

XIII ANNUAL REPORT 1999-2000

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VLS FINANCE LTD.

NOTICE**13TH ANNUAL GENERAL MEETING OF
MEMBERS OF THE COMPANY
WILL BE HELD AT**

Air Force Auditorium, Subroto Park,
New Delhi - 110 010

at 2.30 P.M.
on Wednesday,
27th September, 2000

SHARE TRANSFER & INVESTOR SERVICES

Share Department,
VLS FINANCE LTD.,
C-489, Defence Colony,
New Delhi - 110 024

N.B. :

1. 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.

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BOARD OF DIRECTORS :

DR. P.D OJHA
SHRI M.P. MEHROTRA
SHRI G.K. ARORA
DR. A.C. SHAH
SHRI M.G. DIWAN
SHRI B.D. SHAH
SHRI T.N. PANDEY
SHRI V.K. GOEL
SHRI S.D. VARMA
SHRI N.C. SUNDARARAJAN
SHRI SOMESH MEHROTRA
SHRI A.K. PURI

Chairman
Vice Chairman

COMPANY SECRETARY

SHRI H. CONSUL

AUDITORS

M/s. Agiwal & Associates
Chartered Accountants,
New Delhi

BANKERS

Punjab National Bank
Dena Bank

FINANCIAL INSTITUTIONS

Industrial Development Bank of India
Unit Trust of India

EQUITY SHARES LISTED AT :

THE DELHI STOCK EXCHANGE ASSCN. LTD.
3/1, ASAF ALI ROAD, NEW DELHI - 110 002

MUMBAI STOCK EXCHANGE LTD.
PHIROZE JEEJEEBHAY TOWERS,
DALAL STREET, MUMBAI - 400 001

NATIONAL STOCK EXCHANGE OF INDIA LTD.,
MAHINDRA TOWERS, 'A' WING
1ST FLOOR, R.B.C. WORLI, MUMBAI-400 018

MADRAS STOCK EXCHANGE LTD.
EXCHANGE BUILDING, POST BOX NO. 183
11, SECOND LINE BEACH, CHENNAI-600 001

THE CALCUTTA STOCK EXCHANGE ASSOCN. LTD.
7, LYONS RANGE, CALCUTTA-700 001

U.P. STOCK EXCHANGE ASSOCIATION LTD.,
PADAM TOWERS, 14/113, CIVIL LINES,
KANPUR-208 001

THE STOCK EXCHANGE - AHMEDABAD,
KAMDHENU COMPLEX,
NEAR POLYTECHNIC,
PANJARA POLE, AHMEDABAD - 380 015



VLS FINANCE LTD.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting of the Members of VLS FINANCE LTD. will be held at Air Force Auditorium, Subroto Park, New Delhi 110 010 on Wednesday, the 27th day of September 2000 at 2.30 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, 2000 and the Profit & Loss Account for the year ended on that date together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Dr. A.C. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B.D. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri G.K. Arora, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M.P. Mehrotra, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint the Auditors and to fix their remuneration.

The term of M/s. Agiwal & Associates, Chartered Accountants, the Statutory Auditors of the Company will end at the conclusion of the 13th Annual General Meeting and being eligible, they offer themselves for re-appointment.

Special Business

7. **VOLUNTARY DELISTING OF EQUITY SHARES OF THE COMPANY FROM AHMEDABAD, CALCUTTA, MADRAS AND UTTAR PRADESH STOCK EXCHANGES.**

To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:-

"RESOLVED THAT subject to such consents, permissions, sanctions as may be required from any authority, statutory or otherwise, particularly from Securities and Exchange Board of India (SEBI) and pursuant to section 61 and all other applicable provisions of the Companies Act, 1956 and guidelines, rules etc framed by SEBI in this regard, consent of the Company be and is hereby accorded for delisting of securities of the Company from the stock exchanges stated hereinafter and the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting of equity shares of the Company listed at Ahmedabad, Calcutta, Madras and Uttar Pradesh Stock Exchanges and to approach the said stock exchanges and/or any other concerned authorities seeking its/their approval for voluntary delisting of equity shares from the said stock exchanges.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle all questions/difficulties/doubts as may arise in this regard as it may in its absolute discretion deem fit and in case being required to seek any further approval of the members or otherwise to end and intent that the members shall be deemed to have given their approval expressly by authority of this resolution.

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

8. **AMENDMENT IN THE ARTICLES OF ASSOCIATION OF THE COMPANY** To consider and if thought fit to pass with or without modification the following resolution as special resolution:

"RESOLVED THAT pursuant to the provisions of sections 31(1), 109A and 109B of the Companies Act, 1956 and other applicable provisions, if any, the following new Articles be inserted as Article 43A and 43 B after the existing Article 43:

43A. Nomination of Sharee/Securities

- (i) Every shareholder or debentureholder of the Company may at any time nominate, in the prescribed manner, a person to whom his/her shares in, or debentures of, or any securities of the Company shall vest in the event of his/her death.
- (ii) Where the shares in or debentures of the Company are held by more than one person jointly the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of or any securities of the Company shall vest in the event of death all the joint holders.
- (iii) Notwithstanding anything contained in these articles, repugnant hereto, any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of or any securities of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of or any securities of the Company the nominee shall on the death of the shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders become entitled to all the rights in the shares in or debentures or securities of the Company or as the case may be, all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where the nominee is a minor it shall be lawful for the holder of the shares

or debentures or securities to make the nomination to appoint in prescribed manner any person to become entitled to shares or debentures of the Company in the event of his/her death during the minority.

43B. Transmission of shares/securities:

- (i) A nominee, upon production of such evidence as may be required by the Board and subject as herein after provided elect either (a) to be registered himself/herself as holder of share or debenture as the case may be or (b) to make such transfer of share or debenture or securities as the case may be as the deceased shareholder or debentureholder as the case may be, could have made.
- (ii) If the nominee elects himself to be registered as holder of the shares or debentures or securities, himself as the case may be, he shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with death certificate of the deceased shareholder or debentureholder or holder of security as the case may be.
- (iii) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfer of shares or debentures or securities shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder or debentureholder or security holder, as the case may be.
- (iv) A nominee shall be entitled to the same dividends and other advantages to which he/she would be entitled if he/she were registered member of the Company except that he/she shall not before being registered a member in respect of his/her shares or debentures or security be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may at any time give notice requiring any such person to elect either to be registered himself/herself or to transfer the shares of debentures and if the notice is not complied with within 90 days the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights occurring in respect of shares of debentures until the requirements of the notice have been complied with."

By Order of the Board
for VLS Finance Ltd.

H. Consul
Company Secretary

Place : New Delhi

Date : 29/7/2000

NOTES:-

1. Members are requested to intimate the change of address, if any, to the Company at its Registered Office at C-489, Defence Colony, New Delhi- 110 024.
2. 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 member of the Company. The 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.
3. The Register of Members of the Company and Share Transfer Books shall remain closed from 16th September, 2000 to 19th September 2000 (both days inclusive).
4. Members who are holding shares in identical order of names in more than one Folio, are requested to write to the Company at its Corporate Office stated above to enable the Company to consolidate their holdings in one Folio.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 A.M. to 1.00 P.M. up to the date of the Annual General Meeting, except on Saturdays, Sundays and other Holidays.
6. Member/Proxies are requested to bring their copies of the Annual Report and the attendance slip (duly filled) for attending the meeting.
7. The existing equity shares of the Company will be traded in demat segment only for all categories of investors w.e.f 28th August, 2000. Members are requested to contact their Depositories Participant for dematerialisation for their holdings to avoid inconvenience in future.
8. As per the Companies Act, 1956, as amended a member may nominate in prescribed manner a person to whom his shares in the Company shall vest in the event of his death (Form 2B of the Companies Central Government's General Rule & Forms. In case of joint holding, the joint holders may together nominate a person to whom the shares shall vest in the event of death of joint holders. To avoid any inconvenience members may avail the facility.
9. As a measure of the economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
10. Members are hereby informed that dividends which remain unclaimed/unencashed over a period of seven years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under section 205A and section 205C of the Companies Act, 1956. Further under the amended provisions of section 205B of the Companies Act, 1956 no claim shall lie for the unclaimed dividend from IEPF by the shareholders. The unclaimed dividend for the year 1995-96 shall be transferred to said fund on 30/9/2003 i.e after expiry of seven years. The



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unclaimed dividend for period prior to 1994-95 has been duly transferred to the General Revenue Account of the Central Government.

11. The relevant explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items 7 and 8 are annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 7

The Equity shares of your Company are presently listed at Delhi, Mumbai Ahmedabad, Calcutta, Madras, Uttar Pradesh and National Stock Exchange. It has been observed that trading of shares of your Company on Ahmedabad, Calcutta, Madras & Uttar Pradesh Stock Exchange has been negligible. Your Company is spending considerable amount of money on listing fee and on communication in form of fax, courier charges with these stock exchanges. Since investors do not get any benefit despite Company spending this amount, therefore it is proposed that listing on these stock exchanges be discontinued. Investors in this region will not suffer due to delisting since with the introduction of screen based trading on National Stock Exchange, The Mumbai Stock Exchange & Delhi Stock Exchange, the trading in the Company's shares can be easily done all over the Country.

Considering the facts cited above the Board of Directors propose to delist the shares from Ahmedabad, Calcutta, Madras, Uttar Pradesh Stock Exchanges and put before you the special resolution under item no. 7 of the notice of Annual General Meeting for approval.

None of the Directors of your Company are concerned or interested in the resolution.

ITEM NO. 8

The Government of India has by Companies (Amendment) Act, 1999 amended the existing Companies Act, 1956 and has inserted new sections 109A and 109B in which it is provided that every holder of shares in or debentures of the Company may at any time nominate in the prescribed manner a person to whom his shares in or debentures of the Company shall vest in the event of his/her death. This is a kind of facility extended by the Government of India to the shareholders of the Company to nominate someone so that the shares/debentures can be easily transmitted in the event of death of shareholder/debentureholder. Hence it was deemed necessary to alter the Articles of Association of the Company by inserting the provisions of nomination and transmission in securities of the Company. None of the Directors of your Company are concerned or interested in the resolution.

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

Place : New Delhi

Date : 29/7/2000

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present their Thirteenth Annual Report on the business and operations of your Company for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

	For the year ended 31/3/2000	For the period ended 31/3/1999 (18 months)
Gross Receipts	4204.32	5145.52
Profit before interest & Depreciation	2689.81	4828.56
Less: interest & Finance Charges	908.14	1693.30
Profit before depreciation	1781.67	3135.26
Less: Depreciation	1761.32	2917.17
Profit Before Tax	20.35	218.09
Less: Provision for Taxation	0.00	16.00
Add: Adjustments relating to earlier year	163.22	3.23
Add: Surplus Brought Forward	105.61	269.61
Available for Appropriation	289.18	474.93
Appropriations:		
General Reserve	150.00	250.00
Statutory Reserve	4.07	40.42
Proposed Dividend	0.00	71.08
Dividend Tax	0.00	7.82
Percentage of Dividend	0.00	7.50
Total Appropriations	154.07	369.32
Surplus carried to Balance Sheet	135.11	105.61

2. **OPERATIONS** : The economic recession has shown signs of receding and there is perceptible turn around in all core sectors of the industry. The financial sector has also marked a change and with growth across various industrial sectors, the financial sector is poised to grow rapidly and your Company is also expected to be benefitted by this. The Company has reformulated its business strategies with focus on consolidation and a smaller but stronger Balance Sheet. During the year under review your Company has recorded a Profit of Rs. 13,78,52,468/- in spite of handicaps faced by NBFCs like stricter regulations imposed by Reserve Bank of India (RBI). In compliance of prudential norms prescribed by Reserve Bank of India, the Company had written off an amount of Rs. 13,58,16,956/- to provide for almost all Non Performing Assets (NPAs). The NPAs again, are assets which are classified as such in strict compliance of RBI Regulations applicable on

NBFC's, notwithstanding that they may otherwise be good. Your Directors are of the opinion that most of the NPA's so provided are good and will be realised in-to-lo. Though sustained efforts for recovery of impaired debts has brought many irregular accounts to negotiating table however more vigorous efforts are being made for speeding up the recovery process.

During the year under review, the Company announced a bonus of 2:1 i.e. two bonus shares for every one share held, as an acknowledgement of confidence reposed by members in the Company.

3. **DIVIDEND** : With a view to conserve resources for utilization in strengthening the operations of the Company and to show better results in future the Board of Directors has not recommended dividend for the year under review. Your Directors are of the opinion that strengthening of the Company will be more in the interest of the Company and pave the way for better returns to the members in future.

4. **DIRECTORS** : Shri M.P.Mehrotra, Shri B.D.Shah, Shri A.C.Shah and Shri G.K.Arora, Directors will retire by rotation at the ensuing Annual General Meeting and 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 re-appointment be approved.

5. **FIXED DEPOSITS** : The Company has neither held nor accepted any fixed deposit during the year under review. As on date the Company has no plans to solicit and accept any deposits in future also.

6. **AUDITORS** : The Board recommends the reappointment of M/s Agwal & Associates, Chartered Accountants, the statutory auditor of the Company. Their term will end at the conclusion of the ensuing Annual General Meeting and being eligible, they have given their consent for the re-appointment. The Board may also be authorised to fix their remuneration.

7. **AUDITORS' REPORT** : The observations made by the Auditors with reference to notes on accounts for the year under report have been adequately dealt with within the relevant Notes on Accounts and need no further comments from Directors.

8. **HUMAN RESOURCES** : The relationship with employees continued to be cordial. The Directors place on record their sincere appreciation for 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.

9. **STATUTORY INFORMATION** : The information as required in terms of Clause 43 of the Listing Agreement, is enclosed as Annexure - I. The Company not being a manufacturing Company is advised that the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy and Technology Absorption in Form A & B are not applicable in its case. Details of foreign exchange earnings and outgo is enclosed as Annexure - II and forms part of this report. The Company has paid annual listing fees for the year 2000-2001 to all the Stock Exchanges where the shares of the Company are listed viz. Delhi, Mumbai, Kanpur, Ahmedabad, Calcutta, Madras and National Stock Exchange. In order to conserve resources without affecting our services to our valued members, it is proposed to delist the shares of the Company from four Stock Exchanges viz Madras Stock Exchange Ltd., Calcutta Stock Exchange Association Ltd., U.P. Stock Exchange Association Ltd. and the Stock Exchange Ahmedabad. The details have been set out in the notice convening this Annual General Meeting and recommended for your approval. The delisting in these stock exchanges will not in any way affect the interest of members as by switching over to National Stock Exchange where largest volume of Company's shares are traded, the trading in Company's shares can be done at those places also where delisting has been done.

10. **Corporate Governance** : The existing setup of management complies with most of the recommendations made for this purpose. However, the Company has initiated necessary steps to comply with the recommendations concerning Corporate Governance wherever required. The provision of Corporate Governance will become mandatory for the Company from the Financial Year 2001-2002.

11. **SUBSIDIARY COMPANIES** : Statements pursuant to Section 212(1) (e) & (f), read with Sub-Section (3) and sub section (5) of the said section of the Companies Act, 1956, for the Financial Year 1999-2000 in respect of the subsidiary companies along with their respective relevant Annual Reports are enclosed with Annual Accounts of the Company.

12. **Y2K ISSUE** : All the necessary systems of the Company are Y2K compliant and your Company has completed smooth transition into new Millennium.

13. **Dematerialisation of shares of the Company** : The trading in the shares of the Company will be conducted compulsorily in demat mode w.e.f. 28th August, 2000. The Company has entered into necessary agreement with both the Depositories viz National Securities Depositories Ltd. and Central Depository Services India Ltd. and has appointed M/s RCMC Share Registry Pvt. Ltd., New Delhi as the Registrar for connectivity services. The share transfer and related works remains 'in house'.

14. **Future Prospects** : The last few years were trying period of churning for NBFC sector. A large Number of NBFCs have either closed the shutters or have merged with other companies. Some opted for diversification into unrelated areas like Information Technology in order to survive. The list of such Companies includes prominent names as well. The tighter regulatory framework has added to a already grim situation in which NBFCs are working. Your Board of Directors envisaged this in time and took appropriate measures for adapting the Company to the changing environment. All public



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deposits were refunded to reduce cost. The lease and hire purchase activities where defaults were large were subjected to more stringent norms in particular for appraisal, approval and monitoring. These measure though ensured enhanced safety but also conspicuously restricted employment of funds in said activities. Keeping pace with changed scenario the Company has utilised funds selectively in diverse areas like investment/trading in securities and venture capital financing coupled with thrust on permitted non fund based activities for augmenting income. In order to broaden the activities, the Board has approved commencement of business in areas of entertainment, hotels, real estate, agency & investments contained in clause 15, 17, 19, 31, 43 and 49 of Object clause, Part III, (Other Objects) of the Memorandum and Articles of Company. The members approval has already been obtained (vide Resolution passed in the Extra Ordinary General Meeting held on 6/10/89 in terms of section 149 (2A) of the Companies Act, 1956).

The endeavor of the management is to reorient the working of the Company, so that it adapts itself to the changing environment and gets ready to take up future challenges with confidence and strength.

15. **ACKNOWLEDGEMENTS** : Your Directors wish to express their most sincere appreciation and thanks to the Company's Business Associates, Customers, Association of Leasing and Financial Services Companies, Bankers, Financial Institutions and The Reserve Bank of India for their 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 : 29th July, 2000

P.D.Ojha
Chairman

Information under clause 43 of the Listing Agreement

	Actual	Projections
Total Income	4204.32	54652.00
Profit after tax	20.36	25483.00
EPS (Rs.)	Q.15	192.11
Dividend (%)	Nil	25.00

ANNEXURE II

Foreign Exchange Earnings and Outgo

Foreign Exchange earned : Nil
Foreign Exchange used : Rs. 4,55,834/-

For and on behalf of the Board

Place : New Delhi
Date : 29th July, 2000

Dr.P.D.Ojha
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF VLS FINANCE LTD.

We have audited the attached Balance Sheet of VLS Finance Ltd. having its Regd. Office at "VLS House", C-489, Defence Colony, New Delhi-110 024, as at 31st March, 2000, and the annexed Profit and Loss Account for the year ended on that date and report as under:-

We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

- In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears, from our examination of such books. In respect of the Branch Offices of the Company at Mumbai and Chennai, no separate books of accounts are being maintained and all the income and expenses of the Branch Offices have been accounted for in the books of accounts maintained at the Registered Office.
- The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
- In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required.
- In our opinion the Profit & Loss Account & Balance Sheet comply with the Accounting Standards referred to the sub-section (3C) of Section 211 of the Companies Act, 1956 subject to,
 - Note I.F.2. Leave encashment on retirement which is accounted for on PAY-AS-YOU-GO method, which is not in accordance with the Accounting Standard 15 of the Institute of Chartered Accountants of India.
 - Note III.C. of Notes on Profit & Loss Account regarding non-provision of interest of Banks and Financial Institutions. In the opinion of the Management, interest and other charges have been charged at high rates by the Banks and Financial Institutions in the earlier years. The amount is not ascertainable. Due to this, the profit shown by the Company is higher to the extent of non-provision.

give a true and fair view :-

- in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000, and
- in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, and on the basis of such checks of the books and records of the Company,

as we considered appropriate and the information and explanations given to us during the course of our audit, we further report as follows:-

- The Company is maintaining proper records showing full particulars, including quantitative details, and situation of all its tangible fixed assets. We have been informed that the fixed assets of the Company are being physically verified at random, by the management, at reasonable intervals during the period and no major discrepancies were noticed on such verification.
- The Company has not re-valued any of its fixed assets during the period.
- The Company has not taken any loan from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We have been informed that there are no Companies under the same management within the meaning of Section 372A of the Companies Act, 1956.
- In respect of the loans and advances granted by the Company to the parties listed in the register maintained under Section 301 of the Companies Act, 1956, the terms and conditions of the loans and rate of interest charged are not prima facie prejudicial to the interests of the Company or its members. We have been informed that there are no Companies under the same management within the meaning of Section 372A of the Companies Act, 1956.
- The parties to whom loans and advances in the nature of loans have been given by the Company except the NPA accounts are repaying the principal amounts as stipulated and are also generally regular in payment of interest, wherever applicable except in some cases for which the Company has followed the Guidelines issued by the Reserve Bank of India to all Non-Banking Financial Companies for Asset Classification and provisioning for and income recognition on non-performing assets.
- 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 machinery, equipment and other assets.
- The transactions of services, made in pursuance of contracts or arrangements entered in the Register(s) maintained under Section 301 of the Companies Act, 1956, as aggregating during the period to Rs.50,000 (Rupees Fifty thousand only) or more in respect of each party, have been made at the rates which are reasonable having regard to prevailing market rates for such services or rates at which transactions for similar services have been made with other parties.
- In our opinion, and according to information and explanations given to us, the Company has complied with the provisions of directives issued by the Reserve Bank of India in the form of Non-Banking Financial Companies (Reserve Bank) Directions, 1977, with regard to deposits accepted from the public.
- In our opinion, the Company has, an adequate internal audit system, commensurate with its size and nature of its business.
- The dues under the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and the Employees State Insurance Act, 1948, have regularly been deposited with the appropriate authorities by the Company.
- According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax and Sales Tax as at 31st March, 2000, which are outstanding for a period of more than six months from the date they became payable. The provisions of Custom Duty and Excise Duty are not applicable to the Company.
- According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- The Company is not a Sick Industrial Company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- The service activities of the Company do not involve consumption of materials and, hence, the question of reporting existence or otherwise of a reasonable system to record the receipts, issues and consumption of materials does not arise.
- The Company maintains adequate documents and records for loans and advances granted on the basis of hypothecation of assets and also against pledge of shares, debentures, etc.
- In respect of the Company's investment portfolio consisting of shares, securities, debentures and bonds, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name except to the extent of the exemption, if any, granted under Section 49 of the Companies Act, 1956 (1 of 1956). Some shares and debentures are in the process of transfer in the name of the Company as at the close of the period.
- In our opinion, Clause 4(A)(iii) to 4(A)(vi), 4(A)(xii), 4(A)(xiv) and 4(A)(xvi) of this order are not applicable to the Company.

For Agiwal & Associates
Chartered Accountants
Sd/-
(P.C. AGIwal)
Partner

Date : 28th June, 2000
Place : New Delhi



VLS FINANCE LTD.

BALANCE SHEET AS AT 31st March, 2000

Amount in Rupees

	Sch. No.	As at 31st March, 2000	As at 31st March, 1999
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	13,38,72,250	13,38,72,250
b) Reserves & Surplus	2	151,97,11,292	150,13,53,959
2. Loan Funds			
a) Secured Loans	3	10,72,29,675	11,41,83,058
b) Unsecured Loans	4	6,02,34,911	15,20,50,726
Total Sources		182,10,48,128	190,14,59,993
II. APPLICATION OF FUNDS			
3. Fixed Assets			
a) Gross Block	5	137,86,57,025	137,88,02,471
b) Less: Depreciation		116,00,23,995	98,42,46,511
c) Net Block		21,86,33,030	39,45,55,960
4. Investments (At cost)	6	48,03,68,435	48,79,34,670
5. A. Current Assets, Loans & Advances			
a) Debtors	7	35,81,768	1,88,93,138
b) Net Stock on Hire	8	1,27,25,213	3,39,51,865
c) Share Stock in trade	9	23,85,33,670	6,30,40,818
d) Cash & Bank Balances	10	5,42,42,952	43,96,013
e) Other Current Assets	11	17,04,47,446	17,77,66,184
f) Loans and Advances	12	62,29,08,087	70,42,03,145
		110,24,39,136	100,22,51,163
5. B. Less: Current Liabilities & Provisions			
a) Liabilities	13	1,46,51,993	1,20,46,321
b) Provisions	14	16,00,000	94,90,811
		1,62,51,993	2,15,37,132
Net Current Assets (A-B)		108,61,87,143	98,07,14,031
6. Miscellaneous Expenditure (To the extent not written-off or adjusted)	15	3,58,59,520	3,82,55,332
Total Deployments		182,10,48,128	190,14,59,993

Notes on Accounts

As per our report of even date

For Agiwal & Associates
Chartered Accountants

P.C. Agiwal

Partner

Date : 28th June, 2000

Place: New Delhi

H. Consul
Company Secretary

For and on behalf of Board

M.P. Mehrotra
Vice ChairmanG.K. Arora
DirectorSomesh Mehrotra
DirectorT.N. Pandey
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st March, 2000

Amount in Rupees

	Sch. No.	For the Year ended on 31st March, 2000	For the 18 months ended 31st March, 1999
INCOME			
Income from Credit Operations Division	16	23,55,52,282	47,99,98,378
Income from Investments Division		9,07,67,919	2,42,16,369
Income from Financial Services Division		1,39,252	61,45,097
Other Income		49,25,398	41,92,181
Stock Trading Profit	20	8,90,47,067	Nil
Total (A)		42,04,31,918	51,45,52,025
EXPENDITURE			
Interest & Finance Charges	17	9,08,13,835	16,93,30,202
Administrative & Other Expenses	18	1,46,38,205	2,30,48,318
Employees' Cost	19	42,26,560	77,66,581
Depreciation	5	17,61,32,379	29,17,16,757
Miscellaneous Expenditure Written-off		24,72,812	37,09,218
Total (B)		28,82,83,791	49,55,71,076
PROFIT BEFORE ADJUSTMENTS		13,21,48,127	1,89,80,949
Add: Amount transferred from General Reserve(per contra)		Nil	32,15,55,441
Less: Provision of Non-performing assets		Nil	2,65,17,432
Less: Bad Debts written off (Net)		13,01,12,615	27,55,32,937
Less: Stock Trading Loss	20	Nil	1,66,76,751
PROFIT AFTER ADJUSTMENTS		20,35,512	2,18,09,270
Provision for Taxation		Nil	16,00,000
PROFIT AFTER TAX AND ADJUSTMENTS		2,03,55,12	2,02,09,270
Add: Surplus b/fd. from previous year		1,05,60,710	2,69,60,743
PROFIT BEFORE PRIOR YEAR ADJUSTMENTS		1,25,96,222	4,71,70,013
Add/Less: Excess/Short Provision written back		1,63,36,978	53,362
Add: Investment Allowance Reserve Written Back		Nil	2,70,000
Add: Prior year adjustments		-15,157	Nil
PROFIT AVAILABLE FOR APPROPRIATIONS		2,89,18,043	4,74,93,375
APPROPRIATED TO:			
General Reserve		1,50,00,000	2,50,00,000
Statutory Reserve u/s 45 IC of the RBI Act, 1934		4,07,102	40,41,854
Proposed Dividend		Nil	71,08,638
Dividend Tax		Nil	7,81,973
TOTAL APPROPRIATIONS		1,54,07,102	3,69,32,665
SURPLUS CARRIED TO BALANCE SHEET		1,35,10,941	1,05,60,710

Notes on Accounts

As per our report of even date

For Agiwal & Associates
Chartered Accountants

P.C. Agiwal

Partner

Date : 28th June, 2000

Place: New Delhi

H. Consul
Company Secretary

For and on behalf of Board

M.P. Mehrotra
Vice ChairmanG.K. Arora
DirectorSomesh Mehrotra
DirectorT.N. Pandey
Director