



Agiwal & Associates

CHARTERED ACCOUNTANTS

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The Board of Directors
VLS Finance Limited,
Ground Floor, 90, Okhla Industrial Estate,
Phase III,
New Delhi – 110020

Dear Sir,

Re: Statutory Auditor's Report in respect of proposed buy back of equity shares by VLS Finance Limited ("the company") in terms of Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 as amended ("the Buy Back Regulations")

1. This Report is issued in accordance with the terms of our engagement letter dated 06th August 2024.
2. The Board of directors of the company have approved the proposal for buyback of equity shares by the company at its meeting held on 9th August, 2024, in pursuance of the provisions of the sections 68, 69 and 70 of the company Act, 2013, as amended (the "Act") and the buyback Regulations.
3. We have been requested by the Management of the company to provide a report on the accompanying "statement of permissible Capital payment" as at March 31, 2024 ('Annexure-A') (hereinafter referred to as "statement"). This statement has been prepared by the management, which we have initialed for the purposes of identification only.

Management's Responsibility

4. The preparation of the Statement in compliance with the proviso to section 68(2)(b) of the Act and the proviso to regulation 5(i)(b) of the buyback Regulations and compliance with the buyback Regulations, is the responsibility of the Management of the Company, including the Computation of the Amount of the permissible Capital Payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
5. The Management are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from that date. The Board of Directors are also responsible for ensuring that the Company complies with the requirements of the Act and SEBI Buyback Regulations.

Auditor's Responsibility

6. Pursuant to the requirements of the Buyback Regulations, it is our responsibility to provide reasonable assurance that:
 - i. we have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements for year ended March 31, 2024.



- ii. the amount of permissible capital payment as stated in Annexure A, has been properly determined considering the annual audited standalone and consolidated financial statements as at March 31, 2024; in accordance with the provisions of Section 68(2)(b) of the Buyback Regulations;
 - iii. the Board of Directors of the Company, at their Meeting held on August 09, 2024 have formed the opinion as specified in clause (x) of Schedule I to the Buyback Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent (as defined in the Management responsibility above) within a period of one year from the aforesaid date where at the proposed buyback is approved.
7. The audited standalone and consolidated financial statements as on 31/03/2024, referred to in paragraph 6(i) above, have been audited by us on which we issued an unmodified audit opinion vide our reports dated 28th May 2024. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The said audit was not planned and performed in connection with any transaction to identify matters that may be of potential interest to third parties.
8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

10. Based on inquiries conducted and our examination as above, and the information and explanations given to us by management, we report that:
- (i) We have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements for year ended March 31, 2024, which have been approved by the Board of directors of the Company on May 28, 2024.
 - (ii) The amount of permissible capital payment for proposed buyback of the equity shares as Computed in the Statement Attached herewith, as Annexure -A, in our view has been properly determined in accordance with the proviso to Section 68(2)(b) of the Act and the proviso to Regulation 5(i) of the Buyback Regulations.
 - (iii) The Board of Directors of the Company, at their Meeting held on August 09, 2024 have formed their opinion as specified in clause (x) of Schedule I of the Buyback Regulations on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent (as defined in the management responsibility above) within a period of one year from that date.

Restriction on Use

11. The Report has been issued at the request of the Company Solely for the Use of the company (i) in connection with the proposed buyback of equity shares of the company as mentioned in Paragraph 2



above, (ii) to enable the Board of directors of the company to include in the public announcement and other documents pertaining to Buyback to be filed with (a) the registrar of company, the Securities and Exchange Board of India, Stock Exchange, and any other regulatory authority as per applicable Law (b) the Central Depository Securities (India) Limited, National Securities Depository Limited and (c) can be shared with the manager to buy back in connection with the proposed buyback of equity shares of the company for onwards submission to relevant authorities in pursuance of Section 68 and the other applicable provisions of the Act, and the buyback regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For Agiwal & Associates

Chartered Accountants

ICAI Firm Registration Number: 000181N

P. C. Agiwal

CA P. C. Agiwal

Partner

Membership No: 080475

UDIN: 24080475 BKFLAS1900 -



Place: New Delhi

Date: 09.08.2024



VLS FINANCE LTD.

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CIN : L65910DL1986PLC023129

Annexure A - Statement of permissible capital payment


Computation of amount of permissible capital payment towards buyback of equity shares in accordance with the proviso to Section 68(2)(b) of the Companies Act, 2013 ("the Act") and the proviso to Regulation 5(i)(b) of the Securities and Exchange Board of India (buy-back of securities) Regulations, 2018, as amended, based on annual audited Standalone and Consolidated Financial Statements as at and for the year ended March 31, 2024.

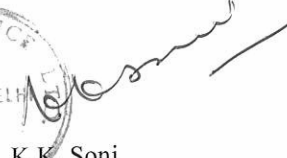
Particulars		Amount (Rs in lakhs)	
		Standalone	Consolidated
Paid up Equity Share Capital as on March 31, 2024 - 3,47,95,992 equity shares of Rs. 10/- each, fully paid (excluding Forfeited shares: 4,67,500)	(A)	3491.82	3,491.82
Free Reserves as on March 31, 2024 ⁽²⁾			
(i) General reserve		2968.84	3573.29
(ii) Securities Premium		3085.50	3085.50
(iii) Retained earnings		143159.61	145767.82
Total Free Reserves	(B)	149,213.95	152,426.61
Total	C= (A+B)	152,705.77	155,918.43
Maximum amount permissible towards buy back of equity shares in accordance with the proviso to Section 68(2)(b) of the Companies Act, 2013 read with proviso to Regulation 5(i) (b) of the buy-back Regulations (10% of paid-up equity capital and free reserves).	C*10%	15,270.58	15,591.84

Note:

1. The amount of paid-up equity share capital and free reserves as at March 31, 2024 have been accurately extracted from the latest audited annual Standalone and Consolidated Financial Statements as at and for the year ended March 31, 2024.
2. Considered as defined in section 2(43) read with section 68 and explanation II to Section 68 of the Companies Act, 2013. Accordingly, retained earnings are reduced to the extent of Rs 2534.82 Lakhs on account of fair value changes of certain assets & liabilities.

For and on behalf of Board of Directors
VLS Finance Limited


S. K. Agarwal
Managing Director
DIN:00106763
Place: Delhi
Date: August 9, 2024


K.K. Soni
Director-Finance & CFO
DIN:00106037



Signed for identification
For Agiwal & Associates
Chartered Accountants
Firm Registration No.000181N

Partner
(Membership No. 080475)
Place: New Delhi