,000	2,55,000	3,50,00,000	3,50,00,000
Ganga Projects P Ltd	100	10,000	10,000	10,00,000	10,00,000
Kanoria Properties P Ltd	100	80,000	80,000	80,00,000	80,00,000
Generatio Next Medical Services Co Pvt Ltd	100	42,000	42,000	42,00,000	42,00,000
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
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)				88,36,71,937	93,78,59,437
2. Quoted & Fully Paid					
ICDS Ltd. +	10	21,929	21,929	0	0
Kashipur Sugar Mills Ltd (Previously Dhampur Sugar (Kashipur) Ltd)	10	89,767	89,767	7,99,032	7,99,032
Artson Engineering Ltd	1	4,104	4,104	1,00,376	1,00,376
Bank Of Baroda	10	2	2	502	502
Binani Cement Ltd	10	0	1,500	0	1,17,269
D Pharma Ltd	10	200	200	1	1
Essar Oil Ltd	10	0	5,500	0	8,15,656
Gati Ltd	2	0	4,000	0	2,64,564
GMR Industries Ltd	10	0	100	0	7,506
Gujarat Hotels Ltd	10	5,134	5,134	2,71,813	2,71,813
Gujarat State Petronet Ltd	10	0	1,000	0	99,630
Hind Oil Exploration Company Ltd	10	1,200	1,200	3,76,253	3,76,253
Indraprastha Medical Corp Ltd	10	2,000	0	95,426	0
JP Associates Ltd	2	750	750	84,337	1,15,943
Jindal Steel & Power Ltd	1	0	25	0	16,971
JSW Energy Ltd	10	1,000	0	1,27,194	0
NTPC Ltd	10	250	250	48,000	48,000

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

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
NHPC Ltd	10	5,000	5,000	1,61,730	1,61,730
Mercator Lines Ltd	1	3,000	3,000	87,440	87,440
Noida Toll Bridge Co Ltd	10	2,000	0	64,600	0
Jayaswal Neco Industries Ltd	10	2,000	0	88,670	0
Orissa Sponge Iron & Steel Ltd	10	2,936	2,936	16,13,828	16,13,828
Punjab Wireless Ltd	10	500	500	1	1
Relaxo Footwear Ltd	5	17,20,776	17,20,776	10,32,01,866	4,98,66,395
Reliance Industries Ltd	10	950	1,400	9,54,935	11,67,052
Reliance Media Works Ltd	5	500	0	1,11,689	0
Shiva Texyarn Ltd	10	1,000	0	62,175	0
Sujana Metal Product Ltd	5	1,500	0	21,920	0
Tata Steel Ltd	10	300	0	2,05,413	0
TCI Industries Ltd	10	9,699	14,246	5,76,607	7,13,300
Uflex Ltd	10	1,200	0	1,70,513	0
UTI Master Plus 91	10	200	200	3,252	3,252
SUB-TOTAL (A-2)				10,92,27,573	5,66,46,513
B. IN PREFERENCE SHARES Unquoted & Fully Paid					
Pan Parag India Ltd-6% Non Cumulative Redeemable Non Convertible (\$)	10	100	0	0	0
Fusebase Eitoro Pvt Ltd	100	0	12,500	0	12,50,000
SUB-TOTAL (B)				0	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)				106,20,03,510	106,48,59,950
Less: Provision for diminution in value of Investments				20,00,00,000	20,00,00,000
TOTAL (C1)				86,20,03,510	86,48,59,950
I. Aggregate value of quoted investments		At cost		10,92,27,573	5,66,46,513
		Market Value		49,83,15,530	42,55,62,884
II. Aggregate value of un-quoted investments - Others		At cost		95,27,75,937	100,82,13,437
D. INVESTMENT IN IMMOVABLE PROPERTIES:-				TOTAL (D)	70,94,409
				TOTAL (C1+D)	86,90,97,919
					87,19,54,359
+Bonus Shares received, hence cost of acquisition is NIL.					
(\$ Preference shares received vide allotment pursuant to the scheme of Arrangement between Kothari Products Ltd and Pan Parag India Ltd, hence cost of acquisition is NIL.					

CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE TO CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011 (Contd.)
SCHEDULE 7 SHARE STOCK IN TRADE

(At Cost or market price, whichever is lower)

(Amount in Rs.)

Name of the Company	As on 31.03.2011		As on 31.03.2010	
	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	13,000	1,000	1
Intercraft Ltd	29,000	1	29,000	1
Kothari Products Ltd	10	3,792	10	3,903
South Asian Enterprises Ltd	17,11,289	2,09,80,403	17,11,289	1,57,09,633
Swede India Ltd	200	1	200	1
Total	20,26,199	2,09,97,199	20,26,199	1,57,13,541

(Amount in Rs.)

	As at 31st March, 2011	As at 31st March, 2010
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SCHEDULE 8 SUNDRY DEBTORS

a) Instalments Receivable

(Unsecured)

Considered Good

1. Due for more than six months	41,81,406	51,81,406
2. Others	0	0
	<u>41,81,406</u>	<u>51,81,406</u>

Less: Provision for Non-performing Assets

	<u>41,81,406</u>	<u>51,81,406</u>
--	------------------	------------------

Total (a)

	<u>0</u>	<u>0</u>
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b) Dues from Share Brokers

Considered Good

1. Due for more than six months	0	0
2. Others	43,60,74,320	35,64,75,566
	<u>43,60,74,320</u>	<u>35,64,75,566</u>

Total (b)

	<u>43,60,74,320</u>	<u>35,64,75,566</u>
--	---------------------	---------------------

Total (a+b)

	<u>43,60,74,320</u>	<u>35,64,75,566</u>
--	---------------------	---------------------

SCHEDULE 9 CASH & BANK BALANCES

a) Cash on Hand (as certified)

	19,15,102	9,98,535
--	-----------	----------

b) Balances with scheduled banks

1. In Current Accounts	34,76,791	15,47,587
2. In Deposit Accounts	24,74,95,000	17,61,52,231
	<u>25,28,86,893</u>	<u>17,86,98,353</u>

Total (a+b)

	<u>25,28,86,893</u>	<u>17,86,98,353</u>
--	---------------------	---------------------

SCHEDULE 10 OTHER CURRENT ASSETS

a) Interest Accrued but not due

	63,56,243	73,29,016
--	-----------	-----------

b) Security Deposits with Govt Department

	1,500	1,500
--	-------	-------

c) Security Deposits with others

	91,89,524	91,87,524
--	-----------	-----------

d) Margin Money with share brokers

	41,74,00,000	45,79,98,000
--	--------------	--------------

e) Advance Tax Paid

	8,39,86,973	8,45,27,107
--	-------------	-------------

Less: Tax Provisions

	<u>3,51,35,847</u>	<u>3,77,97,380</u>
--	--------------------	--------------------

Total (a+b+c+d+e)

	<u>48,17,98,393</u>	<u>52,12,45,767</u>
--	---------------------	---------------------

SCHEDULE 11 LOANS AND ADVANCES

(Unsecured, considered good unless otherwise specified)

a) Loans and Advances

	8,28,92,847	8,20,41,490
--	-------------	-------------

Less: Provision for Non-performing Assets

	<u>10,00,000</u>	<u>10,00,000</u>
--	------------------	------------------

Total (a)

	<u>8,18,92,847</u>	<u>8,10,41,490</u>
--	--------------------	--------------------

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

	2,42,99,873	1,52,42,586
--	-------------	-------------

Less: Provision for Non-performing Assets

	<u>62,88,340</u>	<u>37,88,340</u>
--	------------------	------------------

Total (a+b)

	<u>1,80,11,533</u>	<u>1,14,54,246</u>
--	--------------------	--------------------

Total (a+b+c)

	<u>9,99,04,380</u>	<u>9,24,95,736</u>
--	--------------------	--------------------

SCHEDULE 12 LIABILITIES

a) Creditors for Expenses

i) Total Outstanding dues of Micro, Small and Medium Enterprises

	0	0
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ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises

	20,27,415	27,48,151
--	-----------	-----------

b) Other Liabilities

	13,19,69,106	13,69,71,708
--	--------------	--------------

Total (a+b)

	<u>13,39,96,521</u>	<u>13,97,19,859</u>
--	---------------------	---------------------

SCHEDULE 13 PROVISIONS

a) Contingent Provisions on Standard Assets

Balance B/fd	0	0
--------------	---	---

Add: Provision for the year

	2,18,125	0
--	----------	---

Less: Provision written back

	0	0
--	---	---

Total (a)

	<u>2,18,125</u>	<u>0</u>
--	-----------------	----------

b) Provision for Leave encashment

Balance B/fd	4,70,590	5,17,892
--------------	----------	----------

Add: Provision for the year

	1,15,178	0
--	----------	---

Less: Provision written back

	5,85,768	5,17,892
--	----------	----------

Less: Provision written back

	0	47,302
--	---	--------

Total (b)

	<u>5,85,768</u>	<u>4,70,590</u>
--	-----------------	-----------------

Total (a+b)

	<u>8,03,893</u>	<u>4,70,590</u>
--	-----------------	-----------------

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	for the year ended 31st March, 2011	for the year ended 31st March, 2010
--	--	--

SCHEDULE 14 INCOME FROM OPERATIONS

Income from other Credit Operations	5,88,41,061	7,26,64,962
Total	<u>5,88,41,061</u>	<u>7,26,64,962</u>

SCHEDULE 15 INTEREST & FINANCE CHARGES

Interest to Bank	58,92,976	4,85,661
Bank / Finance Charges	7,496	8,388
Total	<u>59,00,472</u>	<u>4,94,049</u>

SCHEDULE 16 ADMINISTRATIVE & OTHER EXPENSES

Advertisement & Business Promotion	16,17,875	17,53,908
Consultancy, Legal & Service Charges	1,04,34,436	1,46,40,039
Communication Expenses	10,96,113	10,25,850
Electricity & Water Charges	3,50,952	3,47,220
Insurance	38,021	61,422
Office Expenses	14,67,769	14,49,642
Securities Transaction Tax	5,76,867	13,23,334
Shares Transaction Charges	2,86,266	4,20,068
SEBI Membership Fee	5,19,000	3,18,151
NSE Capital Market Subscription	1,00,000	1,00,000
Travelling Expenses & Conveyance	64,23,489	34,67,016
Rates & Taxes	78,91,626	15,75,192
Rent	42,12,000	47,00,000
Repairs & Maintenance		
—Others	13,83,033	12,61,098
Miscellaneous Expenses	41,13,503	50,32,415
Auditors' Remuneration		
a) Audit Fees	1,37,875	1,32,360
b) For Other Services		
—For Tax audit	49,635	49,635
—For certification	1,46,500	1,26,600
—Out of pocket expenses	72,175	54,552
Internal Auditors' Remuneration		
—Fees	90,000	90,000
—Out of pocket expenses	8,000	8,000
Directors' Sitting Fees	5,63,000	4,82,000
Loss/(Profit) on account of Foreign Exchange rate difference	0	183,736
Loss on sale/written off of fixed assets	12,408	0
Total	<u>4,15,90,543</u>	<u>3,86,02,238</u>

SCHEDULE 17 EMPLOYEES' COST

Salaries	97,67,452	81,48,695
Staff Amenities	4,38,289	4,26,296
Employer's Contribution to PF, ESI, Gratuity Fund etc.	10,57,383	9,62,223
Total	<u>1,12,63,124</u>	<u>95,37,214</u>

SCHEDULE 18 INCREASE/(DECREASE) IN STOCK OF SHARES

Closing Stock of Shares	2,09,97,199	1,57,13,541
Less: Opening Stock of Shares	1,57,13,541	2,03,14,590
Increase/ (Decrease) in Stock of Shares	<u>52,83,658</u>	<u>(4,601,049)</u>

SCHEDULE: 19 Significant Accounting Policies and Consolidated Notes on Accounts for the year ended on 31st March 2011
I. SIGNIFICANT ACCOUNTING POLICIES: -
A. PRINCIPLES OF CONSOLIDATION

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

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

B. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

C. FOREIGN EXCHANGE TRANSLATIONS

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

II. NOTES ON ACCOUNT

- Contingent Liability:-** The service tax amount of Rs.3,96,550/- has neither been provided nor paid on rental payment by VLS Finance Ltd and is considered as Contingent liability

CONSOLIDATED FINANCIAL STATEMENTS

- due to view taken by Honourable Delhi High Court that no service tax is leviable on rent of immovable property.
- Estimated amount of contracts remaining to be executed on Capital Account: Nil.
 - In some cases balances in the accounts of Debtors, Loans and Advances, Other Current Assets and Creditors are subject to confirmation by the respective parties.
 - Cash & Bank Balances include
 - Share Transfer Stamps of Rs. 1,416/- (Previous Year Rs.1,416/-).
 - Brokers' Stamps of Rs. Nil (Previous year Rs.11,302/-)
 - Bank Deposits include fixed deposits of Rs.21,74,95,000/- (Previous Year – Rs.10,56,00,000/-) pledged by VLS Finance Ltd with the banks as security for availing overdraft facilities.
 - The Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies regarding Capital Adequacy, Asset Classification, provisioning for and income recognition on non-performing assets have been followed in respect of VLS Finance Ltd.
 - Additional information pursuant to the provision of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956

Trading items	Opening Stock in trade as on 01.04.2010		Purchases		Sales		Closing Stock in trade as on 31.03.2011	
	Qty. *	ValueRs.	Qty. *	ValueRs.	Qty. *	ValueRs.	Qty. *	ValueRs.
Shares	2026199	15713541	495922	617398615	495922	618593801	2026199	20997199
(Previous year)	2026199	20314590	8645648	8418810396	8645648	8414277357	2026199	15713541
Commodities	Nil	Nil	110675	5041546175	110675	5096969932	Nil	Nil
(Previous year)	Nil	Nil	53624	1959152493	53624	1972765849	Nil	Nil
Currency Derivatives	Nil	Nil	5030	281553018	5030	281497639	Nil	Nil
(Previous Year)	Nil	Nil	42	2018015	42	2017310	Nil	Nil

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

Particulars	Associates	Key Managerial Personnel	(Amount in Rs.)	
			Others	
Remuneration to Managing Director.		19,27,592 (Previous year: 15,01,217)		

- Deferred Tax Assets of Rs. 2,42,79,526/- (Previous year Rs. 3,20,81,296/-) are net of deferred tax liabilities of Rs. 2,89,99,749/- (Previous year Rs. 3,09,58,566/-). The major components of deferred tax assets and liabilities are as under :-

Particulars	Deferred Tax Assets	Deferred Tax Liabilities
Fixed Assets		Rs.2,89,99,749/- (Previous year Rs. 3,09,58,566)
Accumulated Losses	Rs. 5,30,88,350/- (Previous year Rs. 6,28,84,071)	
Leave Encashment	Rs. 1,90,925/- (Previous year Rs. 1,55,791)	
Total	Rs. 5,32,79,275/- (Previous year Rs. 6,30,39,862)	Rs. 2,89,99,749/- (Previous year Rs. 3,09,58,566)

- Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal
Remuneration	Rs. 15,60,000 (Previous Year – Rs. 11,97,000)
Perquisites	Rs. 3,67,592 (Previous Year – Rs. 3,04,217)

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.

- Earning Per Share
Calculation of EPS (Basic and Diluted)

Particulars	Equivalent No. of Shares - Year ended	
	31 st March, 2011	31 st March, 2010
Basic and Diluted		
Total Shares Outstanding	3,97,95,000	3,97,95,000
Profit after Taxes	Rs. 5,09,86,869	Rs. 4,96,88,024
EPS	Rs. 1.28	Rs. 1.25

- The Company has made the provision for Taxation / MAT payable under the Income Tax Act, 1961 of Rs. 1,44,58,671/- (Previous year Rs. 1,14,10,151/-). Out of this Rs. 1,44,58,671/- (Previous year Rs. 1,12,18,588) relates to VLS Finance Ltd , Rs. Nil (Previous year Rs. 1,81,792/-) relates to VLS Securities Ltd.
- The Holding Company being a Non-Banking Financial Company is mainly engaged in finance business including dealings through Stock and Commodity Exchanges. As all activities of the Company are covered under finance business; there are no separate segments for reporting as per the Accounting Standard AS-17 issued by The Institute of Chartered Accountants of India.
- Income from investments includes:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	26,44,138	21,91,539
Interest on Debentures and Bonds (Gross)	12,000	12,000
Tax Deducted at Source	Nil	Nil

- Interest Receipts (Gross) of Rs. 5,57,11,255/- (Previous Year Rs.7,11,22,758/-) grouped under Income from Operations includes Tax Deducted at Source of Rs. 57,14,716/- (Previous Year Rs. 73,32,935).

- Expenditure in Foreign Exchange:-Foreign Travel Expenses in respect to VLS Finance Ltd- Rs.27,56,104/- (Previous year Rs. 6,17,574).
- VLS Investments Inc., Delaware, USA, a wholly owned subsidiary of the Company, has been dissolved as per the Certificate of Dissolution received by the Company in the month of December 2010. This will not materially affect the operations of the Holding Company.

18. SUBSIDIARY COMPANIES

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

S. No.	Name of Subsidiary Company	Country of Incorporation	Extent of Holding (%) as on 31.03.2011
1.	VLS Securities Ltd.	India	99.64
2.	VLS Asset Management Ltd.	India	99.15

- The name of VLS Investments Ltd., a wholly owned subsidiary of the Company, has been struck off under section 560 of the Companies Act, 1956 vide order dated 30/09/2010 of the Registrar of Companies, U.P. and Uttaranchal in response to the said company's application under Easy Exit Scheme-2010. This will not materially affect the operations of the Holding Company
- Provision for Diminution in the value of Investment Rs.15,00,000/- is net off of Rs.10,00,000/- being excess provision written back in the value of assets (Previous year: Provision for Diminution in the value of Investment Rs.80,000/- is net off of Rs.23,00,000/- being excess provision written back in the value of assets) of VLS Finance Ltd.
- Contingent Provisions against Standard Assets of Rs.2,18,125 in respect of VLS Finance Ltd has been made vide RBI notification dated 17th January, 2011 and the same is shown as "Contingent Provisions against Standard Assets" in schedule 13.
- Rates & Taxes Shown under Schedule 16 of "Administrative & Other Expenses" includes Rs.71,50,000/- towards fee paid to Registrar of Companies for increase in Authorised Share capital by VLS Finance Ltd. Rs. 65,00,000/- and by VLS Securities Ltd Rs.6,50,000/-.
- 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.
- Previous year figures have been regrouped/rearranged wherever necessary.
- Schedules from 1 to 19 form an integral part of accounts.

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

(V.K. Gupta)
Partner
M.No.81979

For and behalf of the Board

S.K.Agarwal
Managing Director

M.P.Mehrotra
Director

May 30th, 2011
New Delhi

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Rs. lacs	
	For the Year ended 31.03.2011	For the Year ended 31.03.2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	732.47	693.51
Add Interest & Finance Charges	59.00	4.94
Depreciation	46.46	49.77
Prior year Adjustments	3.39	(0.05)
	841.32	748.17
Less Income from Investments	168.22	458.17
Operating Profit before Working Capital Changes	673.10	290.00
Changes in Working Capital		
Trade & Other Receivables	(442.28)	(974.29)
Inventories	(52.83)	46.01
Trade & Other Payables	(53.90)	807.19
Cash generated from operations	124.09	168.91
Less:		
Interest Paid	59.00	4.94
Income tax paid (Net of refunds)	177.34	75.48
Net Cash Flow from Operating Activities (A)	(112.25)	88.49
B CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in Fixed Assets	(5.73)	(8.29)
Net Proceeds from investments	33.56	297.62
Income from Investments	168.23	458.17
Net Cash used in Investing Activities (B)	196.06	747.50
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	658.08	834.45
Net Cash Flow from Financing Activities (C)	658.08	834.45
Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)	741.89	1670.44
Cash & Cash Equivalents (Opening)	1786.98	116.54
Cash & Cash Equivalents (Closing)	2528.87	1786.98

Note : Cash & Cash Equivalents (Closing) includes deposits with banks amounting to Rs. 2174.95 lacs (Previous year Rs. 1056.00 Lacs), which are pledged with them as security for overdraft facility.

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

(V.K. Gupta)
Partner
M.No.81979

For and behalf of the Board

S.K.Agarwal
Managing Director

M.P.Mehrotra
Director

May 30th, 2011
New Delhi

K.K.Soni
Executive Director & CFO

H.Consul
Company Secretary

NOTICE

24TH ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY WILL BE HELD AT

The Auditorium, Sri Sathya Sai International Centre,
Institutional Area, Lodhi Road
Pragati Vihar, New Delhi - 110 003
at 3.30 P.M.
on Thursday,
the 29th day of September, 2011

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	

COMPANY SECRETARY

Shri H. Consul

AUDITORS

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

BANKERS

HDFC Bank
UCO Bank

EQUITY SHARES LISTED AT :

THE NATIONAL STOCK EXCHANGE OF INDIA LTD.

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

BSE LTD. (formerly THE BOMBAY STOCK EXCHANGE),

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

THE MADRAS STOCK EXCHANGE LTD.

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

THE CALCUTTA STOCK EXCHANGE LTD.

7, Lyons Range, Kolkata-700 001.

Attention Members

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

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 FOURTH ANNUAL GENERAL MEETING
Thursday, the 29st Day of September, 2011**

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

I hereby record my presence at the 24th 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 **THURSDAY, the 29th DAY OF SEPTEMBER, 2011.**

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

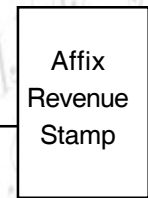
FORM OF PROXY

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 24th Annual General Meeting of the Company to be held on Thursday, the 29th Day of September, 2011 at
03.30 P.M. and at any adjournment thereof.

Dated this _____ day of _____ 2011.

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

FOR OFFICE USE ONLY
Proxy No. _____



Member's Signature _____

NOTE :

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