

# XVII ANNUAL REPORT 2003-2004

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## VLS FINANCE LTD.

**NOTICE****17th ANNUAL GENERAL MEETING OF  
MEMBERS OF THE COMPANY  
WILL BE HELD AT**

Sri Sathya Sai International Centre Auditorium  
Lodhi Road Institutional Area, Lodhi Road  
Pragati Vihar, New Delhi - 110 003  
**at 10.30 A.M.**  
**on Thursday,**  
**23rd day of September, 2004**

**SHARE TRANSFER & INVESTOR SERVICES**

M/s RCMC Share Registry Pvt. Ltd.

Unit: VLS Finance Ltd.

1515, 1st Floor, Bhishm Pitamah Marg,

Kotla Mubarakpur, Near South Extn., New Delhi-110003

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.

<b>CONTENTS</b>	<b>Page No.</b>
<b>Notice of Annual General Meeting .....</b>	<b>1-3</b>
<b>Directors' Report .....</b>	<b>3-4</b>
<b>Report on Corporate Governance .....</b>	<b>5-8</b>
<b>Auditors' Report .....</b>	<b>8</b>
<b>Balance Sheet .....</b>	<b>9</b>
<b>Profit &amp; Loss Account .....</b>	<b>9</b>
<b>Schedules .....</b>	<b>10-12</b>
<b>Notes on Accounts .....</b>	<b>12-14</b>
<b>Balance Sheet Abstract .....</b>	<b>14</b>
<b>Cash Flow Statement .....</b>	<b>14</b>
<b>Statement Pursuant to Section 212 .....</b>	<b>14</b>
<b>Annual Accounts of Subsidiaries .....</b>	<b>15-23</b>
<b>Consolidated Financial Statements .....</b>	<b>24-28</b>

**BOARD OF DIRECTORS :**

Shri Ajit Kumar	Chairman
Shri T.B. Gupta	Executive Vice-Chairman
Shri S.K. Agarwal	Managing Director
Dr. S. Ramesh	
Shri M.G. Diwan	
Shri Ramji Mehrotra	
Shri V.K. Goel	
Shri Divey Dipti Chopra	
Shri N.C. Sundararajan	
Shri Somesh Mehrotra	
Shri A.K. Puri	
Shri B.M. Oza	

**COMPANY SECRETARY**

Shri H. Consul

**AUDITORS**

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

**BANKERS**

HDFC Bank  
UCO Bank

**FINANCIAL INSTITUTIONS**

Industrial Development Bank of India

**EQUITY SHARES LISTED AT :****THE STOCK EXCHANGE, MUMBAI**

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

**MADRAS STOCK EXCHANGE LTD.**

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

**THE CALCUTTA STOCK EXCHANGE ASSOCN. LTD.**

7, Lyons Range, Kolkata-700 001.

**THE STOCK EXCHANGE - AHMEDABAD**

Kamdhenu Complex,  
Near Polytechnic,  
Panjara Pole, Ahmedabad-380 015.

**THE NATIONAL STOCK EXCHANGE OF INDIA LTD.**

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

Note:- The Equity Shares of the Company have been delisted from the  
Delhi Stock Exchange, New Delhi. and the U.P. Stock Exchange,  
Kanpur w.e.f. 31/3/2004, pursuant to Company's application for  
voluntary delisting of its shares in accordance with applicable SEBI  
guidelines for delisting.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of VLS FINANCE LTD. will be held at Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003 on Thursday, the 23<sup>rd</sup> day of September, 2004 at 10.30 a.m. to transact the following business: -

## ORDINARY BUSINESS

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2004, the Profit & Loss Account for the year ended on that date and the consolidated Financial Statements for the said period together with the Reports of Auditors and Directors thereon.
- To appoint a Director in place of Shri D. D. Chopra, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri B. M. Oza, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Ramji Mehrotra who retires by rotation, and being eligible, offers himself for re-appointment.
- 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 ensuing Annual General Meeting and being eligible, they offer themselves for re-appointment.

## SPECIAL BUSINESS

### 6. Appointment of Shri Ajit Kumar as Director.

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

**"RESOLVED THAT** Shri Ajit Kumar, who was appointed as an Additional Director on 29<sup>th</sup> October 2003 and who holds office till the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and for whose appointment as a Director, a notice under Section 257 of the Companies Act, 1956 has been received from a member of Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

### 7. Approval of Appointment of Shri S. K. Agarwal as Managing Director.

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

**"RESOLVED THAT** pursuant to the provisions of Section 316, Section 269 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Article No.108 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for appointment of Shri S. K. Agarwal who is also Managing Director of VLS Securities Ltd., as Managing Director of Company for a period of three years w.e.f. 21<sup>st</sup> June, 2004, on such remuneration and other terms and conditions as are expressed and contained in the agreement entered into for this purpose between the Company and the Managing Director.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the said Managing Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time, to settle any question or difficulty in connection therewith or incidental thereto and to do all such things, deeds and acts including delegation of powers herein to any person/committee as may be necessary or expedient for giving effect to said appointment."

### 8. Approval of Appointment of Shri T. B. Gupta as Executive Vice- Chairman 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 Section 269 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Article No.108 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for appointment of Shri T. B. Gupta as Executive Vice- Chairman of the Company for a period of three years w.e.f. 21<sup>st</sup> June, 2004, on such remuneration and other terms and conditions as are expressed and contained in the agreement entered into for this purpose between the Company and the Executive Vice- Chairman.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the said Executive Vice-Chairman within the permissible limits under the provisions of the Companies Act, 1956 or any statutory modification thereof, from time to time, to settle any question or difficulty in connection therewith or incidental thereto and to do all such things, deeds and acts including delegation of powers herein to any person/committee as may be necessary or expedient for giving effect to said appointment."

### 9. Approval of appointment of Mrs. Usha Gupta at place of profit in VLS Securities Limited, a wholly owned subsidiary of the Company.

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

**"RESOLVED THAT** pursuant to provisions of Section 314 and other applicable sections of the Companies Act, 1956 and subject to such approvals as may be required, consent of the Company be and is hereby accorded, by way of a special resolution, to the appointment of Mrs. Usha Gupta, wife of Shri T.B. Gupta, director of the Company, as an 'Authorized Person' and/or Sub-broker, in VLS Securities Limited, a wholly owned subsidiary of the Company, within the meaning of National Stock Exchange of India Limited (NSE) trading regulations and other applicable laws, on such remuneration and such terms and conditions, as may be agreed to between the said subsidiary and Mrs. Usha Gupta, notwithstanding that the remuneration paid to Mrs. Usha Gupta by the said subsidiary shall not be paid over to holding company and that such remuneration may exceed the limits prescribed for the time being, for this purpose."

By Order of the Board  
For VLS Finance Ltd.

H. Consul  
Company Secretary

## NOTES: -

- A Member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. The appointment of proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting in the form, enclosed hereto, duly filled and authenticated.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- The Register of Members of the Company shall remain closed from 18/09/2004 to 23/09/2004 (both days inclusive).
- The Company has retained M/s. RCMC Share Registry Pvt. Ltd., as its Registrar & Transfer Agents for further period of one year 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. For any assistance in said matters, queries may be addressed to the said Registrars at address above or the Company Secretary at Registered Office at C-489, Defence Colony, New Delhi-110024, Phone No.: 51553081 (5 lines), Fax: 24335941, 51553091.
- Members are requested to intimate the change in address, if any, to the Company's Registrars or the Company at its Registered Office for shares held in physical mode. **Members holding shares in Demat (Electronic) form are requested to notify any change in address, mandate/bank details to their respective Depository Participants.** The changes effected by depository participants will automatically be reflected in Company's records upon updation of beneficiary owners list provided by Depositories.
- The shares of the Company are being traded compulsorily in demat segment only w.e.f. 28<sup>th</sup> August, 2000. 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).
- Members, who are holding shares in identical order of names in more than one Folio, are requested to write to the Company at its Registered Office or to its Registrars stated above to enable the Company to consolidate their holdings under one Folio.
- All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting, except on Saturdays, Sundays and other Holidays.
- Member/Proxies are requested to bring their copies of the Annual Report to the meeting, and the attendance slip duly filled in for attending the meeting. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
- The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, for Item No. 6, 7, 8 and 9 of the notice is annexed hereto and forms part of this notice.
- Pursuant to Section 205A of the Companies Act, 1956 ("the Act") all unclaimed/unpaid dividends up to the financial year 1995-96 has been credited to the Investor Education & Protection Fund of the Central Government.
- Shareholders are hereby informed that after the amendment of the Companies Act, 1956 w.e.f. 31.10.1998, the Company is to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven-years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("the Fund") established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Company or Fund in respect of individual amounts of dividend remaining unclaimed or unpaid for a period of seven years from the date they became first due for payment and no payment shall be made in respect of any such claims.
- The members who have not encashed their dividend warrants for the financial year ended on 30.09.1997 or for any subsequent financial years are advised to write to the Company at its registered office for obtaining duplicate dividend warrants/ revalidation of instruments.

The unpaid Dividends and the date on which they are due for transfer to Investor Education & Protection Fund are as follows:

Financial Year ended on	AGM Date	Dividend Rate	Date of transfer to Unpaid Dividend A/c	Due for Transfer to fund on
30/09/1997	11/02/1998	15%	26.3.1998	25.3.2005
31/03/1999	10/08/1999	7.5%	22.9.1999	21.9.2006
31/03/2000	27/09/2000	NIL	N.A.	N.A.
31/03/2001	19/09/2001	NIL	N.A.	N.A.
31/03/2002	25/09/2002	NIL	N.A.	N.A.
31/03/2003	25/09/2003	NIL	N.A.	N.A.

**15. Information regarding Directors 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 26/07/2004.	Chairman/Member of the Committees of the Board on which he is a director as on 26/07/2004.	Whether qualified u/s 274 (1) (g) of the Companies Act 1956.
1.	Shri D.D. Chopra	20/05/1960	30/06/2001	He is Financial consultant of repute.	a) Hansuttam Finance Ltd. b) Dewan P.N. Chopra Financial Services Pvt. Ltd. c) Trice Infotech Pvt. Ltd. d) C Mail Infotech Pvt. Ltd. e) International Institute of Integral Health and Living Pvt. Ltd. f) DMF Consultancy Services Pvt. Ltd.	NIL	Yes
2.	Shri B.M. Oza IFS (Retired)	28/08/1936	30/06/2001	M.A. (Economics), Diploma in Demographic Training. He is a distinguished Diplomat with over 42 years of experience in administration and international affairs.	NIL	NIL	Yes
3.	Shri Ramji Mehrotra	28/04/1951	27/01/2001	FCA He is a Chartered Accountant of repute with over 30 years of experience as practicing Chartered Accountant.	a) S.R. Management (P) Ltd., Mumbai b) Partner, M/s. Mehrotra and Mehrotra, Chartered Accountants, Kanpur.	NIL NIL	Yes

**16. Information regarding Directors seeking appointment as Director, liable to retire by rotation:**

1.	Shri Ajit Kumar IAS (Retired)	27/01/1942	29/10/2003	M.A. (English) He has held various important positions in Government of India including that of Defence Secretary, Finance Secretary and Secretary, Ministry of Industries. He has vast experience in administration, planning and government affairs.	NIL	NIL	Yes
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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

Shri Ajit Kumar was appointed as additional director by the Board on 29/10/2003 in terms of Article No. 80 of Articles of Association of the Company and will hold office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. Shri Ajit Kumar is a retired IAS officer and has held various important positions in Government of India including that of Defence Secretary, Finance Secretary and Secretary, Ministry of Industries. Shri Ajit Kumar has vast experience in administration, planning and government affairs. A notice has been received from a member of the Company pursuant to Section 257 of the Companies Act, 1956 signifying intention to propose the resolution for appointment of Shri Ajit Kumar as Director of the Company at the forthcoming Annual General Meeting. Your Directors recommend appointment of Shri Ajit Kumar as Director of the Company.

None of the Directors except Shri Ajit Kumar is concerned or interested in the resolution.

**ITEM NO. 7**

Shri S. K. Agarwal was appointed as Managing Director of the Company w.e.f. 21<sup>st</sup> June, 2004 by the Board of Directors in its meeting held on 26/05/2004. Shri S.K. Agarwal is Commerce Graduate & Associate of Indian Institute of Bankers. He is former Banker having vast experience in the Banking and Financial Services.

Shri S.K. Agarwal, at the time of his appointment as Managing Director of the Company, was also the Managing Director of VLS Securities Ltd., a wholly owned 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 19.06.2004 for a further period of 3 years w.e.f. 01.07.2004, except that he shall not draw any remuneration from said subsidiary.

Shri S. K. Agarwal is also Director in VLS Investments Ltd., VLS Asset Management Ltd. and VLS International S.A. Luxembourg.

Shri S. K. Agarwal's appointment as Managing Director is being made in accordance with the conditions specified in Part I of Schedule XIII and the remuneration payable is within the ceilings laid down in Part II thereof and the requirements of Part III thereof are being complied with.

The abstract of the agreement pursuant to Section 302 of the Companies Act, 1956 has already been sent to the members on 16/06/2004. The agreement entered into by the Company with Shri S. K. Agarwal inter-alia contains following terms and conditions: -

A. **Period** : Three years w.e.f. 21.06.2004

B. **Remuneration**:

(a) **Salary**

Basic salary of Rs. 45,000/- (Rupees Forty Five Thousand Only) per month.

(b) **Perquisites**

In addition to the aforesaid salary, the Managing Director shall also be entitled to the following perquisites:

**i) Housing:-**

Leased accommodation / house rent allowance of Rs. 15,000/- (Rupees Fifteen Thousand only) per month subject to a deduction of 10% of basic pay towards housing facility.

**ii) Medical Reimbursement:**

Expenses incurred for the Managing Director and the family subject to a ceiling of Rs. 15, 000/- (Rupees Fifteen Thousand only) in a year.

iii) **Leave Travel Concession:** For The Managing Director and his family incurred not exceeding Rs. 22,200/- (Rupees Twenty Two Thousand Two hundred only) in a year.

iv) **Reimbursement of expenses incurred on Newspapers and periodicals:** Rs. 12,000/- (Rupees Twelve Thousand only) in a year.

v) **Contribution to Provident Fund, Gratuity payable, entitlement & encashment of leave** will be as per rules of the Company.

vi) **Facility of Chauffeur driven car** for use in Company's business as per rules of the Company.

vii) **Facility of Telephone or provision of any similar equipment at residence, for official purpose** will be free except that 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.

- It has been expressly agreed to and accepted by Shri S.K. Agarwal that no remuneration will be payable to him for the period from 21.6.2004 to 30.6.2004, in order to avoid any inconsistency/conflict with the terms of his existing agreement with VLS Securities Ltd. as Managing Director, which shall expire on 30.6.2004.

**(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. However, he shall endeavor to attend every meeting of the Board and report on working of the Company as may be directed by the Board from time to time.

In terms of Article 109 of the Articles of Association of the Company, Shri S. K. Agarwal shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

The appointment of Shri S. K. Agarwal as Managing Director on the terms and conditions as set out in the agreement entered into between Shri S. K. Agarwal and the Company is subject to the approval of the members. The Board recommends the appointment of Shri S. K. Agarwal as Managing Director of the Company as set out in item no. 7 of the Notice.

The agreement entered into between the Company and Shri S. K. Agarwal 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.

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





# ITEM NO. 8

Shri T. B. Gupta is former Managing Director of Company and was appointed as Vice- Chairman of the Company w.e.f. 21<sup>st</sup> June, 2004 by the Board in its meeting held on 26/05/2004. The Board in its meeting held on 26/07/2004 reconsidered the issue and consented to his appointment as Executive Vice- Chairman. Shri T. B. Gupta is M.Tech. from IIT, Kharagpur. He has held senior positions with U. P. Financial Corporation, Jay Engineering Works and Khaitan Group. Shri T. B. Gupta is also Director in VLS Securities Ltd., VLS Investments Ltd., VLS International S.A. Luxembourg, South Asian Enterprises Ltd. and South Asian Securities Ltd.

Shri T. B. Gupta's appointment as Executive Vice- Chairman is being made in accordance with the conditions specified in Part I of Schedule XIII and the remuneration payable is within the ceilings laid down in Part II thereof and the requirements of Part III thereof are being complied with.

The agreement entered into by the Company with Shri T. B. Gupta inter-alia contains following terms and conditions:-

I. **Period** : 3 (Three) years w.e.f. 21<sup>st</sup> June, 2004.

## II. Remuneration:

### a. Salary

Basic salary of Rs. 26,786/- (Rupees Twenty Six Thousand Seven Hundred and Eighty Six Only) per month.

### b. Perquisites

In addition to the aforesaid salary, the Executive Vice- Chairman shall also be entitled to the following perquisites:

- Contribution to Provident Fund, Gratuity payable, entitlement & encashment of leave will be as per rules of the Company.
- Reimbursement of car maintenance expenses including chauffeur's salary for use in Company's business as per rules of the Company.
- Provision of Telephone (up to two) or provision of any similar equipment, for official purpose will be free except that charges for personal long distance calls will be billed by Company to the Executive Vice- Chairman.

### c. Sitting Fees:

The Executive Vice- Chairman 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. However, he shall endeavor to attend every meeting of the Board and report on working of his functional areas as may be directed by the Board from time to time.

In terms of Article 109 of the Articles of Association of the Company, Shri T.B. Gupta shall not be liable to retire by rotation during his tenure as Executive Vice-Chairman of the Company.

The appointment of Shri T. B. Gupta as Executive Vice- Chairman on the terms and conditions as set out in the agreement entered into between Shri T. B. Gupta and the Company is subject to the approval of the members. The Board recommends the appointment of Shri T. B. Gupta as Executive Vice- Chairman of the Company as set out in item no. 8 of the Notice.

The agreement entered into between the Company and Shri T. B. Gupta 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 terms and conditions of appointment of Shri T. B. Gupta as Executive Vice- Chairman.

None of the Directors except Shri T. B. Gupta is concerned or interested in the resolution.

# ITEM NO. 9

VLS Securities Limited, a wholly owned subsidiary of the Company ("the subsidiary"), is a registered stockbroker and a trading member in the cash segment of The National Stock Exchange of India Limited (NSE). As part of its business generation drive, it proposes to appoint Mrs. Usha Gupta, wife of Shri T.B. Gupta, the Executive Vice-chairman of the Company and a director of the said subsidiary, as an Authorized Person and/or Sub-broker, within the meaning of National Stock Exchange of India Limited (NSE) trading regulations and other applicable laws. The job profile of Mrs. Usha Gupta would be to bring in and introduce prospective clients to the subsidiary for carrying out their securities related transactions through the said subsidiary and get a share in brokerage charged by subsidiary, as remuneration for providing such services. The clients so introduced by her, shall have a direct business relationship with the said subsidiary. The terms and conditions of agreement required to be entered into between the said subsidiary and Mrs. Usha Gupta are subject to applicable regulations/laws/bylaws of NSE and any regulations/guidelines issued/amended by the Securities and Exchange Board of India (SEBI) for this purpose, in force, for the time being. A copy of draft agreement proposed to be entered into between the said subsidiary and Mrs. Usha Gupta is available for inspection by members at the registered office of the Company up to the date of Annual General Meeting of the Company between 11.00 a.m. to 1.00 p.m. on all working days. As per provisions of Section 314(1) of the Companies Act 1956, no appointment of a relative of director of company, to hold place of profit in the Company or its subsidiary can be made except with the consent of the shareholders by way of a special resolution if the remuneration payable exceeds the amount prescribed for this purpose (at present, Rs.10,000/- per month) and such remuneration is not paid over to the holding company. The said subsidiary has informed that the remuneration payable to Mrs. Usha Gupta may exceed the prescribed limit, in the course of time, and that such remuneration shall not be paid over to VLS Finance Ltd., the holding Company. Your Board is of the opinion that such arrangement will benefit its subsidiary VLS Securities Ltd. in expanding its clientele business and accordingly recommend to accord your consent for the proposed arrangement.

None of the Directors of your Company is concerned or interested in the resolution except Shri T.B. Gupta.

By Order of the Board  
For VLS Finance Ltd.

Place: New Delhi  
Date: 26/07/2004

H. Consul  
Company Secretary

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Seventeenth Annual Report of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2004.

### 1. Financial Results

	(Rs. in Lakhs)	
	For the year ended 31 <sup>st</sup> March, 2004	For the year ended 31 <sup>st</sup> March, 2003
<b>Gross Receipts</b>	40256.37	13598.70
Profit/(Loss) before Interest & Depreciation	163.49	(104.45)
Less: Interest & Finance Charges	94.85	1.16
Profit/(Loss) before depreciation	68.64	(105.61)
Less: Depreciation	58.16	231.19
Profit/(Loss) before Tax	10.48	(336.80)
Less: Provision for Taxation	(-) 8.22	46.05
Add: Adjustments relating to earlier year(s)	7.98	(6.23)
Available for Appropriation	26.68	(389.08)

### Appropriations:

From General Reserve	0.00	389.08
To Statutory Reserve (under RBI Act, 1934)	2.09	0.00
Total Appropriations	2.09	389.08

### 2. Management Discussion and Analysis Financial Review

During the period under review, the Company, responding to recovering Indian economy and capital market, posted an increased turnover of Rs. 40095.47 lacs. The net profit was at Rs. 26.68 lacs after providing for depreciation amounting to Rs. 58.16 lacs. Your Directors wish to inform you that adequate provisioning has been made, for assets classified as bad/doubtful and for diminution in value of investments, in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India and the relevant Reserve Bank of India Regulations in the matter. During the year under review the Company settled the loan account of Dena Bank, a lending Banker of Company.

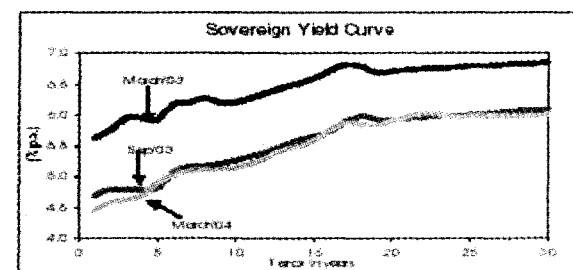
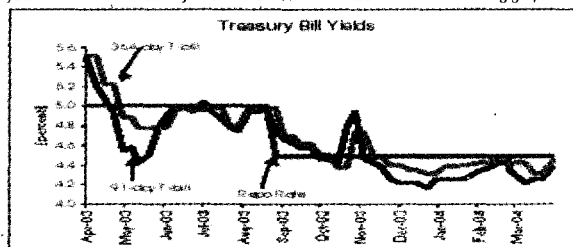
### Industry Structure and Development

The continuing political turmoil both at domestic and international levels, during the year under review, was a constraining factor impeding robust recovery of capital markets as well as industry. The uncertain situation in Iraq had led to steep rise in the prices of crude oil and other petroleum products. This caused a negative spell on overall recovery prospects. The NBFC sector continued to reel under the impact of falling interest rates affecting recovery of their dues. Most of these funds had been lent at higher interest rates backed by their own funding at similar rates. Absence of an effective recovery mechanism, like the one available to banks and financial institutions under 'The Securitisation and Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002' ("Securitisation Act"), further compounded their woes. In the absence of any summary recovery process, the long drawn and costly legal remedy further affected their recoveries. The existing stricter regulatory mechanism and the absence of an effective recovery mechanism have adversely affected the performance by the NBFC sector. The sector is increasingly finding it difficult to meet the competitive onslaught from banks and financial institutions who have access to low cost funds and are able to take the benefit of the Securitisation Act to recover their dues. As reported earlier, the Company had already cut down its exposure to credit operations consisting of loans, hire purchase etc. and no fresh exposures was undertaken during the year under review.

### Outlook, Risks and Concerns

The Indian economy is expected to grow at a rate exceeding 6% during the current fiscal although insufficient rainfall in some areas is a cause for concern. The monsoon, though delayed, has rekindled hopes of good agricultural output. The other major area of concern for the economy is the rising prices, which, for the first time in two years, have recorded a growth of 7.5% for the week ended July 24, 2004. The Government is seized of the situation and is understandably taking appropriate measures in this regard.

Your Company is operating in the Non Banking Finance Sector (NBFC). NBFCs, in the past few years, have been facing major challenges in terms of profitable deployment of funds, and increased pressures on their margins. With defaults and risks in lending operations becoming rampant, it has become a herculean task in terms of identifying good, growth-oriented sustainable businesses. The interest rates had been continuously falling for the last few years and financial year 2003-04 saw a steady decline. The same is evident from the following graphs:



Source: PNB Glits Ltd. Annual Report -2004



The falling interest rates have led to fierce competition among lenders resulting in lower spreads and increased risks. The NBFCs found it difficult to compete, without compromising on quality of assets, with Banks, which have access to huge low cost funds. Investing in equity on stand-alone basis was not found to be a safe bet and viable option for the Company, as the markets had been very volatile and the Company had been adopting a risk neutral investment strategy. The Company, in view of this strategy, executed transactions in the market making use of risk hedging tools like derivatives and arbitrage between various stock exchanges and its segments. Based on inherent strengths, your Company intends to focus on area of its core competence viz. corporate consultancy, investments, securities related operations with low risk products and arbitrage operations, supported by professional expertise available to it. The Company shall continue to explore the opportunities in other areas related to its area of operations.

#### Opportunities and Threats

Corporates generally prefer to launch IPOs (i.e. Initial Public Offers) in typically bullish markets. This route for raising risk capital is available to established corporates or groups with good reputation. The stringent regulatory requirements for public issues is also a major deterrent in going public for start up ventures, by technocrats and companies in the growth cycle/ sunrise sectors. Instead they prefer the route of private equity/investment to fund their risk capital in the initial years. This allows them to create sufficient financial strength prior to going public. Your Company with its expertise in this field intends taking advantage of opportunities in these areas. Though the risk in participating in such ventures would appear to be high, on a risk return trade off, the final outcome could be quite rewarding. Your Company shall consider making strategic private equity investment, venture capital funding and syndication of these. Appropriate measures would be taken to assess and contain risk associated with these types of funding. Such proposals shall be considered on a highly selective basis and efforts, wherever possible shall be to make entry into the venture at the ideation stage itself. Other factors to be considered, while investing in such ventures, include scope for creation and control of intellectual property rights on products, processes and brands, quality of management, product/business strength, stage in life cycle, exit route through sale of stake on maturity of the venture to the promoters or strategic investor or an IPO. Your Company taking a realistic assessment of the risks and rewards involved, would consider blocking a reasonable stake in the venture for syndication, retention, and retailing the balance out to investors. Your Company has, time and again, been approached by few such companies and each investment opportunity has been meticulously analyzed and assessed to gauge its potential for growth and sustainability. Efforts have been on, and continue to do so, and your Company hopes to tie-up successful ventures in the foreseeable future.

Infrastructure is one of the major identified sectors of the future. This has been identified as the foundation for strengthening the nation. Infrastructure ranks on top amongst technology, media, and biotechnology sectors. Lack of proper infrastructure is one key area, which is today a major impediment in the country's progress. International majors shy away from doing business because of lack of adequate infrastructure facilities. The Government today is focused on core and urban infrastructure like roads & highways, power, airports, ports, water & sanitation, Industrial Township, solid waste management etc. Your Company to this effect is attempting to make a considered foray into the areas of infrastructure project development wherein it would focus on facilitating financial advisory roles, and fund mobilization assignments. It would attempt to identify opportunities, configure financial feasible projects, structure the deals, undertake financial tie-ups and manage the project implementation process from financial and an investment perspective.

With franchising and Licensing businesses becoming one of the fastest forms of retailing worldwide, as it accelerates the growth of established branded businesses both domestically and internationally, your Company hopes to tap on this emerging opportunity. With business models reinventing itself, the Company hopes to participate in potentially viable segments in the areas of franchise development consultancy services, franchise representation services, arranging joint venture international tie-ups, master development licenses and territorial development rights.

The Company is exposed to normal industry risk factors like interest rate, economic, political and social risk. The Company shall however meet these challenges and concerns by adopting prudent and appropriate business strategies.

#### Adequacy of Internal Control Systems

The Company has proper and adequate system of internal controls to monitor proper recording of transactions according to policies and procedures laid down by the Company. The Company ensures that the regulatory guidelines are complied with at various levels.

The Audit Committee reviews the internal control mechanisms periodically.

#### Segment wise Performance

As against layout of Rs.6596 Lacs in financial services segment, the total revenue earned was Rs.40158.05 Lacs. In the investment segment, revenue earned stood at Rs. 98.32 Lacs for a layout of Rs. 8310.09 Lacs during the year under review. The Profit in financial services segment prior to interest and tax stood at Rs. 478.82 Lacs while there was a loss of Rs. 101.68 Lacs in the Investment segment.

#### Cautionary Statement

Statement in the management discussion analysis describing the Company's projections, estimates, expectation or predictions may be 'forward looking statements' within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include changes in government regulations, tax regimes, economic developments within the country and abroad, and such other factors.

#### 3. Dividend

In view of inadequate profits during the year under review, no dividend is recommended.

#### 4. Directors

Shri B. M. Oza, Shri Ramji Mehrotra and Shri D. D. Chopra, 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.

Shri Ajit Kumar was co-opted by Board as Additional Director w.e.f. 29/10/2003 and was elected Chairman of the Board in its meeting held on 26/05/2004. His tenure will be up to the date of ensuing Annual General Meeting. The Company has received a notice u/s 257 of the Companies Act, 1956, from a member to propose the resolution for appointment of Shri Ajit Kumar as Director of Company, liable to retire by rotation at the ensuing Annual General Meeting. The relevant resolution and other information for this purpose is set out in notice convening the ensuing Annual General Meeting. The Board recommends the appointment of Shri Ajit Kumar as director to have his valuable guidance, direction and assistance in conduct of the affairs of the Company.

The term of Shri T. B. Gupta as Managing Director expired on 20/06/2004. He had, however, conveyed his unwillingness for reappointment as Managing Director for the next term. The Board accepted his request in its meeting held on 26/05/2004 and in the same meeting it was decided to appoint Shri T.B. Gupta as Vice-Chairman of Company w.e.f. 21/06/2004 i.e. upon expiry of term as Managing Director. The Board also advised the remuneration committee to examine the issue of remunerating him as Vice-Chairman. The remuneration committee, in its meeting held on 26/07/2004 recommended that Shri T. B. Gupta be appointed as Executive Vice-Chairman u/s 269 of Companies Act 1956 and the remuneration be paid to him for holding such office. In concurrence with the recommendations made by the Remuneration committee, the Board, in its meeting held on 26/07/2004, appointed Shri T. B. Gupta as Executive Vice Chairman, on the recommended remuneration, with retrospective effect from 21/06/2004. The relevant resolution and other information for this purpose is set out in notice convening the ensuing Annual General Meeting. The Board recommends the appointment of Shri T. B. Gupta as Executive Vice-Chairman to have his valuable guidance, direction and assistance in conduct

of the affairs of the Company.

Shri S. K. Agarwal, Director, has been appointed as Managing Director w.e.f. 21/06/2004 for a period of 3 (three) years by the Board subject to the approval of members. Shri S.K. Agarwal, at the time of his appointment as Managing Director of the Company, was also the Managing Director of VLS Securities Ltd., a wholly owned 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 19.06.2004 for a further period of 3 years w.e.f. 01.07.2004, except that he shall not draw any remuneration from said subsidiary.

Shri S. K. Agarwal's appointment as Managing Director is in accordance with the conditions specified in Part I of Schedule XIII and the remuneration payable is within the ceilings laid down in Part II thereof and the requirements of Part III thereof are being complied with. The abstract of the agreement pursuant to Section 302 of the Companies Act, 1956 has already been sent to the members. The relevant resolution and other information for this purpose is set out in notice convening the ensuing Annual General Meeting. The Board recommends the appointment of Shri S. K. Agarwal as Managing Director to have his valuable guidance, direction and assistance in conduct of the affairs of the Company.

#### 5. Directors' Responsibility Statement

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

1. that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2004, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
2. 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;
3. that they have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that they have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2004 on a going concern basis.

#### 6. Corporate Governance

The Report on Corporate Governance, in terms of Clause 49 of the Listing Agreement is annexed to this report.

#### 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 reappointed. The Audit Committee in its meeting held on 25<sup>th</sup> May, 2004 had recommended re-appointment of M/s Agiwal & Associates, Chartered Accountants, as Statutory Auditors of the Company for the next term. The Board concurring with the recommendation of the Audit Committee recommends the reappointment of M/s. Agiwal & Associates, Chartered Accountants, as the statutory auditors of the Company. 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 within the relevant Notes on Accounts and need no further comments from Directors.

#### 9. Statutory Information

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 is not applicable to it. However, it is informed that during the year under review, the Company did not absorb any new technology nor had carried out any R&D activity related thereto. Details of foreign exchange earnings and outgo are given below.

#### Foreign Exchange Earnings and Outgo:

Foreign Exchange earned	: Nil
Foreign Exchange used	: Rs. 2170/-

The shares of the Company are listed at 1) The Stock Exchange Mumbai, 2) The Stock Exchange, Ahmedabad, 3) The National Stock Exchange Ltd., Mumbai, 4) The Calcutta Stock Exchange Association Ltd. Kolkata, 5) The Madras Stock Exchange Ltd.-Chennai. The Company has paid the Annual Listing fees for the year 2004-2005 to the Stock Exchange at Mumbai and the National Stock Exchange, Mumbai. The equity shares of the Company have been delisted from The Delhi Stock Exchange and The Uttar Pradesh Stock Exchange, Kanpur w.e.f. 31.03.2004 consequent to Company's application for voluntary delisting of its shares from these Stock Exchanges in accordance with relevant SEBI guidelines. However, delisting confirmation is yet to be received from The Ahmedabad Stock Exchange - Ahmedabad, The Calcutta Stock Exchange Association Ltd.- Kolkata and The Madras Stock Exchange Ltd.-Chennai.

Now the shares of the Company are listed on the Stock Exchange-Mumbai, the National Stock Exchange, Madras Stock Exchange, The Stock Exchange, Ahmedabad and the Calcutta Stock Exchange.

#### 10. 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 from public in future also.

#### 11. Human Resources

The employee relations continued to be cordial during the year. The Directors place on record their sincere appreciation to 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. The Company has team of able and experienced industry professionals. The number of employees stood at 24.

#### 12. Subsidiary Companies

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

#### 13. Consolidated Financial Statements

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

#### 14. Compliance Certificate

A certificate from the Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to the said report.

#### 15. Acknowledgements

Your Directors wish to place on record their sincere appreciation and gratitude 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 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 : 26/07/2004

B.M.OZA  
Director

S.K.AGARWAL  
Managing Director

**REPORT ON CORPORATE GOVERNANCE****Our Mission:**

To be a top ranking NBFC 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 upgradation of skills of staff, their effective participation and making use of state of art technology.

**Corporate Philosophy:**

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 practice in fair and transparent manner, by aligning interest of the Company with its shareholders and other key stakeholders. Your Company has been practising the principles of good Corporate Governance over the years and has been the follower of rewarding its shareholders over a sustained period of time.

**(i) Board of Directors:**

- a) The total strength of the Board is 12 Directors all being non-executive, except the Managing Director and Vice-Chairman, comprising of 2 (Two) Promoter Directors, 7 (Seven) Independent Directors and 3 (Three) Non-Independent Directors.

S.No.	Name of the Director	Whether Promoter/Executive or Non-Executive/Independent	No. of Board Meetings attended during 2003-04	Whether attended AGM held on 25.09.2003	No. of Directorships in other Public Ltd. Companies	No. of Committee positions held in other Public Ltd. Companies	
						Chairman	Member
1.	Shri Ajit Kumar* (Chairman)	Non-Executive, Independent	1	No	—	—	—
2.	Shri T. B. Gupta** (Executive Vice Chairman)	Executive, Non-Independent	3	Yes	4	1	3
3.	Shri S.K. Agarwal*** (Managing Director)	Executive, Non-Independent	2	-	3	1	—
4.	Shri Ramji Mehrotra	Non-Executive, Non-Independent	0	No	—	—	—
5.	Shri Somesh Mehrotra	Non-Executive, Promoter	4	No	1	—	1
6.	Shri V. K. Goel	Non-Executive, Promoter	0	No	12	—	—
7.	Shri N. C. Sundararajan	Non-Executive, Independent	1	No	—	—	—
8.	Shri A.K. Puri	Non-Executive, Independent	3	No	2	2	2
9.	Shri M.G. Diwan	Non-Executive, Independent	4	No	7	4	6
10.	Dr. S. Ramesh	Non-Executive, Independent	4	Yes	2	—	2
11.	Shri B. M. Oza	Non-Executive, Independent	4	No	—	—	—
12.	Shri D.D. Chopra	Non-Executive, Independent	2	No	6	—	—

\* Appointed as Additional Director w.e.f. 29/10/2003.

\*\* Ceased as Managing Director w.e.f. 21/06/2004. Appointed as Executive Vice- Chairman w.e.f. 21/06/2004.

\*\*\* Appointed as Managing Director w.e.f. 21/06/2004.

None of the directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the listing agreement.

- b) During the year ended 31.03.2004, 4 (Four) Board Meetings were held with at least one meeting in every Quarter on 28.05.2003, 26.07.2003, 29.10.2003 and 31.01.2004.
- c) The information regarding pecuniary transaction or relationship with the non-executive Directors have been disclosed in Annual Accounts for the year under review in 'Clause 10' under the head "Notes on Accounts".
- d) During the year Shri Ajit Kumar was appointed as additional director w.e.f. 29.10.2003 and was elected as Chairman of Board in board meeting held on 26.05.2004.
- e) The term of Shri T. B. Gupta as Managing Director had expired on 20/06/2004. He having expressed his unwillingness for reappointment as Managing Director for the next term was not reappointed. However he was appointed as Executive Vice-Chairman of the Company w.e.f. 21/06/2004 by the Board on 26.07.2004 subject to the approval of members.
- f) Shri S. K. Agarwal, Director has been appointed as Managing Director w.e.f. 21/06/2004 for a period of 3(three) years by the Board subject to the approval of members.
- g) As already reported, Shri Surendra Singh, the then Chairman of Board, resigned w.e.f. 28.05.2003.
- h) 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.

All relevant information including those envisaged in Clause 49 of Listing Agreement was regularly provided to the Board and Committees thereof.

- i) Remuneration of Directors, Sitting fee, perquisites and commissions paid during the year ended on 31.03.2004 for attending meeting of Board and committees thereof :

S.No	Name of the Directors	Salary (in Rs.)	Perquisites (In Rs.)	Sitting Fee (in Rs.)	Commissions (in Rs.)	Total (In Rs.)
1	Shri Surendra Singh*	N.A.	N.A.	2000	N.A.	2,000
2	Shri S.K. Agarwal	N.A.	N.A.	NIL	NIL	NIL
3	Shri T. B. Gupta	504000	247980	Nil	NIL	751980
4	Shri Somesh Mehrotra	N.A.	N.A.	12000	N.A.	12000
5	Shri Ramji Mehrotra	N.A.	N.A.	Nil	N.A.	Nil
6	Shri M.G. Diwan	N.A.	N.A.	8000	N.A.	8000
7	Shri D.D. Chopra	N.A.	N.A.	6000	N.A.	6000
8	Shri V. K. Goel	N.A.	N.A.	Nil	N.A.	NIL
9	Shri B. M. Oza	N.A.	N.A.	48000	N.A.	48000
10	Dr. S. Ramesh	N.A.	N.A.	16000	N.A.	16000
11	Shri N. C. Sundararajan	N.A.	N.A.	6000	N.A.	6000
12	Shri A.K. Puri	N.A.	N.A.	14000	N.A.	14000
13	Shri Ajit Kumar	N.A.	N.A.	2000	N.A.	2000

N.A. : Not Applicable.

\* Since resigned w.e.f. 28.05.2003

**(ii) Audit Committee:**

The Audit Committee comprises of Dr. S. Ramesh (Chairman of the Committee), Shri N. C. Sundararajan, Shri A. K. Puri, Shri Somesh Mehrotra, Shri Ramji Mehrotra, Shri Divey Dipti Chopra and Shri B. M. Oza. The role, terms of reference, authority and powers of the Audit Committee are in conformity with the listing agreement. The Company Secretary is the Secretary of the Committee. During the year ended on 31.03.2004, 4 (Four) Audit Committee Meetings were held on 27/05/2003, 25/07/2003, 29/10/2003 and 30/01/2004. The summary of meetings attended by members of committee is as under:

Name	Shri A. K. Puri	Shri N. C. Sundararajan	Shri B.M. Oza	Shri Somesh Mehrotra	Shri D. D. Chopra	Shri Ramji Mehrotra	Dr. S. Ramesh
Attendance in Four meetings	4	2	4	2	1	0	4





### iii) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee comprises of Shri B.M. Oza Chairman of the Committee, Shri T. B. Gupta, Shri Somesh Mehrotra, Shri Ramji Mehrotra, Shri Divey Dipti Chopra and Shri S. K. Agarwal. The Board nominated Shri S. K. Agarwal, Director, in the Committee w.e.f. 28/05/2003. The Committee is vested with the requisite powers and authority to specifically look into the redressal of the shareholders and investor's grievances. The Board has designated Shri H. Consul, Company Secretary as the Compliance Officer and Secretary of Committee.

During the year under review, 17 (Seventeen) meetings of Shareholders/ Investors Grievance Committee were held on 11.04.2003, 28.04.2003, 26.05.2003, 09.06.2003, 22.06.2003, 10.07.2003, 30.07.2003, 29.08.2003, 18.09.2003, 31.10.2003, 28.11.2003, 10.12.2003, 29.12.2003, 21.01.2004, 11.02.2004, 15.03.2004 and 29.03.2004.

The Committee has delegated the power to approve demat requests individually to Shri B.M. Oza, Chairman, Shri T.B. Gupta, Member and Shri S. K. Agarwal, Member, during the intervening period between two committee meetings as a step for providing better services to Shareholders.

The summary of meetings attended by members of committee is as under:

Name	Shri B.M. Oza	Shri Somesh Mehrotra	Shri D.D. Chopra	Shri T. B. Gupta	Shri Ramji Mehrotra	Shri S.K. Agarwal
Attendance in 17 meetings	16	0	0	13	0	6

### (iv) GENERAL BODY MEETINGS

Details of the last three Annual General Meetings are given below.

Financial year ended	Date	Time	Venue
March 31, 2001	September 19, 2001	2.30 p.m.	Air Force Auditorium, Subroto Park, New Delhi
March 31, 2002	September 25, 2002	10.30 a.m.	Air Force Auditorium, Subroto Park, New Delhi
March 31, 2003	September 25, 2003	10.30 a.m.	Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

### v) DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS.

According to the Article No. 89 of the Articles of Association of the Company, one third of the total strength of Directors are liable to retire by rotation at every Annual General Meeting and if eligible, may offer themselves for re-election. Shri D. D. Chopra, Shri B.M. Oza and Shri Ramji Mehrotra will retire by rotation in the forth coming Annual General Meeting and being eligible have offered themselves for reappointment. Further, Shri Ajit Kumar is proposed to be appointed as Director of Company. Shri S. K. Agarwal was appointed as Managing Director of the Company w.e.f. 21<sup>st</sup> June, 2004 by the Board of Directors in its meeting held on 26/05/2004, approval whereof is sought from members in the ensuing Annual General Meeting. Shri T. B. Gupta was appointed as Executive Vice- Chairman of the Company w.e.f. 21<sup>st</sup> June, 2004 by the Board of Directors in its meeting held on 26/07/2004 approval whereof is sought from members in the ensuing Annual General Meeting. The Board has recommended the re-election/appointment of all these directors to the shareholders. The relevant information about these Directors has been furnished in notice convening the ensuing Annual General Meeting.

### vi) LEGAL PROCEEDINGS

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

### (vii) POSTAL BALLOTS

During the year under review the members had approved the following matters by postal ballot:

- For amendment in object clause of Memorandum of Association.
- For de-listing of securities of Company from Stock Exchanges at Delhi, Kanpur, Ahmedabad, Madras and Calcutta.

No items are proposed to be transacted through Postal Ballot in ensuing Annual General Meeting.

### (viii) SHAREHOLDERS INFORMATION :

#### A. Annual General Meeting

Date and Time : Thursday, the 23<sup>rd</sup> September, 2004  
Venue : Sri Sathya Sai International Centre Auditorium, Lodhi Road Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

#### B. Book Closure : 18/09/2004 to 23/09/2004 (Both days inclusive).

#### C. Registrars 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 for entire shareholder services viz. processing request for transfer, other shareholder services, dematerialisation of holdings, providing connectivity services with depositories in compliance of SEBI's circular No.D&CG/F/TT/CIR-15/2002 dated 27/12/2002. For any assistance in said matters, queries may be addressed to the said Registrars at address below or the Company Secretary at Registered Office at C-489, Defence Colony, New Delhi-110024. Phone No.: 51553081 (5 lines), Fax: 24335941, 51553091.

#### D. 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, Registrars and Transfer Agents of the Company, at 1515, 1<sup>st</sup> floor, Bhishm Pitamah Marg, Kotla Mubarakpur, near South Extension, New Delhi-110003 (Phone No. 24692346, 24601017). For any further assistance in said matters, queries may be addressed to the Company Secretary at the Registered Office of the Company.

#### E. Shareholders Complaints.

The Company received 28 (Twenty Eight) complaints during the financial year ended 31<sup>st</sup> March, 2004. None of the complaints received are pending on date.

All complaints whether received through SEBI, Stock Exchange or individuals during the year, were redressed to the satisfaction of Investors and none remained outstanding at the end of the year under report.

Nature of Complaints**	Received	Redressed
Non-receipt of Dividend	6	6
Non-receipt of shares after transfer	3	3
Non-receipt of Annual Report	7	7
Non-receipt of Bonus Shares	5	5
Non-receipt of Name change sticker	0	0
Non-receipt of Endorsement Sticker	0	0
Loss of shares/for duplicate shares	3	3
Non-receipt of share certificate after Rejection of Demat request	4	4
<b>Total</b>	<b>28</b>	<b>28</b>

\*\* 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 fresh complaint. General correspondence e.g. change of address, enquiry on dividend for the year, ISIN No. of the Company etc. has been excluded from above.

#### F. Dematerialisation of Shares and Liquidity:

73.50% of the total share holdings of equity shares have been dematerialized up to 31.03.2004. Trading in Company's shares is permitted only in demat form w.e.f. 28.08.2000 as per notification issued by the Securities and Exchange Board of India.

#### G. Listing at Stock Exchanges

The Shares of the Company are listed at following Stock Exchanges:

- The Stock Exchange, Mumbai. (Code: 511333)
- National Stock Exchange, Mumbai. (Code: VLSFINAC)
- The Calcutta Stock Exchange Association Ltd, Calcutta
- Madras Stock Exchange Ltd., Chennai.
- The Stock Exchange, Ahmedabad.

The annual listing fees has been duly paid to The National Stock Exchange, Mumbai and The Stock Exchange, Mumbai for the year 2004-2005. Consequently to application of Company for voluntary delisting of shares under SEBI Guidelines, the equity shares of the Company have

been delisted from the Delhi Stock Exchange w.e.f. 31.03.2004 as per letter No. DSE/DELIST/ 223 dated 31.03.2004 of said Exchange. The U.P. Stock Exchange Association Ltd. Kanpur (UPSE) has also confirmed delisting of equity shares of Company from said exchange w.e.f. 31/03/2004 vide their Letter No. UPSE/LC/2003-2004/31 dated 31/03/2004.

However, de-listing confirmation is yet to be received from The Ahmedabad Stock Exchange - Ahmedabad, The Calcutta Stock Exchange Association Ltd- Kolkata and The Madras Stock Exchange Ltd.-Chennai.

#### H. Communication to shareholders:

The Company does not send newsletter to shareholders on quarterly or half yearly basis. The Company publishes un-audited quarterly results alongwith segment wise report, in two newspapers viz. The Financial Express and Jansatta regularly and the same is also available on Company's website <http://www.vlsfinance.com>. The official news releases and presentations made to analysts/ institutional investors shall henceforth also be posted on the website. The Management discussion and analysis forms part of Annual Report for 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. Further, from the quarter ended 31/12/2003, the quarterly/ Annual results of Company and other information as prescribed are also available on website [sebidifair.nic.in](http://sebidifair.nic.in) which is maintained under aegis of Securities & Exchange Board of India.

#### I. Distribution of shareholding as on March 31, 2004

Slab of share holdings No. of shares	No. of Shareholders	% age	Nominal value of Shares held (in Rs.)	% age
1- 500	8631	28.3858	23335870	5.8640
501- 1000	17590	57.8504	109569930	27.5336
1001- 2000	2738	9.0048	37933860	9.5323
2001- 3000	647	2.1279	16575010	4.1651
3001- 4000	212	0.6972	7553900	1.8982
4001- 5000	165	0.5427	7569500	1.9021
5001-10000	292	0.9603	20558400	5.1661
10001 & Above	131	0.4308	174853530	42.9386
<b>Total</b>	<b>30406</b>	<b>100.0000</b>	<b>397950000</b>	<b>100.0000</b>

Distribution of Shareholding according to category of shareholders as on March 31, 2004

Sl. No.	Categories	No. of shares	Amount In Rs.	Percentage of shareholding
1	Promoters, Directors and Relatives	15005738	150057380.00	37.7076
2	Financial Institution and Banks	10800	108000.00	0.0271
3	Mutual Fund	100	1000.00	0.0003
4	FII's	300	3000.00	0.0008
5	Corporate Bodies	1390858	13908580.00	3.4951
6	Indian Public	23376604	233766040.00	58.7426
7	NRI/OCBs/FN	10600	106000.00	0.0266
	<b>Grand Total</b>	<b>39795000</b>	<b>397950000.00</b>	<b>100.0000</b>

#### J. Stock Market data related to shares listed in India:

Monthly highs, lows and trading volume for Financial Year-2003-2004

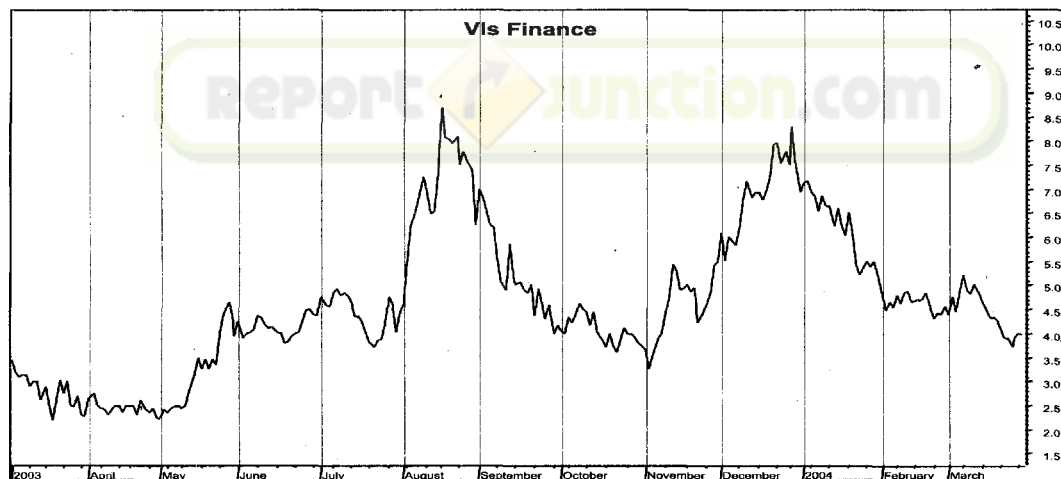
NSE

Date	High Rs.	Low Rs.	Volume Nos.
Apr-03	N.A.	N.A.	N.A.
May-03	N.A.	N.A.	N.A.
Jun-03	N.A.	N.A.	N.A.
Jul-03	N.A.	N.A.	N.A.
Aug-03	N.A.	N.A.	N.A.
Sep-03	N.A.	N.A.	N.A.
Oct-03	N.A.	N.A.	N.A.
Nov-03	N.A.	N.A.	N.A.
Dec-03	N.A.	N.A.	N.A.
Jan-04	N.A.	N.A.	N.A.
Feb-04	N.A.	N.A.	N.A.
Mar-04	5.65	3.5	90527
<b>Total:</b>			<b>90527</b>

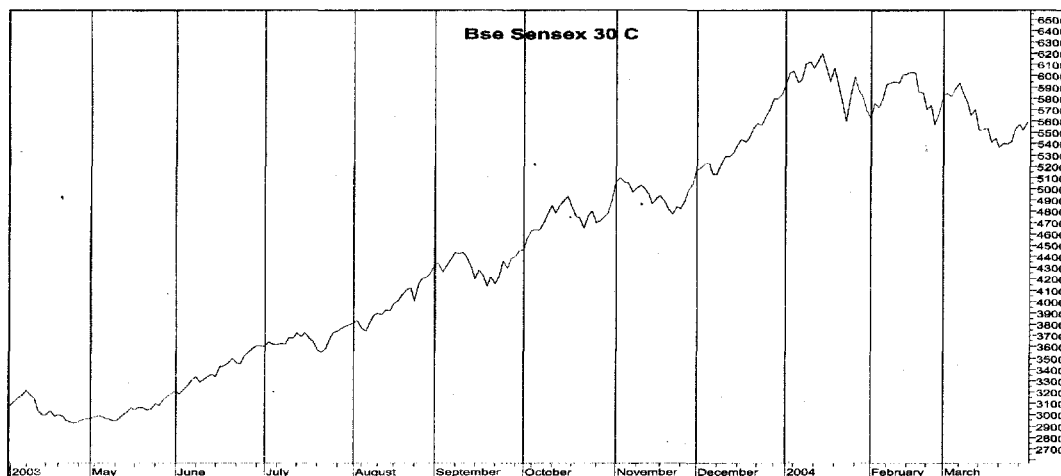
BSE

Date	High Rs.	Low Rs.	Volume Nos.
Apr-03	2.85	2.05	102504
May-03	5.25	2.2	391338
Jun-03	4.7	3.22	345504
Jul-03	5.5	3.36	515620
Aug-03	9.95	4.08	1890556
Sep-03	7.52	3.69	494002
Oct-03	5.19	3.36	201130
Nov-03	5.7	3.1	309506
Dec-03	9.75	5.5	1331000
Jan-04	7.79	4.55	710977
Feb-04	5.24	4.05	223686
Mar-04	5.5	3.5	439442
<b>Total:</b>			<b>6955265</b>

Graphical Representations of Share Price in BSE vis-a-vis Index Movement:



VLS BSE GRAPH 2003-2004



BSE SENSEX