

# XXIX ANNUAL REPORT 2015-2016

**VLS FINANCE LTD.**

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Phone : 011-46656666 Fax : 011-46656699

### NOTICE

#### 29<sup>TH</sup> ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY WILL BE HELD AT

The Auditorium, Sri Sathya Sai International Centre,  
Institutional Area, Lodhi Road  
Pragati Vihar, New Delhi - 110 003  
at 3:30 P.M.  
on Thursday,  
the 15<sup>th</sup> day of September, 2016

#### SHARE TRANSFER & INVESTOR SERVICES

M/s RCMC Share Registry Pvt. Ltd.  
Unit: VLS Finance Ltd.  
B-25/1, 1st Floor, Okhla Industrial Area, Phase-II,  
New Delhi-110020  
Ph. : 011 26387320-21-23 Fax : 011 26387322

Our e-mail address :

✉ For investor services : [hconsul@vlsfinance.com](mailto:hconsul@vlsfinance.com)

✉ Other than above : [vls@vsnl.com](mailto:vls@vsnl.com)  
visit us at [www.vlsfinance.com](http://www.vlsfinance.com)

#### CONTENTS

#### Page No.

Directors' Report .....	1-29
Report on Corporate Governance .....	20-26
Auditors' Report .....	30-32
Balance Sheet .....	33
Profit & Loss Account .....	34
Notes .....	35-39
Cash Flow Statement .....	40
Annual Accounts of Subsidiaries .....	41-66
Consolidated Financial Statements .....	67-75

#### BOARD OF DIRECTORS :

Shri Ajit Kumar	Chairman
Shri S.K. Agarwal	Managing Director
Shri K. K. Soni	Director-Finance & CFO
Shri M.P. Mehrotra	Director
Dr. (Mrs.) Neeraj Arora	Director
Shri Vikas Mehrotra	Director
Dr. S. Ramesh	Director
Shri. D.K. Mehrotra	Director
Shri R. Bandyopadhyay	Director

#### COMPANY SECRETARY

Shri H. Consul

#### AUDITORS

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

#### BANKERS

HDFC Bank  
UCO Bank

#### EQUITY SHARES LISTED AT :

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

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

#### BSE LTD. (formerly THE BOMBAY STOCK EXCHANGE),

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

#### THE CALCUTTA STOCK EXCHANGE LTD.

7, Lyons Range, Kolkata-700 001.

#### Attention Members

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

N.B. : Members/Proxy are requested to bring their copy of Annual Report at the Meeting as extra copies have not been printed due to high cost of paper/Printing

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the 29<sup>th</sup> Annual Report of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2016.

### 1. Financial Results (Rs. in Lakhs)

	For the year ended 31st March, 2016	For the year ended 31st March, 2015*
<b>Gross Receipts</b>	<b>191701.79</b>	462349.03
Profit before Interest & Depreciation	<b>1036.82</b>	799.38
Less: Interest & Finance Charges	<b>195.80</b>	23.04
Profit before Depreciation	<b>841.02</b>	776.33
Less: Depreciation	<b>44.96</b>	47.64
Profit before Tax	<b>796.06</b>	728.69
Less: Provision for Taxation/(Credits)	<b>94.08</b>	(80.68)
Profit after Tax	<b>701.98</b>	648.01
Surplus brought forward from previous year	<b>4444.25</b>	2495.28
Less: Adjustment on account of transitional Provision effect for depreciation	<b>0.00</b>	1.16
Add: Transfer from Statutory Reserve (Under RBI Act, 1934)	<b>0.00</b>	1302.13
Available for Appropriation	<b>5146.23</b>	4444.25
<b>Appropriations:</b>		
To General Reserve	<b>0.00</b>	0.00
Surplus c/f	<b>5143.23</b>	4444.25

\* (Figures have been regrouped/recast to conform to current year's methodology)

### 2. Management Discussion and Analysis

#### Financial Review

During the year under review, profit before tax was Rs.796.06 Lakhs as compared to Rs. 728.69 Lakhs for the previous year and profit after tax was also higher at Rs. 701.98 Lakhs as compared to Rs. 648.01 Lakhs during the previous year.

#### Industry Structure and Development

The world economy showed a weakening trend, with weak aggregate demand, falling commodity prices and increasing volatility in the financial markets. Most emerging economies have been showing slower economic growth. India has fortunately been able to buck this trend, thanks largely to the country's domestic demand and comparatively limited reliance on the external sector for growth. The world economy's revised growth rate was at 2.4% as compared to 3.6% in the previous year and is projected to grow by 2.9% in 2016.

The Asian region is expected to grow at a steady 5.4 percent in 2015-16 and will continue to remain the global growth leader. Asia's growth should benefit from relatively strong labour markets and growth in disposable income along with the ongoing recovery in major developed economies. Low inflation, increased public investment, revival of private investment and increased consumption (both urban and rural) were the major factors influencing India's GDP growth which was at 7.4%. The continuing tightening measures by the Reserve Bank of India to combat inflation, led to higher cost of funds which adversely affected India's industrial growth. The value of the rupee stabilized vis-à-vis other international currencies during the later half of the fiscal year as a result of various measures taken by the Government and Reserve Bank of India.

#### Outlook, Risks and Concerns

Your Company has been making use of available opportunities in the capital and the commodities markets for its operations, keeping in view its business objectives. The Company received registration as stock broker in October, 2014. After complying with the requisite formalities of the stock exchange viz. BSE Ltd, the Company commenced operations as stock broker in December, 2015.

The underlying strength of Indian consumption and demand, continues to remain robust. The country's equity markets remain a favourite of global investors. The performance of your Company is closely linked to those of the stock and commodities markets and more particularly to stock markets. The growth tendencies for 2016-17 are expected to be mostly reflective of the developments in these areas. Your Company is cautiously optimistic in the current scenario and will focus on a well-adjusted portfolio mix, resourceful cost management and risk containment measures in order to sustain profitability.

The Company is exposed to normal industry risks such as credit, interest rate, economic, currency, political, market and operational risks. Our approach to risk management is based on our extensive experience and well placed risk management framework. The Company views risk management as integral to its business for creating and maintaining best practices in business operations and administration.

#### Opportunities and Threats

Positive strides have been made since the new government has taken over. The Company is looking forward to grasp the available opportunities. The Company will also focus on permitted avenues as a member of the Stock Exchange including corporate advisory and other related services. The uncertain state of the global economy however remains a cause of concern.

#### Adequacy of Internal Financial Control Systems

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal financial control systems in the Company, its compliance with operating systems, accounting procedures and policies at all levels of the Company and its subsidiaries. Significant audit observations and the corrective actions thereon are presented to the Audit Committee of the Board. The control framework is established and maintained by the Company. The observations by the internal and statutory auditors is perused by the Management, the Audit Committee as well as the Board for proper implementation. The Company's internal financial controls have been found to be adequate and effective.

#### Segment wise Performance

Accounting Standard (AS-17) relating to "Segment Reporting" has been complied with. The gross operating income and profit from the other segment is below the norms prescribed in AS-17, hence separate disclosure has not been made.

#### Cautionary Statement

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

#### 3. Dividend

As a measure to conserve resources, no dividend is recommended.

#### 4. Reserve

No amount was proposed to be transferred to the reserve during the year under review.

#### 5. Directors/ Key Managerial Personnel (KMP)

The following changes have occurred from 01/04/2015 till the date of

this report in the composition of the Board of Directors/ Key Managerial Personnel of your Company:

**Directors:**

Due to untimely demise of Shri Somesh Mehrotra on 22/08/2015, he ceased to be the Director from that date and Shri M.P. Mehrotra was appointed as Non-Executive/Non-Independent Director on 12.09.2015 to fill the casual vacancy so caused. Shri. B.M. Oza ceased to be Director w.e.f. 30/06/2016 due to his demise.

Shri R. Bandyopadhyay and Shri D.K. Mehrotra have been appointed as Additional Directors in the category of Independent Director w.e.f. 28.05.2016 besides Shri Vikas Mehrotra who was also appointed an Additional Director on 28.05.2016 in the category of Non-Independent Director. Shri Vikas Mehrotra is son of Shri M.P. Mehrotra- Promoter and Director of the Company and is related to him as such.

In accordance with the provisions of Article 89 of the Articles of Association of the Company, Shri K. K. Soni- Director-Finance & CFO will retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers himself for re-election.

The tenure of Shri S.K. Agarwal-Managing Director is ending on 20<sup>th</sup> August, 2016 and his reappointment, subject to members approval, has been made in the Board meeting held on 28/05/2016. His tenure as a Managing Director will be effective from 21/08/2016 for a period of 3 years.

As already reported, Dr. (Mrs.) Sushma Mehrotra ceased to be Director on 09/04/2015 due to her demise. Dr. (Mrs.) Neeraj Arora was appointed as Additional Director w.e.f. 30/05/15 and her appointment as Director liable to retire by rotation was approved by members in 28<sup>th</sup> Annual General Meeting held on 24/09/15.

**Key Managerial Personnel (KMP):**

Shri K. K. Soni- Director-Finance & CFO was reappointed as such in the extraordinary general meeting held on 19<sup>th</sup> December, 2015. There has been no other change in the Key Managerial Personnel of your Company during the year under review.

**6. Independent Directors**

The Independent Directors of your company have complied with the relevant provisions of the law relating to their declaration served to the Company and they continue to comply with the provisions of the applicable laws & listing regulations.

**7. Annual Return extract (MGT-9)**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **annexure A**.

**8. Contracts with Related Party**

The disclosure in prescribed form AOC-2 is enclosed as **annexure B**.

**9. Directors' Responsibility Statement**

Pursuant to the provisions of Section 134(3) of the Companies Act, 2013, the Directors hereby confirm:

- a. that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- b. 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;
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. that they have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis.
- e. that they have laid down Internal Financial controls to be followed by the Company and that such Internal Financial Controls are adequate and effective.

- f. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating.

**10. Evaluation of Board/Committees/Individual Directors**

The Board carried out the annual performance evaluation of its own performance, its Committees and Directors. The exercise was led by the independent directors and the Chairman. The evaluation process focused on various aspects of the Board and Committees functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual directors on parameters such as attendance, contribution and independent judgment. The Directors expressed their satisfaction with the evaluation process. The aim was to assess the effectiveness of the Board's/Committees' processes, and to identify any actions required to improve effectiveness. The review thus focused on the following associated areas; structure, leadership, strategy, risks, decision making and development.

The evaluation process comprised the following:

- Review of Board, Committees and management information and other relevant documentation
- Meetings with key individuals within the organization.
- Discussions with all directors on the Board, Committee members focusing on aspects of the Board's and Committees' composition; strategy, risk and controls; decision-making, roles and performance of the Chairman, independent directors, executive directors and other non-executive directors.

Given the experience and qualifications of the Board members, it was not considered necessary to engage external persons to facilitate the evaluation process. Most directors have rich experience of corporate environment and so they are accustomed to having their performance regularly evaluated.

**11. Proper systems to ensure compliances were adequate and effective**

The professional conduct sets expectations that all employees shall comply with all laws and regulations governing company's conduct. Information is reported upwards internally within the organization to senior management and as appropriate, also shared with the Board of Directors and/or the external auditors. Information is reported externally in public filings, if it meets the criteria for requiring public disclosure.

**12. Number of meetings**

During the financial year ended on 31<sup>st</sup> March, 2016, the Board met 5 times, on 28/05/2015, 11/08/2015, 12/09/2015, 06/11/2015 and 09/02/2016.

**13. Corporate Social Responsibility (CSR)**

With the enactment of the Companies Act, 2013 ('Act') the Company is covered under the threshold prescribed under the Act for CSR.

In the previous year it was reported that the Company had to expend a sum of Rs. 4,98,534/- being 2% of the average profits of the previous three years on its CSR initiatives. However, based on the clarification by the Ministry of Corporate Affairs on the computation of the profits under section 135 of the Companies Act, 2013, a recalculated figure of Rs. 6,47,440/- was derived to be spent on its CSR activities which is higher than the earlier reported figure for the year 2013-2014. The amount to be spent on CSR initiatives for the year 2014-2015 amounted Rs. 8,46,347/-. Out of the total amount of Rs. 14,93,787/- to be spent on CSR in the year 2015-2016, the Company had placed Rs. 6,48,000/- in the 'Prime Minister's National Relief Fund' as recommended by the CSR committee in its meeting held on 21<sup>st</sup> March, 2016. The unspent amount for CSR as on 31/03/2016 was Rs. 8,45,787/-. Further, Rs. 100,000/- was approved by the CSR Committee by circulation on 06/06/2016 to be expended by way of contribution made by the Company to Jan Akanksha Pratishthan's (a non-government organisation) 'Flying Feet' initiative. The cumulative unspent brought forward amount for CSR activities thus stood at Rs.7,45,787/- . The allocation for the year 2015-16 towards CSR expenditure amounts to Rs. 7,98,376/-. Accordingly, the total unspent

amount under CSR as on date of this report is Rs. 15,44,163/-. This amount will be spent as per the further recommendations of the CSR Committee. Given below is the summary of the amount expended on CSR:

**Statement of CSR allocation and expenditure**

(in Rs.)

Financial Year	Allocated Amount	Amount Spent	Amount Unspent (cumulative)
2013-2014	6,47,440	Not applicable	6,47,440
2014-2015	8,46,347	0	14,93,787
2015-2016	7,98,376	6,48,000	16,44,163
2016-2017	*	1,00,000	15,44,163

\*will be computed after closure of current financial year.

The report of CSR Committee in terms of section 135 of the Companies Act, 2013 is enclosed as **Annexure –C** to this report.

**14. Policies**

Your Company has formulated following policies to better perform its functions and deliver results.

**A. Corporate Social Responsibility Policy**

**Primer**

VLS Finance Limited (VLSF) is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Companies Act, 2013 and related Rules, as amended.

VLSF believes that development has to be all-encompassing and every community has to be responsible for the development of an impartial and benevolent society. VLSF commits itself to add to the society in ways possible for the organization.

**Intention & Purpose**

- Strategy is to develop a long-term vision for VLSF CSR goals.
- Outline of activities to be embarked upon, in line with the CSR policy and Schedule VII of the Companies Act, 2013, as amended.
- VLSF shall promote projects that are sustainable and create a long term value for the society;
- Have specific and measurable goals in alliance with VLSF beliefs;
- To establish a mechanism for the implementation and monitoring of the CSR activities.

**Committee Composition**

The CSR Committee of the Board shall be composed of at least three (3) Directors. The CSR Committee shall include one (1) independent director effectively within the time period prescribed under law. Members of the CSR Committee may be replaced by any other member of the Board.

**Committee Meetings**

The CSR Committee shall meet as often as its members deem necessary to perform its duties responsibly.

**Duties & Responsibilities of CSR Committee**

- i) Formulate and recommend to the Board the CSR activities/ programs to be undertaken by VLSF. The CSR Committee shall be guided by the list of activities specified in Schedule VII to the Companies Act, 2013.
- ii) Recommend the CSR expenditure to be incurred on the CSR activities.
- iii) Institute a transparent mechanism for implementation of the CSR projects and effective monitoring tools of such projects.
- iv) Preparation of annualized reports of the CSR activities undertaken and submission of the same to the Board.

**Responsibilities of the Board**

- i) Approve the CSR Policy and expenditure on CSR initiatives after taking into consideration the recommendations made by the CSR committee.

- ii) Ensure the CSR spending in every financial year is in accordance with statutory provisions as applicable from time to time.
- iii) Ensure that the CSR activities included in the policy are undertaken by the Company and are in conformity to the activities as outlined in Schedule VII of the Companies Act.
- iv) Ensure disclosure of the contents of the CSR Policy and CSR Committee in its report to the members and put the policy on the Company's website.

**CSR Expenditure**

- i) CSR expenditure shall mean all expenditure incurred in respect of specific projects/programs relating to activities as approved by the Board on the recommendation of its CSR committee including contribution to corpus relating to CSR activities and it shall not include expenditure on an item not in conformity with the CSR policy and Schedule VII of the Companies Act, 2013.

- ii) The surplus arising out of the CSR activities or projects shall not form part of the business profit of the Company.

**CSR Activities – Projects**

- i) The Company may undertake one or more CSR activities in line with Schedule VII of the Companies Act, 2013.
- ii) The Company shall give preference to the local area(s) around which it operates while considering the CSR activities to be undertaken. However, it may be guided by the requirements of the specific CSR activity in other locations within India.

**Implementing CSR Activities**

- i) The Company shall undertake the CSR activities directly and also through various implementing agencies within the group or outside such as, non-profit organizations, etc. Such outside implementing agencies shall have an established track record as prescribed under the relevant law.
- ii) The initiatives so undertaken may be communicated to the employees through specific awareness campaigns, so as to enable maximum participation.
- iii) The Company may collaborate with other companies for undertaking CSR projects or programs provided separate reporting mechanisms are in place and are in accordance with Companies Act, 2013 and rules thereunder, as amended.

**Assessment**

The CSR committee shall be apprised on the implementation of the CSR activities and the progress shall be monitored on regular basis.

The Company shall through its internal controls, monitoring and evaluation systems, implement, assess, document and report the impact of its CSR activities.

**General**

Any term or aspect not specifically defined or set out in this policy shall be construed to mean what is laid down in respect thereof under the Act or CSR Rules.

**Amendments**

This Policy may be reviewed and amended from time to time.

**B. Related Party Transaction**

The detailed policy may be accessed at [www.vlsfinance.com](http://www.vlsfinance.com)

The Board of Directors (the "Board") of VLS Finance Limited (the "Company") has adopted this Policy. The said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the

Listing Agreement.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

**C. Board diversity**

The detailed policy may be accessed at [www.vlsfinance.com](http://www.vlsfinance.com)

VLS Finance Ltd. recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry knowledge and experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible would be balanced appropriately. All Board appointments shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

**D. Risk Management**

The detailed policy may be accessed at [www.vlsfinance.com](http://www.vlsfinance.com)

The Company has formed Risk Management Policy to ensure appropriate risk management within its systems and culture. The Company operates in a competitive environment and is generally exposed to various risks at different times such as technological risks, business risks, operational risks, financial risks, etc. The Board of Directors and the Audit Committee of the Company shall periodically review the Risk Management Policy of the Company so that the Management controls the risk through properly defined network.

The Company has a system based approach to business risk management backed by strong internal control systems. A strong independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Board reviews internal audit findings, and provided strategic guidance on internal controls, monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and procedures adequately addresses the various risks associated with your Company's businesses.

**E. Anti-sexual harassment mechanism**

The detailed mechanism may be accessed at [www.vlsfinance.com](http://www.vlsfinance.com)

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All women employees interalia (permanent, contractual, temporary, trainees) are covered under this policy.

The Internal Complaints Committee is headed by the woman Director on the Board. There were no complaints received from any employee or otherwise during the year under review and no complaints were pending as on 31/03/2016.

**F. Nomination and Remuneration Policy**

**Title:**

This Policy shall be called 'VLSF Nomination and Remuneration Policy.'

**Objective:**

The provisions in the Companies Act, 2013 and corresponding provisions in the revamped Regulation 27(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 have ushered Indian corporate system in to a new era of Corporate Governance placing onerous governance responsibilities on the shoulders of the Board of Directors and Key Managerial Personnel of the Companies.

Section 178 of the Companies Act, 2013 and clause 49 of the Listing Agreement provide the necessary legal impetus for companies to have a policy and criteria for various matters like the remuneration of directors, key managerial persons and other employees, training of Independent Directors and performance evaluation of directors.

Considering this it is necessary to ensure quality of persons on the Board of Directors of the Company as well as in the Key Managerial personnel, as these are the persons who are entrusted with the responsibility of policy formulation for, direction to and execution of the business and operations of the Company.

**Definitions:**

**Board** means the Board of Directors of VLS FINANCE LIMITED.

**Company** means VLS Finance LIMITED.

**Committee** means Nomination and Remuneration Committee of Board of Directors.

**Director** means a person who has been appointed as such on the Board of the Company and includes Executive as well as Non-Executive Directors.

**Executive Director** means a Director who is in the whole time employment of the Company and includes a Managing Director as well as a Whole time Director and Manager, if member of the Board.

**Government** includes Central Government as well as any of the State Governments, any statutory authority, tribunal, board or a governmental or semi-governmental authority or any authority or agency recognized by the Government.

**HR Department** means the Human Resource Department of the Company.

**HR Policy** means the Policy of the Company defining the criteria and process for the recruitment, training, appraisal etc. and dealing with other matters concerning the employees of the Company.

**Key Managerial Person** means a person appointed as such by the Board under Section 203 of the Companies Act, 2013.

**Nomination & Remuneration Committee** means the Committee of the Board constituted as such under the provisions of Section 178 of the Companies Act, 2013.

**Non-Executive Director** means a Director who is not in the whole time employment of the Company and includes an Independent Director, Promoter Director and Nominee Director.

**Policy** means this policy, as amended from time to time.

**Contents of the Policy:**

This Policy contains following:

- a) Process for the selection and appointment of Directors and Key Managerial Personnel;
- b) Criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company;
- c) Training of Independent Directors.
- (l) Selection of Directors and Key Managerial Personnel

In case of Executive Directors and Key Managerial Personnel, the selection can be made in either of the ways given below:

- a) by way of recruitment from outside;

- b) from within the Company hierarchy; or
- c) Upon recommendation by the Chairman or other Director.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director or it may be a fresh appointment.

In case of Non-Executive Directors the selection can be made in either of the ways given below:

- a) by way of selection from the data bank of Independent Directors maintained by the Government.
- b) Upon recommendation by Chairman or other Director.

The appointment may be made either to fill up a vacancy caused by resignation, death or removal of an existing Non-Executive Director or it may be appointment as an additional director or an alternate director.

(II) Qualifications, Experience and Positive Attributes of Directors

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may, if considered necessary, call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.
- c) In case of appointment as a Non-Executive Director, the candidate must be a graduate or possess diploma or a professional qualification in the field of his practice / profession / service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee, provided that the Board may waive the requirements of qualification and /or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

(III) Process for Appointment of Directors and Key Managerial Personnel

(A) Process for the appointment of Executive Directors and Key Managerial Personnel:

- a) A proposal for the appointment of an Executive Director / Key Managerial Personnel with such details as may be prescribed shall be submitted for the consideration of the Committee. The proposal with recommendation of committee will be placed before the Board.
- b) The Board shall, based on the information

available in the proposal and recommendation of committee deliberate upon the necessity for appointment, expertise, skill and knowledge of the candidate and reasonableness of the remuneration.

- c) The Board may call and seek the help of any other Company Official including the recommender or a Key Managerial Personnel while finalizing the appointment. The recommender shall not take part in the discussion or voting on the appointment of a Key Managerial Personnel.

(B) Process for the appointment of Non- Executive Directors:

- a) A proposal for the appointment of a Non-Executive Director with such details as may be prescribed shall be submitted for the consideration of the committee. The proposal with recommendation of committee will be placed before the Board.
- b) The Board, based on the information available in the proposal, shall deliberate upon the necessity for appointment, integrity, qualifications, expertise, skill and knowledge of the candidate.

(IV) Remuneration of Directors, Key Managerial Personnel and other Employees

- a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:
  - i) Criteria / norms for determining the remuneration of such employees prescribed in applicable statutory provisions and Company's internal criteria for remuneration.
  - ii) Existing remuneration drawn.
  - iii) Industry standards, if the data in this regard is available.
  - iv) The job description.
  - v) Qualifications and experience levels of the candidate,
  - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
  - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
- b) The determination of remuneration for other employees shall be governed by the HR Policy.
- c) The proposal for the appointment of an Executive Director / Key Managerial Personnel shall provide necessary information in this regard including recommendation of Committee to the Board in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).
- d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013.
- e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof.
- f) The Non-Executive Directors shall not be eligible to

receive any remuneration / salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board / shareholders from time to time.

The Non-Executive Directors shall also be eligible to receive reimbursement of reasonable out-of-pocket expenses incurred by them for attending the meetings of the Board, committees or shareholders, including travelling and lodging & boarding expenses or such other expense incurred by them regarding the affairs of the Company on an actual basis.

- g) The amount of sitting fee and commission payable to Non-Executive Directors shall not exceed the limits prescribed therefor under the provisions of the Companies Act, 2013.

Explanation: For the purposes of this Policy, Remuneration shall mean the Cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to the employee.

(V) **Training of Independent Directors**

The Company shall arrange to provide training to Independent Directors to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

The training may be provided in any of the ways given below:

- By providing reading material to the Independent Director(s) giving all relevant information about the Company, industry and the role of Independent Directors.
- An induction program devised for the Independent Director(s) wherein structured training is provided to the Independent Director(s) either exclusively or with other officials of the Company who are due for such induction / training.
- Such other manner as may be prescribed by applicable law or decided by the Board.

**Interpretation:**

- Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- The reference to the male gender in the Policy shall be deemed to include a reference to female gender.
- In case of any dispute or difference upon the meaning / interpretation of any word or provision in this Policy, the same shall be referred to the Committee and the decision of the Committee in such a case shall be final. In interpreting such term / provision, the Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

**Amendments:**

The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provisions or replace this Policy entirely with a new Policy.

G. **Vigil Mechanism /Whistle Blower**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. Vigil

(whistleblower) mechanism provides a channel to the employees and directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the code of conduct or policy. The mechanism provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

The detailed policy may be accessed at [www.vlsfinance.com](http://www.vlsfinance.com).

**15. Corporate Governance and Compliance Certificate**

We have reported in **annexure D** to this report, the extent of compliance of Corporate Governance practices in accordance with Regulation 27 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**16. Auditors**

The Statutory Auditors, M/s. Agiwal & Associates, Chartered Accountants (FRN: 000181N), will retire at the forthcoming annual general meeting. The Company has received a certificate from the Auditors that they are qualified under Section 139 of the Companies Act, 2013 ('Act') to act as the Auditors of the Company, if appointed. Concurring to the recommendation of the Audit Committee, the Board of Directors recommends their appointment. The Board may also be authorised to fix their remuneration. In terms of Section 139(2) read with rule 6 of Companies (Audit and Auditors) Rules, 2014. The present auditor can be appointed for one more term i.e. for the financial year 2016-17 before being subjected to compulsory rotation of auditors as per the extant provisions of the Act. The Board in its meeting held on 28/05/2016 has appointed Ms. Pooja Gandhi –Practicing Company Secretary as secretarial auditor for the year 2016-17. The provisions relating to Cost Records and Audit are not applicable to your company.

**17. Auditors' Report**

The observations made by the Auditors, with reference to notes on accounts for the year under report, have been adequately dealt with in the relevant Notes forming part of Financial Statements and need no further comments from Directors.

**18. Secretarial Audit Report**

According to the provision of Section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by Company Secretary in Practice is enclosed as a part of this report as **annexure E**.

**19. Statutory Information**

During the year under review, the Company did not absorb any new technology or carry out any R&D related activity for this purpose. However, use of energy efficient devices, wherever possible, in conducting business of Company is part of its administration policies. The detailed disclosure is enclosed as **annexure F** to this report.

- The shares of the Company are presently listed at BSE Ltd., The National Stock Exchange of India Ltd., Mumbai and The Calcutta Stock Exchange Ltd., Kolkata.
- The Company has paid the annual listing fees for the year 2016-2017 to all the aforesaid Stock Exchanges.
- Upon closure of Madras Stock Exchange (MSE) vide SEBI order dated 14/05/2015 the listing of shares of Company stood terminated from said exchange.
- Your company's principle business is acquisition of securities; hence Section 186 of the Act is not applicable.
- Your Company has not issued equity shares with differential voting rights, sweat equity or ESOP in terms of section 43 and section 62 of the Companies Act, 2013, during the year under review.
- No revision of financial statements or boards report has been made in terms of Section 131 of the Companies Act, 2013, during the year under review.



- No Independent Director was reappointed through special resolution during the year under review.
- Disclosure relating to ratio of the remuneration of each director to the median employee's remuneration in terms of Section 197(12) of the Companies Act, 2013 is enclosed as **annexure G** to this report.
- The managing director and whole time director (Director-Finance & CFO) of your company are not in receipt of any remuneration or commission from any of subsidiary company in terms of Section 197(14) of the Companies Act, 2013.
- There were no orders passed by the regulators against the Company.
- Senior Management have made all the disclosures to the Board relating to all material financial and commercial transactions, if any.

#### 20. Fixed Deposits

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

#### 21. Human Resources

Employee relations continued to be cordial during the year. The number of employees stood at 30. The Directors place on record their appreciation of the devoted service of the employees at all levels. In terms of the provisions of Section 197 of the Companies Act 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there was no employee during the year drawing remuneration more than the stipulated amount in the said rules. Your company has not approved any scheme relating to provision of money to be held in a trust for the benefit of the employees in terms of section 67(3)(b) of the Companies Act, 2013 during the year under review.

#### 22. Green initiative in Corporate Governance

As a continuing endeavor towards the Go Green initiative, the Company proposes to send future correspondence and documents like the notice calling the general meeting, audited financial statements, directors' report, and auditors' reports etc. in the electronic form, to the email addresses provided by the Members and made available to us by the Depositories. Members who hold shares in the physical form are requested to register their e-mail addresses and intimate any changes in their e-mail id, with the Company or with the Registrar & Share Transfer Agents, RCMC Share Registry Pvt. Ltd. In respect of electronic holdings, members are requested to register their e-mail addresses with the

Depository through their concerned Depository Participants. However, in case you desire to receive Company's communication and documents in physical form, you are requested to intimate us through email at [hconsul@vlsfinance.com](mailto:hconsul@vlsfinance.com). You may kindly note that as a member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

#### 23. Subsidiary Companies

Statement pursuant to Section 129(3) of the Companies Act, 2013 for the financial year ended 31/3/2016 in respect of the Subsidiary Companies, is enclosed with Annual Accounts of the Company.

After coming into effect of the Companies Act, 2013, the definition of "associate" covers a Company or Companies in which the Company holds not less than 20% of the Total Share Capital of that company or those companies irrespective of whether they are in the same group or not except when held in fiduciary capacity. Hence, Sunair Hotels Ltd. and BMS IT Institute Private Ltd which are presently not in the same group, have been considered as associates. Even though the Company is in litigation with these companies, in the opinion of the Company, there is no adverse impact of such litigation on investments/advances made by it in these associates.

Separate section on performance and financial position of subsidiary and associate companies have been provided as note no. 23 sub-note 17(a) and 17(b) of Notes forming part of consolidated financial statement in the Annual Report for the year under review.

#### 24. Consolidated Financial Statements

In compliance of section 129(3) of the Companies Act, 2013, the consolidated financial statements in accordance with the prescribed accounting standards are annexed to the audited annual accounts for the year under review.

#### 25. Acknowledgements

Your Directors wish to place on record their sincere appreciation and gratitude to the Company's business associates, customers, Bankers, the Securities & Exchange Board of India, Stock Exchanges and in particular BSE Ltd. 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 of Directors

Place : New Delhi  
Date : 29/07/2016

S.K. Agarwal  
Managing Director  
DIN: 00106763

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

#### Annexure A

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
as on financial year ended on 31.03.2016**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L65910DL1986PLC023129
ii	Registration Date	20/01/1986
iii	Name of the Company	VLS FINANCE LIMITED
iv	Category/Sub-category of the Company	Public Limited Company
v	Address of the Registered office & contact details	2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065 Phone Nos. 011-46656666 Fax : 011-46656699
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. RCMC Share Registry Pvt. Ltd., B-25/1 First Floor, Okhla Industrial Area Phase-II, New Delhi-110020 Phone Nos. 011 – 26387320 Fax 011-26387322

**II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Investment	9999999	99.83

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
1	VLS Securities Ltd. 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065	U74899DL1994PLC062123	Subsidiary	99.67	2(87)
2	VLS Asset Management Ltd. 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065	U74899DL1995PLC065812	Subsidiary	99.15	2(87)
3	VLS Capital Ltd. C-561, Defence Colony, New Delhi- 110024	U67190DL1985PLC022302	Associate	38.09	2(6)
4	Sunair Hotels Ltd. A-7, 1st Floor, Geetanjali Enclave New Delhi-110017	U74899DL1977PLC008495	Associate	24.14	2(6)
5	BMS IT Institute Pvt. Ltd. 56, Navjeevan Vihar New Delhi- 110017	U80301DL2005PTC139764	Associate	28.24	2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	3472115	0	3472115	8.98%	3637594	0	3637594	9.41%	0.43%
b) Central Govt.or State Govt.	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corporates	13686138	29300	13715438	35.48%	13686138	29300	13715438	35.48%	0.00%
d) Bank/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL:(A) (1)</b>	<b>17158253</b>	<b>29300</b>	<b>17187553</b>	<b>44.46%</b>	<b>17323732</b>	<b>29300</b>	<b>17353032</b>	<b>44.88%</b>	<b>0.43%</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other...	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>17158253</b>	<b>29300</b>	<b>17187553</b>	<b>44.46%</b>	<b>17323732</b>	<b>29300</b>	<b>17353032</b>	<b>44.88%</b>	<b>0.43%</b>
<b>B PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	100	100	0.00%	0	100	100	0.00%	0.00%
b) Banks/FI	9000	500	9500	0.02%	9000	500	9500	0.02%	0.00%
c) Central govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIS	0	300	300	0.00%	0	300	300	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL (B)(1):</b>	<b>9000</b>	<b>900</b>	<b>9900</b>	<b>0.03%</b>	<b>9000</b>	<b>900</b>	<b>9900</b>	<b>0.03%</b>	<b>0.00%</b>

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	1834042	131500	1965542	5.08%	1707950	119900	1827850	4.73%	-0.36%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	10790205	3665672	14455877	37.39%	11169728	3582972	14752700	38.16%	0.77%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	4711363	40000	4751363	12.29%	4100418	800	4101218	10.61%	-1.68%
c) Others (specify)									
a) NRI / OCB	107648	2800	110448	0.29%	250588	2800	253388	0.66%	0.37%
b) Foreign National	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Clearing Member	177834	0	177834	0.46%	363929	0	363929	0.94%	0.48%
d) LLP	3500	0	3500	0.01%	0	0	0	0.00%	-0.01%
e) Trust	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL (B)(2):</b>	<b>17624592</b>	<b>3839972</b>	<b>21464564</b>	<b>55.52%</b>	<b>17592613</b>	<b>3706472</b>	<b>21299085</b>	<b>55.09%</b>	<b>-0.43%</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>17633592</b>	<b>3840872</b>	<b>21474464</b>	<b>55.54%</b>	<b>17601613</b>	<b>3707372</b>	<b>21308985</b>	<b>55.12%</b>	<b>-0.43%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>34791845</b>	<b>3870172</b>	<b>38662017</b>	<b>100.00%</b>	<b>34925345</b>	<b>3736672</b>	<b>38662017</b>	<b>100.00%</b>	<b>0.00%</b>

**(ii) Shareholding of Promoters**

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Shri M. P. Mehrotra	285	0.00%	0.00	285	0.00%	0.00	0.00%
2	VLS Commodities Pvt. Ltd.	377400	0.98%	0.00	377400	0.98%	0.00	0.00%
3	Dr. (Mrs) Sushma Mehrotra #	470500	1.22%	0.00	0	0.00%	0.00	-1.22%
4	Shri Somesh Mehrotra *	884691	2.29%	0.00	0	0.00%	0.00	-2.29%
5	Vikas Mehrotra	486006	1.26%	0.00	486006	1.26%	0.00	0.00%
6	Ms. Divya Mehrotra	1041871	2.69%	0.00	1207350	3.12%	0.00	0.43%
7	M. P. Mehrotra (HUF)	510025	1.32%	0.00	510025	1.32%	0.00	0.00%
8	M. P. Mehrotra (HUF)	78737	0.20%	0.00	549237	1.42%	0.00	1.22%
9	VLS Capital Ltd.	13336538	34.50%	0.00	13336538	34.50%	0.00	0.00%
10	South Asian Enterprises Ltd.	1500	0.00%	0.00	1500	0.00%	0.00	0.00%
11	Pragati Moulders Ltd.	0	0.00%	0.00	0	0.00%	0.00	0.00%
12	Mrs. Sadhana Mehrotra	0	0.00%	0.00	884691	2.29%	0.00	2.29%
13	Ms. Daya Mehrotra	0	0.00%	0.00	0	0.00%	0.00	0.00%
14	Shri Ramji Mehrotra	0	0.00%	0.00	0	0.00%	0.00	0.00%
15	Mrs. Sushma Mehrotra	0	0.00%	0.00	0	0.00%	0.00	0.00%
	<b>Total</b>	<b>17187553</b>	<b>44.46%</b>	<b>0.00</b>	<b>17353032</b>	<b>44.88%</b>	<b>0.00</b>	<b>0.43%</b>

# Died on 09/04/2015

\* Died on 22/08/2015

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

S.No	Shareholder's Name	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Dr. (Mrs.) Sushma Mehrotra					
	At the beginning of the year		470500	1.22%	470500	1.22%
	03/07/2015	Transfer	-470500	-1.22%	0	0.00%
	At the end of the year				0	0.00%
2	Maresh Prasad Mehrotra (HUF)					
	At the beginning of the year		588762	1.52	588762	1.52
	03/07/2015	Transfer	470500	1.22	1059262	2.74
	At the end of the year				1059262	2.74
3	Divya Mehrotra					
	At the beginning of the year		1041871	2.69%	1041871	2.69%
	01/01/2016	Transfer	32000	0.08%	1073871	2.78%
	22/01/2016	Transfer	79120	0.20%	1152991	2.98%
	26/02/2016	Transfer	54359	0.14%	1207350	3.12%
	At the end of the year				1207350	3.12%
4	SOMESH MEHROTRA					
	At the beginning of the year		884691	2.29%	884691	2.29%
	02/10/2015	Transmission	-884691	-2.29%	0	0.00%
	At the end of the year				0	0.00%
5	SADHANA MEHROTRA					
	At the beginning of the year		0	0.00%	0	0.00%
	02/10/2015	Transmission	884691	2.29%	884691	2.29%
	At the end of the year				884691	2.29

There was no change in shareholding of other constituents of Promoter group detailed in sub clause (ii) hereof during the year under review.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	KABIR MULJI					
	At the beginning of the year 01/04/2015		320000	0.83	320000	0.83
	10/04/2015	Transfer	-30000	-0.08	290000	0.75
	At the end of the year 31/03/2016				290000	0.75
2	THE DHAMPUR SUGAR MILLS LTD					
	At the beginning of the year 01/04/2015		263142	0.68	263142	0.68
	At the end of the year 31/03/2016				263142	0.68
3	RENU KABRA					
	At the beginning of the year 01/04/2015		254202	0.66	254202	0.66
	12/06/2015	Transfer	1400	0	255602	0.66
	At the end of the year 31/03/2016				255602	0.66
4	ANURAG JAIN					
	At the beginning of the year 01/04/2015		245681	0.64	245681	0.64
	10/04/2015	Transfer	24367	0.06	270048	0.7
	17/04/2015	Transfer	66314	0.17	336362	0.87
	24/04/2015	Transfer	12000	0.03	348362	0.9
	01/05/2015	Transfer	6000	0.02	354362	0.92
	08/05/2015	Transfer	19471	0.05	373833	0.97
	15/05/2015	Transfer	44159	0.11	417992	1.08
	29/05/2015	Transfer	5627	0.01	423619	1.1
	31/07/2015	Transfer	7635	0.02	431254	1.12

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the end of the year 31/03/2016				431254	1.12
5	SAVITA BANSAL					
	At the beginning of the year 01/04/2015		205687	0.53	205687	0.53
	10/04/2015	Transfer	3400	0.01	209087	0.54
	22/05/2015	Transfer	5484	0.01	214571	0.55
	12/06/2015	Transfer	12036	0.03	226607	0.59
	19/06/2015	Transfer	2305	0.01	228912	0.59
	26/06/2015	Transfer	130	0	229042	0.59
	17/07/2015	Transfer	2000	0.01	231042	0.6
	24/07/2015	Transfer	3000	0.01	234042	0.61
	04/09/2015	Transfer	-8965	-0.02	225077	0.58
	09/10/2015	Transfer	8217	0.02	233294	0.6
	16/10/2015	Transfer	45206	0.12	278500	0.72
	30/10/2015	Transfer	4660	0.01	283160	0.73
	06/11/2015	Transfer	345	0	283505	0.73
	20/11/2015	Transfer	36392	0.09	319897	0.83
	08/01/2016	Transfer	12458	0.03	332355	0.86
	15/01/2016	Transfer	10142	0.03	342497	0.89
	25/03/2016	Transfer	-200000	-0.52	142497	0.37
	31/03/2016	Transfer	-125000	-0.32	17497	0.05
	At the end of the year 31/03/2016				17497	0.05
6	ASHWINI NIKHIL RANE					
	At the beginning of the year 01/04/2015		163012	0.42	163012	0.42
	28/08/2015	Transfer	-12000	-0.03	151012	0.39
	04/09/2015	Transfer	-8000	-0.02	143012	0.37
	09/10/2015	Transfer	-15000	-0.04	128012	0.33
	At the end of the year 31/03/2016				128012	0.33
7	NETWORK LIMITED					
	At the beginning of the year 01/04/2015		157104	0.41	157104	0.41
	03/04/2015	Transfer	-23869	-0.06	133235	0.34
	10/04/2015	Transfer	-3000	-0.01	130235	0.34
	29/05/2015	Transfer	-7048	-0.02	123187	0.32
	05/06/2015	Transfer	-7030	-0.02	116157	0.3
	12/06/2015	Transfer	-821	0	115336	0.3
	19/06/2015	Transfer	-9913	-0.03	105423	0.27
	26/06/2015	Transfer	-42276	-0.11	63147	0.16
	03/07/2015	Transfer	-12000	-0.03	51147	0.13
	17/07/2015	Transfer	-270	0	50877	0.13
	31/07/2015	Transfer	-1970	-0.01	48907	0.13
	07/08/2015	Transfer	400	0	49307	0.13
	14/08/2015	Transfer	700	0	50007	0.13
	28/08/2015	Transfer	-28000	-0.07	22007	0.06
	At the end of the year 31/03/2016				22007	0.06
8	UMA PATI KESHARI					
	At the beginning of the year 01/04/2015		133712	0.35	133712	0.35
	08/05/2015	Transfer	1188	0	134900	0.35
	03/07/2015	Transfer	-50	0	134850	0.35
	17/07/2015	Transfer	3500	0.01	138350	0.36
	24/07/2015	Transfer	50	0	138400	0.36

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	31/07/2015	Transfer	-4700	-0.01	133700	0.35
	18/09/2015	Transfer	16700	0.04	150400	0.39
	25/09/2015	Transfer	500	0	150900	0.39
	06/11/2015	Transfer	-3501	-0.01	147399	0.38
	20/11/2015	Transfer	-8606	-0.02	138793	0.36
	04/12/2015	Transfer	-1350	0	137443	0.36
	11/12/2015	Transfer	-900	0	136543	0.35
	18/12/2015	Transfer	-5143	-0.01	131400	0.34
	25/03/2016	Transfer	1600	0	133000	0.34
	31/03/2016	Transfer	-1600	0	131400	0.34
	At the end of the year 31/03/2016				131400	0.34
9	MUKESH KANOOGA S					
	At the beginning of the year 01/04/2015		124182	0.32	124182	0.32
	10/04/2015	Transfer	-16798	-0.04	107384	0.28
	17/04/2015	Transfer	-10536	-0.03	96848	0.25
	10/07/2015	Transfer	-1518	0	95330	0.25
	17/07/2015	Transfer	-2000	-0.01	93330	0.24
	24/07/2015	Transfer	610	0	93940	0.24
	04/09/2015	Transfer	35636	0.09	129576	0.34
	18/09/2015	Transfer	270	0	129846	0.34
	16/10/2015	Transfer	-10955	-0.03	118891	0.31
	06/11/2015	Transfer	21852	0.06	140743	0.36
	08/01/2016	Transfer	-100	0	140643	0.36
	26/02/2016	Transfer	100	0	140743	0.36
	25/03/2016	Transfer	-7800	-0.02	132943	0.34
	At the end of the year 31/03/2016				132943	0.34
10	ANUP KUMAR BAJPAI					
	At the beginning of the year 01/04/2015		115910	0.3	115910	0.3
	02/10/2015	Transfer	1700	0	117610	0.3
	06/11/2015	Transfer	-2500	-0.01	115110	0.3
	At the end of the year 31/03/2016				115110	0.3
11	PRATYUSH MITTAL .					
	At the beginning of the year 01/04/2015		104903	0.27	104903	0.27
	05/06/2015	Transfer	383	0	105286	0.27
	12/06/2015	Transfer	299	0	105585	0.27
	21/08/2015	Transfer	-661	0	104924	0.27
	28/08/2015	Transfer	-41689	-0.11	63235	0.16
	13/11/2015	Transfer	-6280	-0.02	56955	0.15
	20/11/2015	Transfer	-7000	-0.02	49955	0.13
	01/01/2016	Transfer	-793	0	49162	0.13
	15/01/2016	Transfer	-33494	-0.09	15668	0.04
	22/01/2016	Transfer	-841	0	14827	0.04
	At the end of the year 31/03/2016				14827	0.04
12	ASHA DEVI					
	At the beginning of the year 01/04/2015		102804	0.27	102804	0.27
	10/04/2015	Transfer	50	0	102854	0.27
	08/05/2015	Transfer	651	0	103505	0.27
	03/07/2015	Transfer	-12000	-0.03	91505	0.24
	17/07/2015	Transfer	500	0	92005	0.24

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	31/07/2015	Transfer	-1900	0	90105	0.23
	25/09/2015	Transfer	22700	0.06	112805	0.29
	06/11/2015	Transfer	-10200	-0.03	102605	0.27
	13/11/2015	Transfer	-3145	-0.01	99460	0.26
	20/11/2015	Transfer	-3655	-0.01	95805	0.25
	11/12/2015	Transfer	-553	0	95252	0.25
	18/12/2015	Transfer	-1973	-0.01	93279	0.24
	25/12/2015	Transfer	-4174	-0.01	89105	0.23
	15/01/2016	Transfer	9199	0.02	98304	0.25
	29/01/2016	Transfer	-3499	-0.01	94805	0.25
	19/02/2016	Transfer	-1150	0	93655	0.24
	04/03/2016	Transfer	12642	0.03	106297	0.27
	18/03/2016	Transfer	-17002	-0.04	89295	0.23
	31/03/2016	Transfer	2700	0.01	91995	0.24
	At the end of the year 31/03/2016				91995	0.24
13	PRATEEK BANSAL					
	At the beginning of the year 01/04/2015		89413	0.23	89413	0.23
	09/10/2015	Transfer	54653	0.14	144066	0.37
	16/10/2015	Transfer	16347	0.04	160413	0.41
	06/11/2015	Transfer	2000	0.01	162413	0.42
	20/11/2015	Transfer	7123	0.02	169536	0.44
	31/03/2016	Transfer	225000	0.58	394536	1.02
	At the end of the year 31/03/2016				394536	1.02
14	GLOBE CAPITAL MARKET LTD					
	At the beginning of the year 01/04/2015		79051	0.2	79051	0.2
	10/04/2015	Transfer	-250	0	78801	0.2
	24/04/2015	Transfer	500	0	79301	0.21
	01/05/2015	Transfer	2000	0.01	81301	0.21
	08/05/2015	Transfer	500	0	81801	0.21
	15/05/2015	Transfer	-10000	-0.03	71801	0.19
	22/05/2015	Transfer	-6551	-0.02	65250	0.17
	29/05/2015	Transfer	2433	0.01	67683	0.18
	05/06/2015	Transfer	-577	0	67106	0.17
	12/06/2015	Transfer	-65	0	67041	0.17
	26/06/2015	Transfer	-2011	-0.01	65030	0.17
	03/07/2015	Transfer	10410	0.03	75440	0.2
	10/07/2015	Transfer	1870	0	77310	0.2
	17/07/2015	Transfer	700	0	78010	0.2
	24/07/2015	Transfer	-821	0	77189	0.2
	31/07/2015	Transfer	-2076	-0.01	75113	0.19
	07/08/2015	Transfer	7600	0.02	82713	0.21
	21/08/2015	Transfer	910	0	83623	0.22
	28/08/2015	Transfer	2000	0.01	85623	0.22
	04/09/2015	Transfer	6120	0.02	91743	0.24
	11/09/2015	Transfer	6730	0.02	98473	0.25
	18/09/2015	Transfer	9000	0.02	107473	0.28
	09/10/2015	Transfer	1110	0	108583	0.28
	16/10/2015	Transfer	-1000	0	107583	0.28
	23/10/2015	Transfer	5450	0.01	113033	0.29



S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	30/10/2015	Transfer	2000	0.01	115033	0.3
	06/11/2015	Transfer	29770	0.08	144803	0.37
	13/11/2015	Transfer	8730	0.02	153533	0.4
	20/11/2015	Transfer	-229	0	153304	0.4
	27/11/2015	Transfer	50	0	153354	0.4
	04/12/2015	Transfer	-50	0	153304	0.4
	11/12/2015	Transfer	-1136	0	152168	0.39
	01/01/2016	Transfer	19612	0.05	171780	0.44
	15/01/2016	Transfer	1786	0	173566	0.45
	22/01/2016	Transfer	-29120	-0.08	144446	0.37
	12/02/2016	Transfer	5450	0.01	149896	0.39
	19/02/2016	Transfer	68708	0.18	218604	0.57
	26/02/2016	Transfer	-55308	-0.14	163296	0.42
	04/03/2016	Transfer	900	0	164196	0.42
	18/03/2016	Transfer	962	0	165158	0.43
	25/03/2016	Transfer	-500	0	164658	0.43
	31/03/2016	Transfer	6806	0.02	171464	0.44
	At the end of the year 31/03/2016				171464	0.44
15	MARWADI SHARES AND FINANCE LTD.					
	At the beginning of the year 01/04/2015		23061	0.06	23061	0.06
	03/04/2015	Transfer	468	0	23529	0.06
	10/04/2015	Transfer	12936	0.03	36465	0.09
	17/04/2015	Transfer	-13048	-0.03	23417	0.06
	24/04/2015	Transfer	-4973	-0.01	18444	0.05
	01/05/2015	Transfer	2019	0.01	20463	0.05
	08/05/2015	Transfer	-3173	-0.01	17290	0.04
	15/05/2015	Transfer	6751	0.02	24041	0.06
	22/05/2015	Transfer	-7165	-0.02	16876	0.04
	29/05/2015	Transfer	820	0	17696	0.05
	05/06/2015	Transfer	3931	0.01	21627	0.06
	12/06/2015	Transfer	-4333	-0.01	17294	0.04
	19/06/2015	Transfer	356	0	17650	0.05
	26/06/2015	Transfer	24582	0.06	42232	0.11
	03/07/2015	Transfer	-16762	-0.04	25470	0.07
	10/07/2015	Transfer	11704	0.03	37174	0.1
	17/07/2015	Transfer	-2073	-0.01	35101	0.09
	24/07/2015	Transfer	4470	0.01	39571	0.1
	31/07/2015	Transfer	80198	0.21	119769	0.31
	07/08/2015	Transfer	21700	0.06	141469	0.37
	14/08/2015	Transfer	-15621	-0.04	125848	0.33
	21/08/2015	Transfer	-763	0	125085	0.32
	28/08/2015	Transfer	948	0	126033	0.33
	04/09/2015	Transfer	-24266	-0.06	101767	0.26
	11/09/2015	Transfer	-9727	-0.03	92040	0.24
	18/09/2015	Transfer	-1529	0	90511	0.23
	25/09/2015	Transfer	-459	0	90052	0.23
	02/10/2015	Transfer	-528	0	89524	0.23
	09/10/2015	Transfer	20861	0.05	110385	0.29
	16/10/2015	Transfer	-6523	-0.02	103862	0.27



S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	23/10/2015	Transfer	-617	0	103245	0.27
	30/10/2015	Transfer	4068	0.01	107313	0.28
	06/11/2015	Transfer	19185	0.05	126498	0.33
	13/11/2015	Transfer	-405	0	126093	0.33
	20/11/2015	Transfer	318	0	126411	0.33
	27/11/2015	Transfer	1212	0	127623	0.33
	04/12/2015	Transfer	6839	0.02	134462	0.35
	11/12/2015	Transfer	-3782	-0.01	130680	0.34
	18/12/2015	Transfer	119	0	130799	0.34
	25/12/2015	Transfer	-383	0	130416	0.34
	01/01/2016	Transfer	4829	0.01	135245	0.35
	08/01/2016	Transfer	-6412	-0.02	128833	0.33
	15/01/2016	Transfer	2439	0.01	131272	0.34
	22/01/2016	Transfer	-13784	-0.04	117488	0.3
	29/01/2016	Transfer	-10609	-0.03	106879	0.28
	05/02/2016	Transfer	-2891	-0.01	103988	0.27
	12/02/2016	Transfer	-19454	-0.05	84534	0.22
	19/02/2016	Transfer	-7674	-0.02	76860	0.2
	26/02/2016	Transfer	-1408	0	75452	0.2
	04/03/2016	Transfer	-1042	0	74410	0.19
	11/03/2016	Transfer	1419	0	75829	0.2
	18/03/2016	Transfer	4143	0.01	79972	0.21
	25/03/2016	Transfer	24016	0.06	103988	0.27
	31/03/2016	Transfer	26981	0.07	130969	0.34
	At the end of the year 31/03/2016				130969	0.34
16	KOTAK SECURITIES LIMITED					
	At the beginning of the year 01/04/2015		1010	0	1010	0
	03/04/2015	Transfer	100	0	1110	0
	10/04/2015	Transfer	-208	0	902	0
	17/04/2015	Transfer	-543	0	359	0
	08/05/2015	Transfer	-235	0	124	0
	15/05/2015	Transfer	476	0	600	0
	22/05/2015	Transfer	-500	0	100	0
	29/05/2015	Transfer	400	0	500	0
	05/06/2015	Transfer	1000	0	1500	0
	12/06/2015	Transfer	-300	0	1200	0
	19/06/2015	Transfer	-1100	0	100	0
	26/06/2015	Transfer	900	0	1000	0
	03/07/2015	Transfer	-230	0	770	0
	10/07/2015	Transfer	430	0	1200	0
	24/07/2015	Transfer	-1150	0	50	0
	31/07/2015	Transfer	19504	0.05	19554	0.05
	07/08/2015	Transfer	-19084	-0.05	470	0
	14/08/2015	Transfer	9860	0.03	10330	0.03
	21/08/2015	Transfer	-9405	-0.02	925	0
	28/08/2015	Transfer	-625	0	300	0
	11/09/2015	Transfer	5406	0.01	5706	0.01
	02/10/2015	Transfer	-5589	-0.01	117	0
	09/10/2015	Transfer	1987	0.01	2104	0.01

S.No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year			Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	30/10/2015	Transfer	196	0	2300	0.01
	20/11/2015	Transfer	-2200	-0.01	100	0
	27/11/2015	Transfer	501	0	601	0
	11/12/2015	Transfer	1899	0	2500	0.01
	25/12/2015	Transfer	-2300	-0.01	200	0
	01/01/2016	Transfer	5050	0.01	5250	0.01
	22/01/2016	Transfer	-4650	-0.01	600	0
	12/02/2016	Transfer	400	0	1000	0
	19/02/2016	Transfer	-537	0	463	0
	25/03/2016	Transfer	199537	0.52	200000	0.52
	31/03/2016	Transfer	-99900	-0.26	100100	0.26
	At the end of the year 31/03/2016				100100	0.26
17	ANJALI ANIRUDDHA MALPANI					
	At the beginning of the year 01/04/2015		0	0	0	0
	03/07/2015	Transfer	100694	0.26	100694	0.26
	07/08/2015	Transfer	-41408	-0.11	59286	0.15
	14/08/2015	Transfer	-24550	-0.06	34736	0.09
	At the end of the year 31/03/2016				34736	0.09

(v) Shareholding of Directors & KMP:

S.No	For Each of the Directors & KMP		Shareholding at the beginning of the year		Cumulative Share holding during the year		
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
1	<b>Shri Somesh Mehrotra *</b>	At the beginning of the year	884691	2.29%	884691	2.29%	
		2/10/2015	Transmission	- 884691	- 2.29%	0	0
		At the end of the year		0	0.00%	0	0.00%
2	<b>Dr. (Mrs.) Sushma Mehrotra \$</b>	At the beginning of the year	470500	1.22%	470500	1.22%	
		3/7/2015	Transfer	- 470500	- 1.22%	0	0
		At the end of the year		0	0.00%	0	0.00%
3	<b>Shri M. P. Mehrotra</b>	At the beginning of the year	285	0.00%	285	0.00%	
		At the end of the year		285	0.00%	285	0.00%
4	<b>Shri Vikas Mehrotra</b>	At the beginning of the year	486006	1.26%	486006	1.26%	
		At the end of the year		486006	1.26%	486006	1.26%

\* Died on 22/08/2015

\$ Died on 09/04/2015

Shri Ajit Kumar, Dr. S. Ramesh, Shri B. M. Oza (since deceased), Shri. R. Bandyopadhyay, Shri D.K. Mehrotra - Independent Directors and Dr. (Mrs.) Neeraj Arora - Director do not hold any shares of the Company.

Shri S. K. Agarwal- Managing Director, Shri K. K. Soni- Director - Finance & CFO and Shri H. Consul Company Secretary, the KMPs do not hold any shares in the Company.

**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	6640729.00	0.00	0.00	6640729.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>Total (i+ii+iii)</b>	6640729.00	0.00	0.00	6640729.00
<b>Change in Indebtedness during the financial year</b>				
Additions	170000000.00	0.00	0.00	170000000.00
Reduction	6640729.00	0.00	0.00	6640729.00
<b>Net Change</b>	163359271.00	0.00	0.00	163359271.00
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	170000000.00	0.00	0.00	170000000.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1122000.00	0.00	0.00	1122000.00
<b>Total (i+ii+iii)</b>	171122000.00	0.00	0.00	171122000.00

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl.No	Particulars of Remuneration	Name of the MD/WTD/ Manager		Total Amount
		Mr S K Agarwal - Managing Director	Mr K K Soni - Director-Finance & CFO	
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	3060000.00	2940000.00	6000000.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	63654.00	109875.00	173529.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00
2	Stock option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	as % of profit	0.00	0.00	0.00
	others (specify)	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	<b>Total (A)</b>	3123654.00	3049875.00	6173529.00
	<b>Ceiling as per the Act per annum</b>	6000000.00	6000000.00	

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
		Dr. S Ramesh	Shri Ajit Kumar	Shri B M Oza	
1	Independent Directors				
	(a) Fee for attending board/ committee meetings	180000.00	180000.00	188000.00	548000.00
	(b) Commission	0.00	0.00	0.00	0.00
	(c) Others, please specify	0.00	0.00	0.00	0.00
	<b>Total (1)</b>	180000.00	180000.00	188000.00	548000.00
2	Other Non Executive Directors	Shri M.P. Mehrotra	Dr. (Mrs.) Neeraj Arora	Shri Somesh Mehrotra	
	(a) Fee for attending board/ committee meetings	80000.00	60000.00	50000.00	190000.00
	(b) Commission	0.00	0.00	0.00	0.00
	(c) Others, please specify.	0.00	0.00	0.00	0.00
	<b>Total (2)</b>	80000.00	60000.00	50000.00	190000.00
	<b>Total (B)=(1+2)</b>	260000.00	240000.00	238000.00	738000.00
	<b>Total Managerial Remuneration</b>	N.A.	N.A.	N.A.	N.A.
	<b>Overall Ceiling as per the Act. per meeting</b>	100000.00	100000.00	100000.00	

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL (OTHER THAN MD/MANAGER/WTD) :**

SI.No	Particulars of Remuneration		Key Managerial Personnel		
			Shri H. Consul Company Secretary	Shri K. K Soni CFO	Total
1	<b>Gross Salary</b>	<b>CEO</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	N.A	1715964	Details given in Part A	1715964
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	N.A	9716		9716
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	N.A	0		0
2	Stock Option	N.A	0		0
3	Sweat Equity	N.A	0	0	
4	Commission	N.A	0	0	
	as % of profit	N.A	0	0	
	others, specify	N.A	0	0	
5	Others, please specify	N.A	0	0	
	<b>Total</b>		1725680		1725680

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority[RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*
<b>B. DIRECTORS</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*

\* No penalty, punishment imposed or compounding undertaken by the company or Directors or other officers in default during the year under review.

**Annexure B**
**Form No. AOC-2**

(Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Sl.No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	VLS Asset Management Ltd. - Subsidiary
b)	Nature of contracts/arrangements/transactions	Financial assistance
c)	Duration of the contracts / arrangements/transactions	Perpetual unless rescinded
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Non- interest bearing
e)	Justification for entering into such contracts or arrangements or transactions	Financial health of subsidiary
f)	date(s) of approval by the Board	N.A.#
g)	Amount paid as advances, if any:	N.A.#
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	N.A.#

# The arrangement was in existence prior to 01/04/2014 and no change in terms have been made.

For details please refer disclosure on related party transactions in the Notes forming part of financial statements of Annual Audited Accounts of the year.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

Sl.No.	Particulars	Details
a)	Name(s) of the related party	VLS Securities Ltd.
b)	Nature of relationship	Subsidiary
c)	Nature of contracts/ arrangements/ transactions	Short term loan
d)	Duration of the contracts / arrangements/transactions	upto 19/07/2016
e)	Salient terms of the contracts or arrangements or transactions	Interest @ 10% p.a.
f)	Justification for entering into such contracts or arrangements or transactions	Furtherance of Business objects of Subsidiary
g)	Date(s) of approval by the Board	28/05/2016 by Audit Committee
h)	Amount paid	Rs. 13,00,00,000/-*

\* The outstanding amount against the above short term loan is Rs. NIL as on the date of signing of this report.

**Annexure C**

- (1) A brief outline of the Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:  
The CSR policy of the Company provides that the Company may undertake one or more project / CSR activity strictly in line with areas specified in schedule VII of the Companies Act, 2013 and the same is placed on the website of the Company- [www.vlsfinance.com](http://www.vlsfinance.com).
- (2) The composition of the CSR Committee:  
Shri Ajit Kumar, Shri M. P. Mehrotra, Shri S.K. Agarwal
- (3) Average Net Profit of the Company for last three financial years: Rs. 3,99,18,821/-
- (4) Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 7,98,376/-
- (5) Details of CSR spent during the financial year:
- Total amount to be spent for the financial year: Rs. 14,93,787/-
  - Amount unspent, if any- Rs. 8,45,787/-
  - Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project/ activity identified	Sector in which the Project is covered	Projects/ Programs Local area/others Specify the state and District where projects / programs were undertaken	Amount outlay (budget):Project or program wise	Amount spent on project/ program 1. Direct expenditure on projects/programs 2. overheads	Cumulative expenditure upto the reporting period	Amount spent direct-/through implementing agency
1.	Prime Minister's National Relief Fund (PMNRF)	as per the PMNRF fund policy.	N.A.	Rs. 14,93,787/-	1. Rs. 6,48,000/-	Rs. 6,48,000/-	PMNRF

The CSR Committee evaluates a proposal both for conformity with CSR Policy and affirmative results from its due diligence carried out by Committee. Thus, all proposals do not qualify for recommendation of CSR Committee, though the allocated amount is expected to be spent in the relevant financial year.

CSR Committee confirms that the implementation and monitoring of the CSR Policy is, in compliance with the CSR objectives and Policy of the Company.

Place: New Delhi  
Date: 29/07/2016

Ajit Kumar  
(Chairman - CSR Committee)  
DIN: 00106597

S.K. Agarwal  
(Managing Director)  
DIN: 00106763

**Annexure-D**
**REPORT ON CORPORATE GOVERNANCE**
**Our Mission:**

To be one of the top ranking Corporate to achieve sustained growth of business and profitability in core areas of investments, private placements and securities related operations, fulfilling socio economic obligations, excellence in customer service through up-gradation of skills of staff, their effective participation and making use of state of art technology.

**Corporate Philosophy:**

Your Company is committed to good corporate governance which enjoins the highest standard of ethical and responsible conduct of business to create value for all stake holders. The philosophy of your Company is to enhance the long-term economic value of the Company, its stakeholders and the society at large by adopting better corporate practices which not only ensures that the Company operates within the regulatory framework but also strive to achieve more transparency in management and institutional soundness.

**1. Board of Directors**

- The total strength of the Board is 9 Directors all being non-executive, except the Managing Director and Director -Finance & CFO, 4 (four) independent directors and 3 (three) non-executive & non-independent directors. The Chairman is non-executive independent director. About half of the members being Independent Directors, the present constitution of Board adequately comply with the present requirement of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The independent directors aforesaid adequately meet the criteria laid down in section 149 of Companies Act, 2013 and other relevant laws as per declarations received by the company.

The attendance record of directors for the year ended on 31/03/2016 and other information about them as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is as follows:

S.No.	Name of the Director	Whether Promoter/Executive or Non-Executive/ Independent	No. of Board Meetings attended during 2015-2016	Whether attended AGM held on 24/09/2015	No. of Directorships in other Public Limited Companies as on 29/07/2016	No. of Committee positions held in other Public Limited Companies	
						Chairman	Member
1)	Shri Ajit Kumar (Chairman)	Independent, Non-Executive	5	No	0	-	-
2)	Shri S. K. Agarwal (Managing Director)	Executive	5	Yes	3	-	-
3)	Dr. (Mrs.) Neeraj Arora	Non-Executive, Non-Independent	3	No	1	-	-
4)	Dr. S. Ramesh	Independent, Non-Executive	5	Yes	1	-	1
5)	Shri B. M. Oza#	Independent, Non-Executive	5	No	0	-	-
6)	Shri M. P. Mehrotra*	Promoter Director Non-Executive, Vice-Chairman	3	No	7	3	2
7)	Shri K. K. Soni, Director-Finance & CFO	Executive	5	Yes	5	-	1
8)	Dr. (Mrs.) Sushma Mehrotra @	Non-Executive, Non-Independent	0	No	0	-	-
9)	Shri Somesh Mehrotra \$	Non-Executive, Promoter	1	No	2	-	-

# ceased to be Director on 30.06.2016 due to his demise. @ ceased to be Director on 09.04.2015 due to her demise. \$ ceased to be Director on 22.08.2015 due to his demise.

\* Shri M.P. Mehrotra was appointed as non-executive/non-independent Director w.e.f. 12.09.2015 in the casual vacancy caused by the untimely demise of Shri Somesh Mehrotra on 22/08/2015.

None of the directors is a member of more than 10 Board-level committees, namely the audit and the stakeholders relationship committee or a chairman of more than five such committees, as required under Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The

- directorship in other companies excludes directorships in any foreign company, private company and company under section 8 of the Companies Act, 2013.
- b) During the year ended 31/03/2016, 5 (Five) board meetings were held with atleast one meeting in every quarter on 28/05/2015, 11/08/2015, 12/09/2015, 06/11/2015, and 09/02/2016.
- c) There were no material transactions with the non-executive directors during the year under review. For other related party transactions, necessary disclosures have been made under the head "Notes forming part of financial statement" in the annual accounts for the year under review.
- d) Information supplied to the Board:  
The Board has unfettered and complete access to any information within the Company and to any employee of the Company. All other relevant information as and when required including those envisaged in Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 was regularly provided to the Board and Committees thereof. The requisite CEO and CFO certification was also placed before the Board alongwith the quarterly and annual accounts for the year under review as required under regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- e) Details of remuneration paid to the Directors during the Financial year ended on 31.03.2016:

S.No.	Name of the Director	Salary(In Rs.)	Perquisites (In Rs.)	Sitting fee (In Rs.)	Commission (In Rs.)	Total(In Rs.)
1)	Shri Ajit Kumar	N.A.	N.A.	1,80,000	N.A.	1,80,000
2)	Shri S.K. Agarwal	30,60,000	63,654	N.A.	N.A.	31,23,654
3)	Shri Somesh Mehrotra	N.A.	N.A.	50,000	N.A.	50,000
4)	Shri B.M. Oza	N.A.	N.A.	1,88,000	N.A.	1,88,000
5)	Dr. S. Ramesh	N.A.	N.A.	1,80,000	N.A.	1,80,000
6)	Shri M. P. Mehrotra	N.A.	N.A.	80,000	N.A.	80,000
7)	Dr. (Mrs.) Neeraj Arora	N.A.	N.A.	60,000	N.A.	60,000
8)	Shri K. K. Soni	29,40,000	1,09,875	N.A.	N.A.	30,49,875
9)	Dr. (Mrs.) Sushma Mehrotra	N.A.	N.A.	0	N.A.	0

**Notes:**

- i) Currently, the Company does not have any stock option scheme.
- ii) No other remuneration, except sitting fee is paid to non-executive directors.
- iii) Shri M. P. Mehrotra and Shri Vikas Mehrotra held 285 and 486006 equity shares of the Company as on 31.03.2016 respectively. No other director held any shares of the Company on that date for self or for others on beneficial basis. None of the directors except Shri M.P. Mehrotra and Shri Vikas Mehrotra are related to each other. Dr. (Mrs.) Neeraj Arora is maternal aunt of Shri Vikas Mehrotra.
- iv) The tenure of Shri S. K. Agarwal-Managing Director will end on 20/08/2016. He was reappointed by the Board in its meeting dated 28/05/2016 for further period of 3 years w.e.f. 21/08/2016 to 20/08/2019. The service contract in case of Managing Director is 3 years with notice period of 3 months. The tenure of Director Finance & CFO is upto 31/01/2019 with notice period of three months. Presently, all the directors other than independent directors are liable to retire by rotation as per provisions of the Companies Act, 2013.
- v) Criteria of making payments to non-executive directors: The non-executive directors of your Company are only paid sitting fees and they are not entitled to any stock options besides no payment of commission is approved by the members. The criteria can also be accessed at [www.vlsfinance.com](http://www.vlsfinance.com).
- vi) The fixed component of salary of Executive Directors is as aforementioned and performance linked incentives are based on the recommendation of Nomination and Remuneration Committee of the Company, based on the performance of relevant period and targets achieved. The performance criterion is provided in the section 'Evaluation of Board/ Committees/ Individual Directors' of the Directors' Report.
- f) **Code of Conduct**  
The Code of Conduct is applicable on all directors and senior managerial personnel of the Company with certain provisions applicable to all employees e.g. insider trading etc. The Code of Conduct is available on the Company's website. The declaration from Managing Director that all Board members and other concerned have complied with the code is appended to and forms part of this report.

**Declaration for compliance with the Code of Conduct**

Pursuant to regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, I hereby declare that the Company has obtained affirmative compliance with Code of Conduct from all the Board members and senior management personnel of the Company for the period under review, which ended on 31/03/2016.

**Date: 29/7/2016**  
**Place: New Delhi**

**S. K. Agarwal**  
**Managing Director**  
**DIN : 00106763**

- g) **Disclosures regarding appointment or re-appointment of Directors**  
The relevant information about directors retiring by rotation has been furnished in notice convening the ensuing Annual General Meeting.
- h) Details of familiarization program imparted to independent directors can be accessed at [www.vlsfinance.com](http://www.vlsfinance.com).

**2. Audit Committee**

**a) Composition**

As on 01/04/2015 the audit committee consisted of Dr. S. Ramesh (Chairman) with Shri Ajit Kumar, Shri B. M. Oza, Shri Somesh Mehrotra and Shri S. K. Agarwal as members. The Board nominated Shri M. P. Mehrotra- non-executive & non-independent director w.e.f. 06/11/2015 as member of the committee. The majority of the members are independent directors including chairman of the committee. All the members of committee are financially literate in terms of relevant stipulation under Regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and three members have extensive experience in areas of finance, taxation and other financial services. Upon cessation as Director Shri Somesh Mehrotra and Shri B.M. Oza ceased to be member of Audit Committee w.e.f. 22/08/2015 and 30/06/2016 respectively. The Board in its meeting held on 29/07/2016 nominated Shri D. K. Mehrotra and Shri R. Bandyopadhyay- Independent Directors to the Committee. The present constitution of the Committee complies with the norms stipulated in Listing Regulations.

**b) Terms of reference**

The role, terms of reference, authority and powers of the committee were in conformity with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with section 177 of the Companies Act, 2013. The Audit committee inter-alia advises the management on areas where systems, processes, measures for controlling and monitoring revenue, internal audit and risk management can be improved. The Company Secretary is the secretary of the committee. The Statutory Auditor is regularly invited for meetings of the committee. The internal auditor, the managing director and other executives are also invited to committee's meetings, whenever required. The minutes of audit committee meetings are regularly placed before the Board. The Board had accepted all the recommendations made by Audit committee during the year under review. The terms of reference of Audit committee had been revised by the Board on 26/05/2014 to conform to provisions of section 177 of the Companies Act, 2013 and regulation 18 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**c) Meetings and attendance**

During the year ended on 31/03/2016, 4 (Four) meetings of Audit committee were held on 28/05/2015, 11/08/2015, 06/11/2015 and 09/02/2016. The summary of attendance of members is as under:

Name	Shri Somesh Mehrotra	Shri Ajit Kumar	Shri M.P. Mehrotra	Dr. S. Ramesh	Shri B. M. Oza	Shri S. K. Agarwal
Attendance in Four Meetings	1	4	1	4	3	4

**3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee as on 01/04/2015 comprised Shri B.M. Oza - Chairman of the Committee with Shri Somesh Mehrotra and Dr. S. Ramesh as Members. The Company Secretary acts as Secretary of the Committee. Upon untimely demise of Shri Somesh Mehrotra he ceased to be member of the said committee and the Board had nominated Shri Ajit Kumar and Shri M. P. Mehrotra as its member on 12/09/2015 and 06/11/2015 respectively. Shri B. M. Oza ceased to be member of the Committee w.e.f. 30/06/2016 due to his demise. Subsequently, the Board in its meeting held on 29/07/2016 nominated Shri D. K. Mehrotra and Shri R. Bandyopadhyay and Dr. (Mrs.) Neeraj Arora to the Committee.

The Committee formulates the remuneration package for managerial personnel including executive directors subject to approval of the Board and performs other roles detailed out in the SEBI listing regulations or as assigned by the Board from time to time. During the year under review 3 (three) meetings of remuneration committee were held on 30/05/2015, 12/09/2015 and 06/11/2015. The summary of attendance of members is as under:

Name	Shri B. M. Oza	Shri Ajit Kumar	Dr. S. Ramesh	Shri Somesh Mehrotra	Shri M.P. Mehrotra
Attendance in 3 Meetings	2	2	3	1	0

The performance evaluation criteria for independent directors is based on participation, contribution, effective utilization of expertise & skill, relationship with stakeholders, maintenance of confidentiality, independent judgment, willingness to contribute time etc.

The minutes of committee meetings are regularly placed before the Board. The Committee complied with requirement of applicable regulations and its composition is in the conformity with the norms under Listing Regulations.

**4. Stakeholders Relationship Committee**

**a) Composition and terms of reference**

The Committee as on 01/04/2015 consisted of Shri B. M. Oza – Independent Director as Chairman, Shri S. K. Agarwal and Shri K. K. Soni as its member. Apart from approval of share transfer and related aspects the committee is vested with the requisite powers and authority to specifically look into the redressal of the shareholders and investor's grievances. Shri H. Consul- Company Secretary is the compliance officer and secretary of the committee. Shri B. M. Oza ceased to be member of the Committee w.e.f. 30/06/2016 due to his demise. The Board in its meeting held on 29/07/2016 nominated Shri Ajit Kumar to the Committee.

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

**b) Meetings and attendance**

During the year under review, 15 (Fifteen) meetings of Stakeholders Relationship Committee were held on 27/04/2015, 28/05/2015, 24/06/2015, 20/07/2015, 11/08/2015, 05/09/2015, 30/09/2015, 31/10/2015, 23/11/2015, 12/12/2015, 29/12/2015, 14/01/2016, 30/01/2016, 19/02/2016 and 21/03/2016.

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

Name	Shri B. M. Oza	Shri S. K. Agarwal	Shri K. K. Soni
Attendance in 15 Meetings	14	15	14

**c) Shareholders Complaints**

The Company had received 1 complaint during the financial year ended 31<sup>st</sup> March, 2016. All the complaints whether received through SEBI, stock exchanges or individual members during the year were redressed to the satisfaction of investors and none remained outstanding at the end of the year under report. The nature wise summary of complaints received and redressed during the year is as under:

Nature of Complaints**	Received	Redressed
Non-receipt of Dividend	0	0
Non-receipt of Shares after transfer	0	0
Non-receipt of Annual Report	1	1
Non-receipt of Bonus Shares	0	0
Non-receipt of Name change sticker	0	0
Non- receipt of share certificate after Rejection of Demat request	0	0
Others (SCORES, exchanges etc.)	0	0
<b>Total</b>	<b>1</b>	<b>1</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 exchanges has been treated as a fresh complaint.

General correspondence e.g. change of address, enquiry on dividend for the year, ISIN of the Company etc. have been excluded from above.

**5. CSR Committee**

**a) Composition and terms of reference**

As on 01/04/2015 the Committee consisted of Shri Ajit Kumar- Independent Director as Chairman, Shri Somesh Mehrotra –Director and Shri S. K. Agarwal-Managing Director as members. Upon untimely demise of Shri Somesh Mehrotra, the Board in its meeting held on 09/02/2016 had nominated Shri M.P. Mehrotra to the Committee. Further, in its meeting held on 29/07/2016, Shri R. Bandyopadhyay- Independent Director has been nominated by the Board to the said Committee.



The terms of reference of CSR Committee are in compliance with the applicable regulations. During the year the meeting of the Committee was held on 21/03/2016 and was attended by all the members of the committee. The minutes of the Committee meeting were placed before the Board.

## 6. GENERAL BODY MEETINGS

### a) Details of the last three annual general meetings (AGM) and extraordinary general meeting (EGM).

Financial year ended	Date	Time	Venue
March 31, 2015	September 24, 2015	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2014	September 25, 2014	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.
March 31, 2013	September 25, 2013	3.30 p.m.	Sri Sathya Sai International Centre Auditorium, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

During the period under review one extraordinary general meeting was held on 19/12/2015 at 1.00 p.m. at Mikky House, K-Block, Kidwai Nagar, Kanpur-208011, Uttar Pradesh.

### b) Special resolution passed in the previous 3 AGMs

- In the AGM held on 24.9.2015, no agenda item was required to be approved by special resolution.
- In the AGM held on 25.9.2014 the following items were approved by Special Resolution:
  - Borrowing limits upto Rs.500 crores.
- In the AGM held on 25.9.2013, no agenda item was required to be approved by special resolution.

### c) Postal ballot

During the year under review, no item was approved through postal ballot.

## 7. Disclosures

### a) Related party transactions

There were no transactions with promoters, directors and related persons that were materially significant, having conflict with the interest of Company at large, during the financial year under review. However, necessary disclosure has been made in audited financial accounts for the year under review under the head 'Notes forming part of financial statements'.

### b) Statutory compliance, penalties and strictures

The Company has complied with all applicable requirements of stock exchange, SEBI and other statutory authorities on all matters related to capital market during the year under review. The details of penalties/strictures on the Company in last three years are as under:

None.

### c) Legal Proceedings

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

### d) Whistle Blower Policy

The Company has adopted the whistle blower policy and no personnel have been denied access to the audit committee.

### e) Compliance of Non-mandatory requirements

#### i) Operations and Management Committee

During the financial year 1 (one) meeting was held on 01/12/2015 and was attended by all the members of the committee. The Board delegated some of the powers to this committee including to open various bank / demat accounts, to borrow money subject to the upper limit approved by the members and such other assignments as may be given by Board from time to time.

#### ii) The Company does not maintain separate office for the non-executive chairman. However, he may claim reimbursement of expenses incurred for performance of duties as chairman. No expenses on this account have been claimed during the year under review.

#### iii) Presently the position of chairman and of CEO i.e. Managing Director is held by separate individuals.

#### iv) There was no qualification in the auditor's report on the annual accounts of the Company for the year under review.

#### v) The report of internal auditor is placed before the audit committee and the internal auditor is regularly invited to meeting of audit committee.

## 8. Communication to Shareholders

The Company does not send newsletter to shareholders on quarterly or half yearly basis. The Company publishes un-audited quarterly results and annual audited results in prescribed format, in two newspapers viz. 'The Financial Express' and 'Jansatta' regularly. The said results and other quarterly compliances under various regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 alongwith reconciliation of share capital are uploaded on NEAPS, a platform provided by NSE, <http://listing.bseindia.com> a platform provided by BSE Ltd. as well as emailed to [listing@cse-india.com](mailto:listing@cse-india.com) the official email ID of The Calcutta Stock Exchange Ltd., Kolkata and the said results are also made available on the Company's website <http://www.vlsfinance.com> in terms of regulation 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Further, disclosures pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are promptly communicated to the concerned stock exchanges. The documents filed by the Company with Registrar of Companies can be inspected at MCA's website namely [www.mca.gov.in](http://www.mca.gov.in), the Company Identification Number (CIN) of Company is **L65910DL1986PLC023129**.

- a) The official news releases and presentations made to analysts/ institutional investors shall also be posted on the website as and when made. No presentation was, however, made by company to analysts etc. during the year under review.
- b) The 'Management Discussion and Analysis' forms part of annual report for the year under review. The Company, however, assumes no responsibility in respect of forward looking statements, which may be amended or modified in future on the basis of subsequent developments or events.
- c) The Company also has dedicated an e-mail ID exclusively for redressal of investor complaints in compliance of regulation 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 namely [hconsul@vlsfinance.com](mailto:hconsul@vlsfinance.com) which is too displayed on the Company's website [www.vlsfinance.com](http://www.vlsfinance.com) under heading '[contact us](#)'. The queries may also be addressed at the registered office of the Company i.e. 2<sup>nd</sup> Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065.

## 9. **SHAREHOLDERS INFORMATION**

### a) **Annual General Meeting**

-	<b>Date and time</b>	:	Thursday, 15 <sup>th</sup> September, 2016 at 3.30 p.m.
-	<b>Venue</b>	:	The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003
-	<b>Financial Year</b>	:	April to March
-	<b>Book Closure</b>	:	From 8-09-2016 to 15-09-2016 (both days inclusive)
-	<b>Buy back of shares</b>	:	No buy back of shares during the period under review.
-	<b>Dividend payment date</b>	:	Not applicable as no dividend has been recommended.

### b) **Listing at Stock Exchanges**

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

1. BSE Limited (formerly The Bombay Stock Exchange), Mumbai. (Code:511333)
2. The National Stock Exchange of India Ltd., Mumbai. (Code: VLSFINAC)
3. The Calcutta Stock Exchange Ltd., Kolkata. (Code:032019)

The annual listing fee has been paid to BSE, NSE and CSE as mentioned above up to the year 2016-2017. Upon closure of Madras Stock Exchange (MSE) vide SEBI order dated 14/05/2015 the listing of shares of Company stood terminated from said exchange.

### c) **Stock Market data**

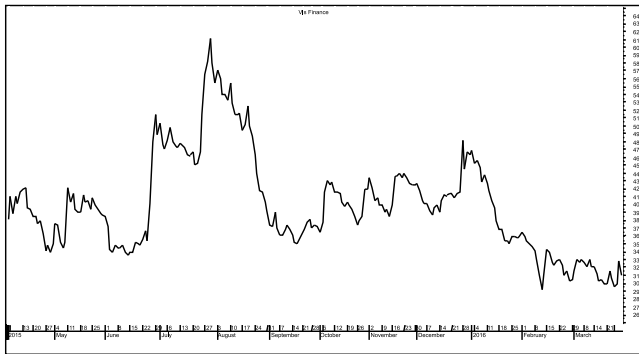
(Source: Metastock)

Monthly highs, lows and trading volume for the Financial Year 2015-2016:

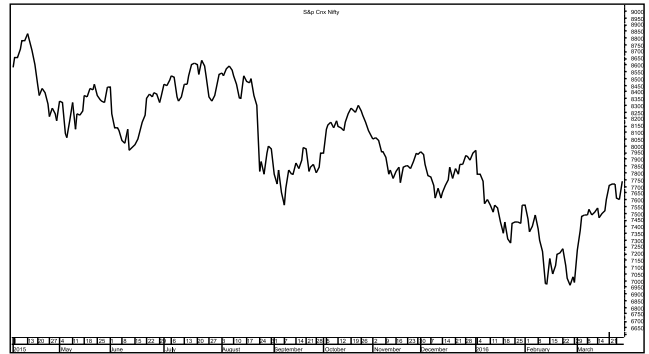
Months	NSE			BSE		
	High Rs.	Low Rs.	Volume Nos.	High Rs.	Low Rs.	Volume Nos.
Apr-15	44.75	33.10	1408919	44.65	33.30	860680
May-15	44.90	34.05	1059771	44.80	34.00	578812
Jun-15	53.70	31.55	2601565	53.75	32.80	1199481
Jul-15	61.85	44.10	4122662	62.20	44.70	2241327
Aug-15	58.15	38.65	1826835	58.25	39.00	977611
Sep-15	39.20	34.10	974100	38.95	34.05	351688
Oct-15	46.35	35.95	843236	45.40	36.00	456684
Nov-15	47.30	37.40	873324	47.20	37.70	517778
Dec-15	49.90	38.60	1717706	49.70	38.20	756232
Jan-16	47.90	33.25	712150	47.60	33.50	368632
Feb-16	37.15	28.50	386611	37.05	28.55	224578
Mar-16	34.80	28.25	907560	34.35	28.40	393670
<b>Total</b>			17434439			8927173

**Graphical representation of Shares Price in NSE and BSE vis-à-vis Index Movement:**

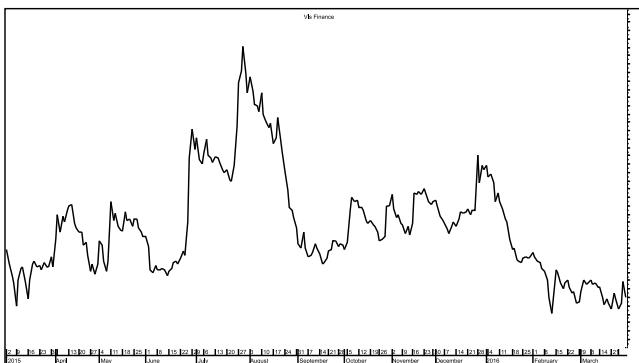
**NSE Graph of VLS Finance Ltd.**



**Nifty :**



**BSE Graph of VLS Finance Ltd.**



**Sensex :**



**d) Registrar and Transfer Agents and Share Transfer System**

The Company has retained M/s RCMC Share Registry Pvt. Ltd., as its Registrar & Transfer Agents for further period of one year w.e.f. 01/04/2016 for entire shareholder services viz. processing request for transfer, other shareholder services, dematerialisation of holding, providing connectivity services with depositories in compliance of SEBI's circular No.D&CC/F/TTC/CIR-15/2002 dated 27/12/2002.

**e) Investors Correspondence**

For any query relating to transfer/transmission of shares, dematerialisation, change of address etc. please write to M/s. RCMC Share Registry Pvt. Ltd., (the "Registrar") at B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi-110020 (Phone Nos. 011 – 26387320, 26387321, 26387323 and Fax 011-26387322). For any further assistance in said matters, queries may be addressed to the Company Secretary at the registered office of the Company.

**f) Distribution of shareholding as on March 31, 2016**

Slab of share holdings (No. of shares)	No. of share holders	%age	Nominal value of shares held (Rs.)	%age
1-500	11423	50.63	24676180	6.38
501-1000	8388	37.18	54624760	14.13
1001-2000	1543	6.84	22418810	5.80
2001-3000	436	1.93	11354980	2.94
3001-4000	177	0.78	6414510	1.66
4001-5000	138	0.61	6562720	1.70
5001-10000	257	1.14	18699850	4.84
10001 and above	199	0.88	241868360	62.56
<b>Total</b>	<b>22561</b>	<b>100.00</b>	<b>386620170</b>	<b>100.00</b>

**According to categories of shareholders as on March 31, 2016**

Sl. No.	Categories	No. of shares	Amount in Rs.	Percentage of shareholding
1	Promoters, Directors and Relatives	17353032	173530320	44.88
2	Financial Institution and Banks	9500	95000	0.02
3	Mutual Fund	100	1000	0.00
4	Fils	300	3000	0.00
5	Corporate Bodies	1827850	18278500	4.73
6	Clearing Members	363929	3639290	0.94
7	Indian Public	18853918	188539180	48.77
8	NRI/OCBs/FN	253388	2533880	0.66
9	LLP	0	0	0
	<b>Grand Total</b>	<b>38662017</b>	<b>386620170.00</b>	<b>100.00</b>

**g) Dematerialisation of Shares and liquidity**

90.34% of the total share capital of Company was held in dematerialized form as on 31/03/2016 the shares of Company are actively traded in BSE Ltd. and The National Stock Exchange of India Ltd. The shares of the Company are traded only in demat segment w.e.f. 28<sup>th</sup> August 2000.

**h)** There were no ADRs/ GDRs/ Warrants or other convertible instruments outstanding as on 31/03/2016.

**i) Reconciliation of Capital**

The requisite certificate by a practicing company secretary was duly submitted to the stock exchanges, where the securities of the Company are listed, at the end of each quarter, within prescribed time.

**j) Financial Calendar (tentative)**

Quarter ending	June 30, 2016	End of July, 2016
Quarter ending	September 30, 2016	Mid of November, 2016
Quarter ending	December 31, 2016	Mid of February, 2017
Year ending	March 31, 2017 #	End of May, 2017
Annual General Meeting for the year ended	March 31, 2016	15 <sup>th</sup> September, 2016

# For the quarter ending 31/03/2017 un-audited results may not be published and only audited results will be published, unless decided otherwise.

**k) Subsidiary Companies**

The Company does not have any material non-listed Indian subsidiary in terms of regulation 24 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as per financial results of the period under review.

**l) Plant Location**

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

**Auditors' Certificate on Corporate Governance**

As required by regulation 27 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the auditors' certificate is annexed hereto.

**CERTIFICATE**

The Members of VLS Finance Ltd.

- We have examined the compliance of conditions of Corporate Governance by VLS Finance Ltd ("the Company"), for the year ended on March 31, 2016 and particularly in respect of:
  - Clause 49 of the Listing Agreement of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
- The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
- In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has in general complied with the conditions of Corporate Governance including those stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
- We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of  
 Agiwal & Associates  
 (Firm Registration No: 000181N)  
 Chartered Accountants

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

Date: 29/7/2016  
 Place: New Delhi

**Covering letter of the annual audit report to be filed with the stock Exchange**

**FORM A**

1.	Name of the Company	VLS Finance Limited
2.	Annual financial statements for the year ended	31st March 2016
3.	Type of Audit observation	Un-Modified
4.	Frequency of Observation	Not Applicable

**S.K. Agarwal**  
 Managing Director  
 DIN : 00106763

**P.C. Agiwal**  
 Representative of Statutory Auditor  
 M.No. : 80475

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

**Ajit Kumar**  
 Chairman-Audit Committee  
 DIN : 00106597

**Annexure-E**
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

[Pursuant to section 204(1) of  
the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**Form MR-3  
SECRETARIAL AUDIT REPORT**

To,  
The Members,  
VLS Finance Limited  
2<sup>nd</sup> Floor, 13, Sant Nagar  
East of Kailash  
New Delhi-110065.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VLS Finance Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of **VLS Finance Limited's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable for the financial year under review);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Company had properly complied the other laws viz. Income tax Act 1961, Prevention of Money Laundering Act, 2002 and rules made thereunder, Service tax law, labour laws, local revenues laws, Insurance Act, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder, Water (Prevention and control of Pollution) Act, 1974 and rules made thereunder, Environment (Protection) Act, 1986, Stock Exchange regulations applicable to member of Exchange, the SEBI regulations for stock brokers and intermediaries, etc. as applicable to it.

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India,

- ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited, The Calcutta Stock Exchange Ltd. and Madras Stock Exchange Ltd.;
- iii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 promulgated w.e.f. 01/12/2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The Company has been generally filing the forms and returns with Registrar within the prescribed time. However, there are few instances where there have been delays. Similarly, the Company has spent Rs. 6,48,000/- as against outlay of Rs. 14,93,787/- which is required to be spent under section 135(5) of Companies Act, 2013 on the activities as per CSR policy of the Company. Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were passed unanimously and were captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, the company has not taken any action having major bearing on affairs of the Company pursuant to above referred laws.

CS Pooja Gandhi  
Company Secretary  
ACS No.:20092  
C P No.:11351  
Place:New Delhi  
Date: 17<sup>th</sup> May, 2016

This report is to be read with my letter of even date which is annexed as '**Annexure 1**' and forms an integral part of this report.

**Annexure 1**

To,  
The Members,  
VLS Finance Limited  
2<sup>nd</sup> Floor, 13, Sant Nagar,  
East of Kailash,  
New Delhi-110065.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

CS Pooja Gandhi  
Company Secretary  
ACS No.:20092  
C P No.:11351  
Place:New Delhi  
Date: 17<sup>th</sup> May, 2016

**Annexure-F**
**Annexure to Directors' Report**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 and forming part of directors' report for the year ended 31<sup>st</sup> March, 2016.

**Conservation Of Energy**

- a) Energy conservation measure taken : Nil  
 b) Proposals under implementation for reduction consumption of energy : Nil

**Technology Absorption**

- a) Research and development : Nil  
 b) Technology absorption, adoption and innovation : Nil

**Foreign Exchange Earnings and Outgo**

- a) Foreign Exchange Earned : Nil  
 b) Foreign Exchange Used : Rs. 60,872/-

For and on behalf of the Board of Directors

Place : New Delhi  
 Date : 29/07/2016

S.K. Agarwal  
 Managing Director  
 DIN: 00106763

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

**Annexure-G**
**Annexure to the Board's Report**

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

1. **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and percentage increase in remuneration of each Director:**

Sl.No	Name of the Directors	Designation	% increase of remuneration in 2016 compared to 2015	Ratio of the Median remuneration of the year 2015-16
1	Shri Ajit Kumar	Non-Executive independent Director ( Chairman)	20.00	0.4:1
2	Shri B. M. Oza \$	Non-Executive independent Director	10.59	0.5:1
3	Dr. S. Ramesh	Non-Executive independent Director	3.45	0.4:1
4	Shri Somesh Mehrotra*	Non-Executive non independent Director	-64.28***	0.1:1
5	Dr. (Mrs.) Sushma Mehrotra**	Non-Executive non independent Director	-100***	0.0
6	Shri M. P. Mehrotra@	Non-Executive non independent Director	60***	0.2:1
7	Dr. (Mrs.) Neeraj Arora #	Non-Executive non independent Director	Not comparable	0.1:1
8	Mr. S. K. Agarwal	Managing Director	20.71	7.5 : 1
9	Mr. K. K. Soni	Director- Finance & CFO	70.72***	7.4 : 1

\$ Died on 30/06/2016 \* Died on 22/08/2015 \*\* Died on 09/04/2015 @ Appointed on 12/09/2015 # Appointed on 30/05/2015  
 \*\*\* for illustration purpose only since not comparable being for part of the year

The Non-Executive Independent Directors of the Company are entitled for sitting fees and reimbursement of expenses as per the statutory provisions and are within the prescribed limits. The details of sitting fees of independent directors are provided in the Corporate Governance Report and forms part of the Annual Report. There was no change in sitting fees of the Non-Executive Directors during the FY 2015-2016.

2. **The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year 2015-16 :**

Sl.No	Name of the Company Secretary	Designation	% increase of remuneration in 2016 as compared to 2015
1	Mr. H. Consul	Company Secretary	27.89%

\* % increase does not include payment made towards leave encashment, payment of post arrears and perquisites yet to be claimed after the date of balance sheet pertaining to financial year. Refer clause 1 above for other details.

3. **The percentage increase in the median remuneration of employees in the financial year 2015-16:**  
 There was percentage increase in the median remuneration of employees in the financial year of around 23.49%
4. **The number of permanent employees on the rolls of company:**  
 30( Thirty)

**5 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average increase in percentile of salaries of employees other than the managerial personnel in 2015-2016 was 15%-16%.

Average Percentile increase in the managerial remuneration for the year was 37.72% .

The revision in remuneration of Shri K. K. Soni- Director-Finance & CFO was approved w.e.f.1st October 2014 in the financial year 2014-15. Hence on comparison of total remuneration paid during the two years, the percentage figure of increase in remuneration is not comparable.

**6. Affirmation that the remuneration is as per the remuneration policy of the company:**

The remuneration is as per the Remuneration policy of the Company.

**7. Top 10 employees in terms of remuneration drawn in the financial year 2015-16**

S. No.	Name/Designation of employee	Remuneration received	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of commencement of employment	Age of such employee (Years)	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub rule (2)	Whether any such employee is a relative of any director or manager of the company and if so name of such director or manager
1	S. K. Agarwal- Managing Director	31,23,654	Contractual	B.Com(Hons.), CAIIB-44 years	01/01/1998	65	VLS View Asset . Management Ltd	—	—
2	K.K. Soni- Director-Finance & CFO	30,49,875	Contractual	B.Com, FCA, FCS-40 years	28/07/2006	63	VLS Capital Ltd.	—	—
3	H. Consul- Company Secretary	17,48,459	Permanent	B.Com (Hons.), ACS, LLB- 30 years	2/2/1998	52	Prakash Ispat Ltd.	—	—
4	S.C. Agarwal- Vice President	16,63,200	Permanent	B.A. 32 years	1/2/2006	54	South Asian Enterprises Ltd.	—	—
5	L. Thirumoorthy- Vice President (Accounts)	12,64,896	Permanent	B.Com 36 years	10/7/2002	56	Self Employed	—	—
6	Ramesh C. Pandey - Group Head (Secretarial)	6,66,072	Permanent	B. Sc., LLB 28 years	1/4/1994	52	Self Employed	—	—
7	Dinesh Negi -Group Head (Accounts)	6,61,788	Permanent	B.Com 28 years	25/09/1995	51	Universal Subscription Agency Pvt. Ltd.	—	—
8	Manoj Jain -Group Head (Front Office- Broking Division)	6,43,728	Permanent	B.Com 25 years	2/5/2008	47	VLS Securities Ltd.	—	—
9	Divakaran P -Group Member (Accounts)	6,27,744	Permanent	B.Com 35 years	23/02/1990	56	Super Seals India Ltd.	—	—
10	Kartik Chugh - Group Member - (Research)	6,08,832	Permanent	MBA 8 years	15/01/2014	31	Escorts Ltd.	—	—

\* Held the position as Managing Director from 1st April, 2005 till 30th September, 2014.

There was no employee during the year drawing remuneration in terms of Rule 2(iii) of Companies (Appointment and Remuneration) Rules 2014.

**For and on behalf of the Board of Directors**

Place : New Delhi  
Date : 29/7/2016

S.K. Agarwal  
Managing Director  
DIN: 00106763

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

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF VLS FINANCE LIMITED**
**REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying standalone financial statements of **VLS FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the Accounting & Auditing Standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncement require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances on the effectiveness of the entity's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016 and its profit and its Cash Flow for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (herein after referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) In our opinion, proper books of accounts and records as specified in Rule 15 of the Securities Contracts (Regulation) Rules, 1957 have been kept in so far as it appears from our examination of such books.
  - g) The company as Stock Broker has complied with the requirements of the stock exchange so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the Stock Exchange.
  - h) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and operating effectiveness of such controls, refer to our separate Report in Annexure- B.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us :
    - i. After coming into effect of the Companies act 2013, the definition of "Associate" covers a company or companies in which holding company holds not less than 20% of the Total



Share Capital of that company or those companies irrespective of whether they are in the same group or not. Hence, Sunair Hotels Ltd. and BMS IT Institute (P) Ltd which are presently not in the same group, have been considered as Associate. Even though the company is in litigation with these companies, in the opinion of company, there is no adverse impact of such litigations on investments/advances made by it in these associates.

- ii. The Company has informed & explained to us that pending litigations has no adverse effect on its financial position in its financial statements as at 31<sup>st</sup> March, 2016.
- iii. The Company has made provision as at 31<sup>st</sup> March, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iv. There has been no requirement to transfer any amount to the Investor Education and Protection Fund, as the Company has no due outstanding during the year ended 31<sup>st</sup> March, 2016.

For AGI WAL & ASSOCIATES  
Chartered Accountants  
(FRN : 000181N)

(P. C. Agiwal)

Partner

(M. No. 080475)

Place: New Delhi  
Date: 28<sup>th</sup> May, 2016

#### **ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT**

#### **REFERRED TO IN PARAGRAPH (9) OF OUR REPORT OF EVEN DATE**

#### **Re: VLS Finance Ltd. for the year ended 31<sup>st</sup> March, 2016**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets, except assets on lease which are in the possession of the lessees, have been physically verified by the Management according to the program of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- (c) As per the records and information and explanations given to us, title deeds of immovable properties are held in the name of the Company.
2. The company generally deals in shares, securities and Units of Mutual funds. Primarily these are held in electronic form so inventory of the Company has been electronically verified by the management at reasonable intervals and the procedures of verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. There were no discrepancies noticed on such verification of inventory as compared to book records.
3. The Company has granted Interest free unsecured loan to one subsidiary company covered in the register maintained under section 189 of companies Act, 2013. The Company has not granted any secured/ unsecured loans to the firms and parties covered in the register maintained under section 189 of the Act.
- a) As per the information given to us, the aforesaid loan given to the subsidiary company is payable on demand.
- b) In respect of the aforesaid loan, there is no overdue amount at the year end.
4. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security the Company has complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions under the Act. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
6. According to the information & explanations given to us, maintenance of cost records has not been specified by Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the company.
7. (a) The Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, wealth tax, service tax and any other statutory dues with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service tax and any other material statutory dues in arrears as at 31.03.2016 for a period of more than six months from the date they became payable.
- (c) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2016.
8. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans and/or borrowings to financial institutions and banks. No debentures are outstanding as on 31.03.2016.
9. During the year, no monies have been raised by public offer of shares. Money raised on term loans has been applied for the purposes for which loans were raised.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company and on the Company by its officers or employees has been noticed or reported during the course of the audit .
11. On the basis of records and information and explanations made available, managerial remuneration which has been paid or provided is in accordance with the requisite approvals mandated under Section 197 read with Schedule V of the Act.
12. In our opinion and according to information & explanation given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. As per the information and explanations and records made available by the management of the Company and audit procedure performed, for the related parties transactions entered during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable. As explained, details of related parties transactions are disclosed as per the applicable Accounting Standards.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares

or fully / partly convertible debentures during the year.

15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with him.
16. The Company is not required to be registered under 45-IA of the Reserve Bank of India Act, 1934.

**For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)**

**P. C. Agiwal  
Partner**

**Place: New Delhi  
Date: 28<sup>th</sup> May, 2016**

**Membership No. : 080475**

#### **Annexure - B to the Auditors' Report**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of VLS Finance Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting

and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)**

**P. C. Agiwal  
Partner**

**Place: New Delhi  
Date: 28<sup>th</sup> May, 2016**

**Membership No. : 080475**

**BALANCE SHEET AS AT 31st March, 2016**

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	38,78,42,420	38,78,42,420
(b) Reserves & Surplus	3	178,55,84,728	171,53,86,905
<b>(2) Non-current liabilities</b>			
(a) Other Long Term Liabilities		0	8,00,00,000
(b) Long Term Provisions	4	21,50,17,547	21,35,17,236
<b>(3) Current liabilities</b>			
(a) Short-Term borrowings	5	17,00,00,000	66,40,729
(b) Trade payables	6	55,44,410	33,13,935
(c) Other Current Liabilities	7	32,58,665	12,00,723
(d) Short Term Provisions	8	6,63,694	5,12,853
<b>Total</b>		<b>256,79,11,464</b>	<b>240,84,14,801</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed Assets</b>			
- Tangible Assets	9	1,01,66,829	6,63,60,926
- Intangible Assets	9	3,34,902	2,65,826
(b) Non-current Investments	10	218,95,08,180	180,35,01,761
(c) Deferred tax assets (Net)	11	1,45,76,171	1,65,23,289
(d) Long-term loans and advances	12	13,51,32,396	13,29,87,542
<b>(2) Current assets</b>			
(a) Inventories- Share stock-in-trade	13	4,90,16,907	7,65,99,092
(b) Trade receivables	14	6,10,62,806	0
(c) Cash and cash equivalents	15	2,85,92,655	1,44,30,292
(d) Short-term loans and advances	16	7,94,30,578	29,70,95,855
(e) Other current assets	17	90,040	6,50,218
<b>Total</b>		<b>256,79,11,464</b>	<b>240,84,14,801</b>
<b>Significant Accounting Policies and Notes forming part of accounts</b>		<b>1 to 24</b>	

As per our report of even date.  
 For Agiwal & Associates  
 Chartered Accountants  
 (F.R.N. 000181N)  
 P.C.Agiwal  
 Partner  
 M.No.80475  
 May 28th, 2016  
 New Delhi

For and behalf of the Board

S.K.Agarwal  
 Managing Director  
 DIN : 00106763

M.P. Mehrotra  
 Director  
 DIN : 00016768

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

H.Consul  
 Company Secretary  
 M. No : A-11183

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2016**

(Amount in Rupees)

	Note No.	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>I Revenue from operations</b>	<b>18</b>	<b>1913,84,26,882</b>	4623,48,34,428
<b>II Other Income</b>	<b>19</b>	<b>3,17,51,668</b>	69,086
<b>III Total Revenue (I+II)</b>		<b><u>1917,01,78,550</u></b>	<u>4623,49,03,514</u>
<b>IV Expenses</b>			
Purchase of Shares/Securities/Commodities		1893,19,00,554	4609,88,29,117
Change in stock of shares	20	2,75,82,185	(36,067,641)
Employee benefits expenses	21	2,46,91,489	1,88,40,090
Finance costs	22	1,95,79,470	23,04,759
Depreciation and Amortisation expense	9	44,96,469	47,64,329
Administrative & Other Expenses	23	8,23,22,595	7,33,63,361
<b>V. Total Expenses</b>		<b><u>1909,05,72,762</u></b>	<u>4616,20,34,015</u>
<b>VI. Profit before tax (IV-V)</b>		<b>7,96,05,788</b>	7,28,69,499
<b>VII. Less: Tax Expenses</b>			
Current Tax/MAT		74,76,524	97,18,771
Tax adjustments for earlier years		(15,677)	0
Deferred Tax		19,47,118	(1,650,114)
<b>VIII. Profit for the year (VI-VII)</b>		<b><u>7,01,97,823</u></b>	<u>6,48,00,842</u>
<b>EARNING PER SHARE</b>			
Basic Earning per Share (Rs.)		<b>1.82</b>	1.68
Diluted Earning per Share (Rs.)		<b>1.82</b>	1.68
Face Value per Share (Rs.)		<b>10.00</b>	10.00
<b>Significant Accounting Policies and Notes forming part of accounts</b>	<b>1 to 24</b>		

As per our report of even date.  
 For Agiwal & Associates  
 Chartered Accountants  
 (F.R.N. 000181N)  
 P.C.Agiwal  
 Partner  
 M.No.80475  
 May 28th, 2016  
 New Delhi

For and behalf of the Board

S.K.Agarwal  
 Managing Director  
 DIN : 00106763

M.P. Mehrotra  
 Director  
 DIN : 00016768

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

H.Consul  
 Company Secretary  
 M. No : A-11183

**NOTES FORMING PART OF FINANCIAL STATEMENTS for the year ended 31<sup>st</sup> March, 2016.**

**COMPANY OVERVIEW**

The company is a public limited company registered under the Companies Act, 1956 and is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Calcutta Stock Exchange and Madras Stock Exchange. The Company has voluntarily surrendered the Certificate of Registration (CoR) with RBI which has been accepted by the RBI vide its letter dated 13/02/2014 w.e.f. 29/01/2014. The Company had applied for membership of Bombay Stock Exchange (BSE) and the same has been approved by BSE vide letter dated 14/05/2014. The SEBI Registration Certificate in connection thereto has been received vide letter dated 01/10/2014 and the Company has already started broking activity during the year under review.

**1. Significant Accounting Policies**

**A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013 and rules made thereunder, as amended as adopted consistently by the Company.
- Use of Estimates:  
The preparation of financial statements requires certain estimates and assumptions to be made that effect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**B. REVENUE RECOGNITION**

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

**C. FIXED ASSETS**

- Assets under Lease and Hire Purchase are accounted in the books at invoice value and the difference between the invoice price and disbursed amount is accounted as Security Deposits and the same is adjusted to the respective asset account on the expiry of the term of lease/hire purchase.
- Assets for own use are accounted for in the books at Cost including incidental charges less accumulated depreciation, if any.
- Depreciation is provided as under:
  - On Own Assets:**  
Tangible  
For the purpose of computing depreciation, the company has adopted the revised estimates of the useful life of the tangible assets, in accordance with the Part C of Schedule II of the Companies Act, 2013, w.e.f 01/04/2014.  
Intangible  
In the opinion of the management, the estimated life of the computer software is 5 (five) years. The same has been amortized accordingly.
  - On Leased Assets:**  
100% of the cost of asset is depreciated over the primary lease period applying interest rate implicit in the lease on the outstanding investment on lease to calculate the finance earnings for the period and the difference between the lease rental and finance earnings is charged as depreciation. This method is being consistently followed by the Company and effect of this method is similar to the method recommended by the Institute of Chartered Accountants of India.
- The Company follows a procedure of writing off all capital expenses which do not exceed Rs.1000/- in each case.

**D. SHARE - STOCK IN TRADE**

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

**E. INVESTMENTS**

- Investments are classified into Non-current investments and current investments.
- Non-current investments are valued at cost. Provision for diminution in

value of investment is made scrip-wise to recognize a decline other than temporary in nature.

- Current investments are valued, scrip wise, at cost or market price, whichever is lower.
- The Company follows "FIFO Method" for calculating the cost of each investment sold by the Company for arriving at the profit/loss.

**F. DEFERRED REVENUE EXPENDITURE**

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

**G. PROVISION FOR RETIREMENT BENEFITS**

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

**H. TAXATION**

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

**I. FOREIGN EXCHANGE TRANSLATIONS**

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

(Amount in Rupees)

	As at 31st March, 2016	As at 31st March, 2015
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15,00,00,000 Equity Shares of Rs.10/- each	<b>150,00,00,000</b>	150,00,00,000
(Previous year 15,00,00,000 Equity shares of Rs.10/-each)		
<b>ISSUED CAPITAL</b>		
3,91,29,517 Equity Shares of Rs.10/- each	<b>39,12,95,170</b>	39,12,95,170
(Previous year 3,91,29,517 Equity shares of Rs.10/-each)		
	<b>39,12,95,170</b>	39,12,95,170
(4,02,62,500 less 11,32,983 Equity Shares of Rs. 10/- each issued as fully paid up for cash bought back on 11-2-2014)		,13,29,830
<b>SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
3,86,62,017 Equity Shares of Rs.10/- each	<b>38,66,20,170</b>	38,66,20,170
fully paid up for cash		
(Previous year 3,86,62,017 Equity Shares of Rs.10/- each)		
Add: Amount forfeited on 4,67,500 equity shares		
(Previous year 4,67,500 equity shares)	<b>12,22,250</b>	12,22,250
	<b>38,78,42,420</b>	38,78,42,420

(Of the above, 3,31,62,500 equity shares, fully paid up have been issued as bonus shares by way of capitalisation of share premium) (11,32,983 Equity Shares of Rs.10/-each fully paid up for cash bought back on 11-02-2014)

**(a) Reconciliation of Number of Shares at the beginning and at the end of the reporting period**

	As at 31/03/ 2016		As at 31/03/2015	
	Number	in Rupees	Number	In Rupees
Equity Shares at the beginning of the year	3,86,62,017	38,66,20,170	3,86,62,017	38,66,20,170
Equity Shares at the end of the year	3,86,62,017	38,66,20,170	3,86,62,017	38,66,20,170



**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)**

(Amount In Rupees)

<b>NON-CURRENT INVESTMENTS (at cost)</b>					
PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rupees)	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
JK TYRE & INDUSTRIES LTD	2	10,00,000	0	11,89,90,962	0
LLOYDS ELECTRIC & ENGG LTD	10	1,000	1,000	1,43,391	1,43,391
KANSAI NEROLAC PAINTS LTD	1	500	7,35,640	1,17,810	16,78,11,822
KALYANI STEEL LTD	5	6,15,000	0	9,43,27,507	0
MUNJAL SHOWA LTD	2	1,000	1,000	2,33,002	2,33,002
MEGHMANI ORGANICS LTD	1	75,00,000	75,00,000	13,40,24,345	13,40,24,345
MBL INFRASTRUCTURE LTD	10	20,000	0	35,30,452	0
NANDAN DENIM LTD	10	1,000	1,000	46,041	46,041
NEO CORP INTERNATIONAL LTD	10	31,52,109	29,68,409	5,44,33,931	4,43,00,662
NAHAR SPINNING MILLS LTD	5	25,000	0	34,46,925	0
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828
PINCON SPIRIT LTD	10	1,66,200	0	1,16,20,939	0
PILANI INVESTMENT & IND CO LTD	10	505	0	6,72,219	0
RELAXO FOOTWEAR LTD (++)	1	80,57,760	45,28,880	3,12,88,757	3,41,85,749
RELIANCE INDUSTRIES LTD	10	900	900	8,88,432	8,88,432
RUNEECHA TEXTILES LTD	10	3,57,600	3,57,600	17,88,000	17,88,000
SHILPI CABLE TECH LTD	10	17,64,146	11,72,052	4,73,99,985	1,98,11,432
SHIPPING CORPORATION OF INDIA LTD	10	1,00,000	0	51,59,938	0
STEL HOLDINGS LTD	10	4,28,775	5,58,665	1,15,13,727	1,49,31,053
SUMMIT SECURITIES LTD	10	1,93,490	1,91,049	4,69,45,868	4,47,74,854
SUVEN LIFE SCIENCE LTD	1	1,000	1,000	2,11,112	2,11,112
SURYA ROSHNI LTD	10	11,00,500	1,00,500	12,32,69,660	1,27,69,660
SREE RAYALASEEMA ALKALIES & ALLIED CHEMICALS LTD	10	15,98,792	0	2,62,95,009	0
SREE RAYALASEEMA HI STRENGTH HYPO LTD	10	500	0	30,204	0
TATA STEEL LTD	10	300	300	2,05,413	2,05,413
TAMILNADU NEWSPRINT AND PAPERS LTD	10	250	18,577	36,221	26,91,474
TECHNOCRAFT INDUSTRIES (INDIA) LTD	10	6,40,958	5,11,037	12,02,38,976	8,92,27,228
TINPLATE CO OF INDIA LTD	10	11,500	0	8,21,791	0
UFLEX LTD	10	1,400	1,400	1,68,701	1,68,701
TCI INDUSTRIES LTD	10	9,699	9,699	5,76,607	5,76,607
VISAKA INDUSTRIES LTD	10	1,00,000	0	1,76,73,578	0
WELSPUN SYNTEX LTD	10	50,000	0	19,05,040	0
		SUB-TOTAL (A-2)		119,68,90,584	83,24,89,789
<b>B. IN PREFERENCE SHARES Un-quoted &amp; Fully Paid</b>					
Taurus Agile Technology Corporation Private Ltd (0% Redeemable Preference Shares)	10	0	7,24,209	0	5,21,43,048
		SUB-TOTAL B		0	5,21,43,048
<b>C. IN EQUITY SHARES OF SUBSIDIARIES Un-quoted &amp; Fully Paid-up</b>					
VLS Securities Ltd.	10	1,49,50,000	1,49,50,000	14,95,00,000	14,95,00,000
VLS Asset Management Ltd.	10	70,100	70,100	7,01,000	7,01,000
		SUB-TOTAL C		15,02,01,000	15,02,01,000
<b>D. IN UNITS &amp; BONDS Un-quoted &amp; Fully Paid-up</b>					
UNITS IN ICICI PRUDENTIAL REAL ESTATE AIR-II		149185.176	0	1,50,00,000	0
		SUB-TOTAL D		1,50,00,000	0
		TOTAL E (A1+A2+B+C+D)		218,24,13,771	179,64,07,352
I. Aggregate value of quoted investments				At Cost 119,68,90,584	83,24,89,789
				Market Value 475,63,42,663	416,59,82,279
II. Aggregate value of un-quoted investments - In Subsidiaries				At Cost 15,02,01,000	15,02,01,000
- Others				At Cost 83,53,22,187	81,37,16,563
<b>F. INVESTMENT IN IMMOVABLE PROPERTIES:-</b>					
		TOTAL (F)		70,94,409	70,94,409
		GRAND TOTAL (E+F)		218,95,08,180	180,35,01,761

(+) Bonus Shares received, hence cost of acquisition is NIL  
 (++) Includes 40,28,880 Bonus Shares received

(Amount In Rupees)

As at 31st March, 2016 As at 31st March, 2015

**11 Deferred tax**

a) Deferred tax Assets		
i) Accumulated Losses	1,45,72,675	3,52,70,590
ii) Employee Benefits	12,74,004	6,58,662
Total (a)	1,58,46,679	3,59,29,252
b) Deferred tax Liabilities		
i) Depreciation on Fixed Assets	12,70,508	1,94,05,963
Total (b)	12,70,508	1,94,05,963
<b>Deferred tax assets (net)</b>	<b>Total a-b)</b>	<b>1,45,76,171</b>
		1,65,23,289

As at 31st March, 2016 As at 31st March, 2015

**12 Long Term Loans and advances**

<b>A) Unsecured, considered good</b>		
i) Loans & Advances to Related Parties		
Loans to subsidiaries	9,29,010	9,24,336
Total (i)	9,29,010	9,24,336
ii) Loans & advances	8,05,00,000	8,00,00,000
Total (ii)	8,05,00,000	8,00,00,000
iii) Staff Loans and advances	5,58,169	3,94,958
Total (iii)	5,58,169	3,94,958
iv) Advances recoverable in cash or kind or for value to be received-	9,70,365	9,87,165
Total (iv)	9,70,365	9,87,165
v) Security Deposit with Govt Department	1,500	1,500
vi) Security Deposit with others	63,17,824	63,32,124
vii) Advance Income Tax and Tax Deducted at Source	7,29,61,858	7,46,24,927
Less: Tax Provisions	2,71,06,330	3,02,77,468
Total (vii)	4,58,55,528	4,43,47,459
<b>Total A (i+ii+iii+iv+v+vi+vii)</b>	<b>13,51,32,396</b>	<b>13,29,87,542</b>
<b>B) Doubtful</b>		
<b>Advances recoverable in cash or kind or for value to be received-</b>	<b>51,21,220</b>	<b>51,21,220</b>
Less: Provision for Bad & Doubtful Debts	51,21,220	51,21,220
<b>Total B</b>	<b>0</b>	<b>0</b>
<b>Total (A+B)</b>	<b>13,51,32,396</b>	<b>13,29,87,542</b>

**13. INVENTORIES-SHARE STOCK IN TRADE**

(At Cost or market price, whichever is lower)

Name of the Company	As on 31.03.2016		As on 31.03.2015	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Stock of Quoted Equity shares (Fully Paid)</b>				
ARIHANT COTSYN LTD	2,000	1	2,000	1
CENTRAL ROADLINES CORPORATION LTD	2,82,700	1	2,82,700	1
HINDUSTAN ADHESIVES LTD	1,000	13,000	1,000	13,000
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD (+)	45	3,903	30	3,903
SWEDE INDIA LTD	200	1	200	1
AXIS LIQUID FUND	0	0	49,098	7,60,00,000
HDFC LIQUID FUND	15,543	4,90,00,000	0	0
RELIANCE LIQUID FUND	0	0	175	5,82,185
<b>Total</b>	<b>3,30,488</b>	<b>4,90,16,907</b>	<b>3,64,203</b>	<b>7,65,99,092</b>

(+) Includes 20 Bonus Shares received during the year 2014-15 and 15 Bonus Shares received during the year 2015-16

(Amount In Rupees)

As at 31st March, 2016 As at 31st March, 2015

**14 Trade Receivables**

<b>Unsecured-Considered good</b>		
<b>Due from share brokers</b>		
1. Due for more than six months	0	0
2. Others	6,10,62,806	0
<b>Total</b>	<b>6,10,62,806</b>	<b>0</b>

**15 Cash and Cash Equivalents**

a) Cash on Hand	3,22,016	10,48,477
b) Balances with banks		
1. In Current Accounts	1,77,75,472	20,98,619
2. In Fixed Deposits (*)	1,04,95,167	1,12,83,196
(*) Fixed Deposits with banks include deposits of Rs.Nil (Previous Year: Rs.Nil) with maturity of more than 12 months.		
<b>Total (a+b)</b>	<b>2,85,92,655</b>	<b>1,44,30,292</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)**
*(Amount In Rupees)*

	As at 31st March, 2016	As at 31st March, 2015
<b>16 Short Term Loans and advances</b>		
<b>Unsecured, considered good</b>		
i) Advances to Related Parties		
Receivables from subsidiaries	4,46,791	11,01,39,601
Margin Money with subsidiaries	6,00,00,000	4,30,00,000
ii) Staff Loans and advances	9,12,826	6,67,746
iii) Advances Recoverable in cash or in kind or for value to be received	76,41,280	5,25,00,100
iv) Margin Money deposit with share brokers	99,00,000	9,00,00,000
v) Prepaid Expenses	5,29,681	7,88,408
<b>Total</b>	<b>7,94,30,578</b>	<b>29,70,95,855</b>
<b>17 Other Current Assets</b>		
Interest Accrued but not due	90,040	6,50,218
<b>Total</b>	<b>90,040</b>	<b>6,50,218</b>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**
*(Amount In Rupees)*

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>18. REVENUE FROM OPERATIONS</b>		
Sale of Shares/Securities/Commodities	1890,61,19,682	4574,14,07,248
Income from Other credit operations	84,84,401	75,42,374
Income from Investments	21,97,05,799	48,38,89,806
Bad Debts Recovered (Net)	41,17,000	19,95,000
<b>Total</b>	<b>1913,84,26,882</b>	<b>4623,48,34,428</b>
<b>19. OTHER INCOME</b>		
Profit on sale/written off of Fixed Assets	3,16,86,320	7,466
Others	65,348	61,620
<b>Total</b>	<b>3,17,51,668</b>	<b>69,086</b>
<b>20. CHANGE IN STOCK OF SHARES</b>		
Closing Stock of Shares	4,90,16,907	7,65,99,092
Less: Opening Stock of Shares	7,65,99,092	4,05,31,451
Change in Stock of Shares -Increase/(Decrease)	<b>(27,582,185)</b>	<b>3,60,67,641</b>
<b>21. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	2,05,25,003	1,57,99,594
Staff Amenities	8,34,865	6,02,049
Employer's Contribution to PF, ESI, Gratuity Fund etc.	33,31,621	24,38,447
<b>Total</b>	<b>2,46,91,489</b>	<b>1,88,40,090</b>
<b>22. FINANCE COST</b>		
Bank / Finance Charges	13,069	11,964
Interest Payment on Loans	1,95,66,401	22,92,795
<b>Total</b>	<b>1,95,79,470</b>	<b>23,04,759</b>
<b>23. ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement & Business Promotion	43,42,337	28,86,218
Consultancy, Legal & Service Charges	3,90,70,558	3,37,41,087
Communication Expenses	22,07,723	15,36,298
Electricity & Water Charges	7,42,360	6,01,979
Insurance	62,619	44,338
Office Expenses	64,49,582	47,41,038
Shares Transaction Charges	6,07,318	4,04,156
Travelling Expenses & Conveyance	17,38,603	37,66,620
Rates & Taxes	92,00,964	1,05,70,467
Rent	61,20,000	47,20,000
Repairs & Maintenance		
—Others	17,11,319	15,83,116
Miscellaneous Expenses	84,19,046	75,47,984
CSR Expenditure	6,48,000	0
Auditors' Remuneration		
a) Audit Fees	1,94,650	1,79,776
b) For Other Services		
— For Tax audit	90,000	89,888
— For certification	1,78,450	1,67,100
— Out of pocket expenses	35,000	45,671
Internal Auditors' Remuneration		
— Fees	80,000	50,000
— Out of pocket expenses	0	8,000
Directors' Sitting Fees	7,38,000	9,06,000
Contingent Provisions against Standard Assets	0	(226,375)
Prior year adjustments	(313,934)	0
<b>Total</b>	<b>8,23,22,595</b>	<b>7,33,63,361</b>

**24. NOTES FORMING PART OF FINANCIAL STATEMENT**

- Contingent Liability:- NIL.
- In some cases balances in the accounts of Debtors, Loans and Advances, Other Current Assets and Creditors are subject to confirmation by the respective parties.
- Cash & Bank Balances :  
Bank Deposits include fixed deposits of Rs.1,04,95,167/- (Previous Year – Rs.1,12,83,196/-) pledged with the banks as security for availing overdraft facilities.

Trading Items	Opening Stock in trade as on 01.04.2015		Purchases		Sales		Closing Stock in trade as on 31.03.2016	
	Qty *	Value Rs.	Qty *	Value Rs.	Qty *	Value Rs.	Qty *	Value Rs.
Shares	314930	16907	12543565	5774135802	12543550	5712955015	314945	16907
(Previous year)	2026199	21231451	82843567	23194783654	84554836	22884465782	314930	16907
Commodities	Nil	Nil	406614	731564752	406614	735209610	Nil	Nil
(Previous year)	Nil	Nil	5346	427200491	5346	428523758	Nil	Nil
Liquid Fund	49272	76582185	104400265	12426200000	104433994	12457955057	15543	49000000
(Previous year)	13484	19300000	107376448	22476844972	107340660	22428417708	49272	76582185

\* Quantity of Shares is in numbers, Quantity of Liquid fund is in units and of Commodities is in lots.

- Income from investments include:

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income ( Gross )	4,96,60,723	2,94,13,139

- Interest Receipts (Gross) Rs.84,84,401/- (inclusive of interest of Rs.12,93,639/- on Fixed Deposits and of Rs.59,71,809/- on margin money with share brokers and other interest received of Rs.12,18,953/-) (Previous Year Rs. 75,42,374/-, inclusive of interest of Rs.31,59,164/- on Fixed Deposits and Rs.42,51,498/- on margin money with share brokers and other interest received of Rs.1,31,712/-) grouped under Income from Operations includes Tax Deducted at Source amounting to Rs.8,37,661/- (Previous Year Rs. 7,49,332/-).
- The Current Assets, Loans and advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- The term of lease agreements in respect of Leased Assets have expired and the assets continue in the possession of lessees. However, the said assets have been included in the block of fixed assets of the Company pending the transfer of titles.
- Related Party Disclosure  
Followings are the related parties:-  
Subsidiaries: - VLS Securities Ltd. (99.67%) and VLS Asset Management Ltd (99.15%),  
Key Managerial Personnel:- 1) Shri S.K.Agarwal (Managing Director)  
2) Shri K.K.Soni (Director Finance & CFO)  
3) Shir H Consul, Company Secretary  
Associates: - (as defined in the Company Act 2013) 1) VLS Capital Ltd.  
2) Sunair Hotels Ltd.  
3) BMS IT Institute Private Ltd.

Summary of transactions with the above related parties is as follows:-

*(Amount in Rs.)*

Particulars	Subsidiaries	Associates	Key Managerial Personnel	Others
Purchase of Securities	Rs. 6,28,89,17,805 (Previous year Rs. 7,49,88,26,281)			
Sale of Securities	Rs. 5,89,05,68,137 (Previous year Rs.7,39,91,81,254)			
Rent and other charges received	Rs. 1,37,100 (Previous year Rs.1,34,832)			
Other charges paid	Rs. 46,55,552 (Previous year. Rs.34,21,510)			
Remuneration to Managing Director			Rs. 31,23,654 (Previous year. Rs. 25,87,800)	
Remuneration to Director-Finance & CFO			Rs. 30,49,875 (Previous year Rs. 17,86,500)	
Remuneration to Company Secretary.			Rs. 17,48,459 (Previous year. Rs. 13,77,756)	
Due from Subsidiaries (including margin money deposits - outstanding balance as on 31.03.2016)	Rs. 6,13,75,801 (Previous year. Rs. 15,40,63,937)			

- Managerial Remuneration

Particulars	Paid to Shri S.K. Agarwal Managing Director	Paid to Shri K. K. Soni Director-Finance & CFO
Remuneration	Rs. 30,60,000/- (Previous Year –Rs. 25,72,800/-)	Rs. 29,40,000/- (Previous Year –Rs. 17,79,000/-)
Perquisites	Rs. 63,654/- (Previous Year –Rs. 15,000/-)	Rs 1,09,875/- (Previous Year – Rs. 7,500)

The perquisite figure does not include contribution made by the Company for gratuity and group insurance scheme to the LIC and provision made for leave encashment.



11. Earning Per Share  
Calculation of EPS (Basic and Diluted)

Particulars	Equivalent No. of Shares	
	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
<b>Basic and Diluted</b>		
Total Shares Outstanding	3,86,62,017	3,86,62,017
Profit after Taxes	Rs. 7,01,97,823	Rs. 6,48,00,842
EPS -Basic	Rs. 1.82	Rs. 1.68
EPS -Diluted	Rs. 1.82	Rs. 1.68

12. Expenditure in Foreign Exchange:-

Foreign Travel Expenses Rs. 3,937/- (Previous year: Foreign Travel Expenses- Rs. 3,51,470) and Subscriptions Rs. 56,935/- ( Previous year: Rs. 47,179)

13. A non interest bearing amount of Rs. 9,29,010/- (maximum amount outstanding during the year is Rs.9,29,010/-) is due from VLS Asset Management Ltd., the subsidiary of the Company.

14. Accounting Standard (AS -17) relating to "Segment Reporting" has been complied with. The gross operating income and profit from the other segment is below the norms prescribed in AS-17, hence separate disclosure has not been made.

15. As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:-

**Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :-

Particulars	2015-16	2014-15
	(in Rupees)	
Employer's Contribution to Provident Fund	13,06,662	9,32,225
Employer's Contribution to Pension Fund	3,49,388	2,27,066

**Defined Benefit Plans**

**A) Disclosure required under Accounting Standard 15 - Employee Benefits.- Gratuity**

(a) Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined contribution plan where annual contributions as demanded by the insurer are deposited.

**I) Reconciliation of opening and closing balance of the present value of obligation**

	As at March 31, 2016 ( in Rupees)	As at March 31, 2015 ( in Rupees)
<b>Change in present value of obligation</b>		
Present value of obligation as at the beginning of the year	52,97,693	37,57,721
Current service cost	4,97,512	3,85,114
Interest cost	4,23,815	3,00,618
Actuarial ( gain ) / loss	8,35,753	854,240
Benefits paid	0	0
Present value of obligation as at the end of the year	70,54,773	52,97,693

**II) Reconciliation of opening and closing balance of the fair value of Plan Assets**

<b>Change in present value of obligation</b>		
Fair Value of Plan Assets as at the beginning of the year	50,05,715	45,31,142
Expected return on plan assets	4,22,704	4,09,964
Contributions	1,36,486	41,538
Benefits paid	0	0
Actuarial gain/(loss) on Plan assets	(3,015)	NIL
Fair Value of Plan Assets as at the end of the year	55,61,890	49,82,644

**Reconciliation of present value in "I" above and the fair value of Plan Assets in "II" above**

Present value of obligation as at the end of the year	70,54,773	52,97,693
Fair Value of Plan Assets as at the end of the year	55,61,890	49,82,644
Excess of Fair value of Plan Assets over present value of obligations	(1,492,883)	(315,049)

**III) Expenses charged to Profit & Loss Account**

Expenses charged to Profit & Loss Account	13,37,391	11,30,008

<b>Main actuarial assumptions</b>		
Discount rate	8.00%	8.00%
Salary Escalation	5.00%	5.00%

**16. Disclosure required under Accounting Standard 15 - Employee Benefits.**

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

(in Rupees)

	As at March 31, 2016	As at March 31, 2015
<b>Change in present value of obligation</b>		
Present value of obligation as at the beginning of the year	9,26,156	5,91,570
Current service cost	1,03,448	85,865
Interest cost	74,092	47,326
Actuarial ( gain ) / loss	136,221	201,395
Benefits paid	0	0
Present value of obligation as at the end of the year	12,39,917	9,26,156
<b>Change in plan assets</b>	Not Applicable	Not Applicable
Plan assets at the beginning of the year		
Expected return on plan assets		
Contribution by the Company		
Benefits paid		
Actuarial ( gain ) / loss		
Plan assets at the end of the year		
<b>Liability recognised in the financial statement</b>		
Cost for the year		
Current service cost	1,03,448	85,865
Interest cost	74,092	47,326
Return on plan assets	0	0
Actuarial ( gain ) / loss	136,221	201,395
Net cost	3,13,761	334,586
Constitution of plan assets	Not Applicable	Not Applicable
Other than equity, debt, property and bank a/c Funded with LIC		
<b>Present value of obligation as at the end of the year</b>		
Current Liability	6,63,694	5,12,853
Non Current Liability	5,76,223	4,13,303
Total	12,39,917	9,26,156
<b>Main actuarial assumptions</b>		
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	5.00%	5.00%

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

17. Bad Debts recovery of Rs.41,17,000/- is net of bad debts written off of Rs. NIL (Previous year: Bad Debts recovery of Rs.19,95,000/- is net of bad debts written off of Rs.20,05,000/-)
18. After coming into effect of the Companies Act, 2013, the definition of "Associate" covers a Company or Companies in which the Company holds not less than 20% of the Total Share Capital of that company or those companies irrespective of whether they are in the same group or not. Hence, Sunair Hotels Ltd. and BMS IT Institute Private Ltd which are presently not in the same group, have been considered as Associate. Even though the company is in litigation with these companies, in the opinion of the Company, there is no adverse impact of such litigation on investments/advances made by it in these associates.
19. Notes 1 to 24 form an integral part of financial statements.
20. Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date  
For Agiwal & Associates  
(F.R.N. : 000181N)  
Chartered Accountants  
(P.C.Agiwal)  
Partner  
M.No. 80475  
May 28, 2016  
New Delhi

For and behalf of the Board  
S.K.Agarwal  
Managing Director  
(DIN : 00106763)  
M.P. Mehrotra  
Director  
(DIN : 00016768)  
K.K.Soni  
H.Consul  
Director-Finance & CFO  
(DIN : 00106037)  
Company Secretary  
(M. NO. : A-11183)

**Cash Flow Statement for the Year ended 31st March, 2016**
**(In Rupees )**

	For the Year ended 31/03/2016		For the Year ended 31/03/2015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net Profit Before Tax</b>		<b>7,96,05,788</b>		<b>7,28,69,499</b>
<i>Adjustments for :</i>				
Interest and Finance Charges	1,95,79,470		23,04,759	
Depreciation	44,96,469		47,64,329	
(Profit)/Loss on sale of Fixed Assets	(31,686,320)		(7,466)	
(Income)/Loss from Investments	(170,045,077)		(454,476,667)	
Dividend Income	(49,660,723)		(29,413,139)	
Leave encashment/gratuity Provisions	16,51,152		14,29,267	
NPA Provisions and adjustments	0	(225,665,029)	(226,375)	(475,625,292)
<b>Operating Profit before Working Capital Changes</b>		<b>(146,059,241)</b>		<b>(402,755,793)</b>
<i>Adjustments for :</i>				
Trade & Other Payables	(75,711,583)		8,05,438	
Inventories	2,75,82,185		(36,067,641)	
Trade & Other Receivables	(60,502,628)		16,79,91,589	
Short Term Loans and Advances	21,76,65,277	10,90,33,251	(131,288,344)	14,41,042
<b>Cash Generated from Operations</b>		<b>(37,025,990)</b>		<b>(401,314,751)</b>
Less: Taxes Paid (Net of Refunds)		89,68,915		85,12,577
<b>Net Cash Flow from Operating Activities (A)</b>		<b>(45,994,905)</b>		<b>(409,827,328)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Net Proceeds from Fixed Assets		8,33,14,872		(3,955,437)
Investment in Securities (Net)		(216,534,514)		36,24,14,958
Long Term Loans and Advances		(636,785)		(2,808,316)
Income from Units		5,73,171		0.00
Dividend Income		4,96,60,723		2,94,13,139
<b>Net Cash used/generated from Investing Activities (B)</b>		<b>(83,622,533)</b>		<b>38,50,64,344</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from/(Repayment of) Short Term Borrowings		16,33,59,271		66,40,729
Interest Paid		(19,579,470)		(2,304,759)
<b>Net Cash Flow from Financing Activities (C)</b>		<b>14,37,79,801</b>		<b>43,35,970</b>
Net Increase/ (Decrease) in Cash & Cash Equivalents(A+B+C)		<b>1,41,62,363</b>		<b>(20,427,014)</b>
Opening Balance of Cash & Cash Equivalents		1,44,30,292		3,48,57,306
Closing Balance of Cash & Cash Equivalents		2,85,92,655		1,44,30,292
Notes:-				
1. Cash & Cash Equivalents ( Closing) includes deposits with banks amounting to Rs. 1,04,95,167 (Previous Year Rs.1,12,83,196), which are pledged with them as security for overdraft facility.				
2. Previous year's figures have been regrouped/reclassified wherever applicable.				

As per our report of even date.  
For Agiwal & Associates  
Chartered Accountants  
(F.R.N. 000181N)  
P.C.Agiwal  
Partner  
M.No.80475  
May 28th, 2016  
New Delhi

For and behalf of the Board

S.K.Agarwal  
Managing Director  
DIN : 00106763

M.P. Mehrotra  
Director  
DIN : 00016768

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

H.Consul  
Company Secretary  
M. No : A-11183

**VLS SECURITIES LIMITED**

**Regd. Off : 2nd Floor, 13 Sant Nagar, Sant Nagar, East of Kailash,  
New Delhi-110065, Ph: 011-46656666, FAX: 011-46656699  
CIN: U74899DL1994PLC062123,  
email: vlssec@vlssecurities.com, website: [www.vlssecurities.com](http://www.vlssecurities.com)**

**Director's Report**

To

The Members of **VLS Securities Limited**

Your Directors are pleased to present the 22<sup>nd</sup> annual report of your Company together with audited annual accounts for the year ended on 31<sup>st</sup> March, 2016.

**Financial Summary**

During the year under review, your Company generated gross revenue of Rs. 31.46 lacs as against Rs. 70.99 lacs in the previous year. The profit before tax of the Company stood at Rs. 13.01 lacs for the year under review as against the figure of Rs. 13.04 lacs in the preceding year.

**Dividend**

In order to conserve resources, no dividend has been recommended.

**Reserves**

No amount has been proposed to be transferred to General Reserve.

**Operations**

Your Company earned brokerage of Rs. 31.46 lacs during the year under review, as compared to Rs. 66.09 lacs earned during the previous year. The Company is continuing its efforts to increase its retail broking business.

The Company is also doing business in Future & Option segment as Trading Member of National Stock Exchange of India Limited ('NSE'). It is Trading and Clearing Member in cash segment of NSE as well besides registered as a Category – I Merchant Banker with Securities and Exchange Board of India (SEBI). Further, the Company through its letter dated 9<sup>th</sup> March 2016 has applied to SEBI for surrendering its Portfolio Management License, the approval of which is pending. The company has also paid the renewal fees for Merchant Banking registration for the block of next 3 years commencing from 7<sup>th</sup> March, 2016.

During the year under review, the members in the Extra Ordinary General Meeting held on 25/06/2015 approved issue of 1,50,00,000 equity shares on right basis in the ratio of 1:1 subject to other approvals as may be required. The company being member of National Stock Exchange of India Ltd. ('NSE'), the proposed issue required approval of NSE in terms of exchange regulations. However, the Exchange did not grant the approval citing resolution of certain issues for which the Company had submitted all possible information but exchange was not satisfied. Keeping in view that no further information on part of Company could be given, the Board in its meeting held in November 2015, approved withdrawal of application for rights issue with liberty to apply afresh after objections were resolved. Since the objections have been resolved. Since the objections have been resolved, the Board is contemplating to go ahead with rights issue by applying for requisite approvals from NSE.

**Future Outlook**

With improvement in global situation, the Indian markets are expected to improve in current year. The Merchant Banking Division of the Company is continuing to explore possibilities of making inroads on consultancy and similar fee based services. The activities of F & O segment is also expected to further the revenue generations of the Company.

**Directors/Key Managerial Personnel****Directors**

There was no change in the Board of Directors during the year under review. Shri S. K. Agarwal – Managing Director shall be retiring by rotation as a director at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Your Directors recommend his re-appointment. The appointment of Shri P.K. Sharan and Shri R.K. Goswami as an Independent Director for a term of five years in terms of section 149 of Companies Act, 2013, were approved in Annual General Meeting of the Company held on 24/09/2014. Therefore, their appointment as Independent Director continued for the financial year under review.

The term of Shri S.K. Agarwal as a Managing Director of the Company is upto 30<sup>th</sup> June, 2016. The Board of Directors on the recommendation of Nomination and Remuneration committee, has reappointed Shri S. K. Agarwal

as Managing Director of the Company w.e.f 1<sup>st</sup> July, 2016 for 3 years i.e. upto 30<sup>th</sup> June, 2019, subject to approval of the members. The proposal for his reappointment will be considered at ensuing Annual General Meeting.

**Key Managerial Personnel**

There was no change in Key Managerial Personnel during the year under review.

**Internal Financial Control Systems**

The Company has in place a proper and adequate system of internal control to monitor proper recording of transactions authorized according to policies and procedures laid down by the Company. The Company ensures that all regulatory guidelines are being complied with at all levels.

**Meetings of Board of Directors**

During the year, 4 Board meetings were held on 23/05/2015, 19/09/2015, 21/11/2015 and 12/03/2016 respectively.

Details of meetings attended by the Directors in the relevant period are as below:

S. No.	Name of Director	Whether Chairman/ Member	No. of meetings attended during F.Y. 2015-16
1	Shri P.K. Sharan	Elected as Chairman in all the meetings	4
2	Shri R.K Goswami	Member	4
3	Shri K. K. Soni	Member	4
4	Shri T.B. Gupta	Member	2
5	Shri S.K. Agarwal	Member	4

**Audit Committee**

During the year, 2 meetings of the Audit Committee were held on 23/05/2015 and 21/11/2015. The Audit Committee comprised Shri P. K. Sharan and Shri R. K. Goswami- Independent Directors and Shri K. K. Soni – Director. All the recommendations made by the Committee were accepted by the Board in entirety.

Details of meetings attended by the Committee Members in the relevant period are as below:

S. No.	Name of Director	Whether Chairman/ Member	No. of meetings attended during F.Y. 2015-16
1	Shri P.K. Sharan	Elected as Chairman in all the meetings	2
2	Shri R.K Goswami	Member	2
3	Shri K. K. Soni	Member	2

**Nomination and Remuneration Committee**

During the year, 1 meeting of the Nomination and Remuneration Committee was held on 12/03/2016. In terms of the provisions of the Companies Act, 2013, the Board constituted Nomination and Remuneration Committee consisting of Shri P. K. Sharan, Shri R. K. Goswami and Shri K. K. Soni. All the recommendations made by the Committee were accepted by the Board in entirety.

Details of meetings attended by the Directors in the relevant period are as below:

S. No.	Name of Director	Whether Chairman/ Member	No. of meetings attended during F.Y. 2015-16
1	Shri K. K. Soni	Chairman	1
2	Shri R.K Goswami	Member	1
3	Shri P.K. Sharan	Member	1

As per the provisions of section 178(2) of Companies Act, 2013, the nomination and remuneration committee carried out annual evaluation of every director's performance in its meeting held on 12<sup>th</sup> March, 2016.

**Independent Directors**

Independent Directors of your company have complied with the relevant provisions of the law relating to their declaration and they continue to comply with the provisions of the applicable laws.

The Independent Directors carried out the evaluation of performance of non-independent Directors in its meeting held on 12<sup>th</sup> March, 2016 as per schedule IV of Companies Act, 2013.

**Annual Return Extract**

The extract of the Annual Return in form MGT-9 is enclosed as Annexure-A to this report.

**Related Party**

The details of the related party transactions have been provided in Form AOC-2 as under:

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

Sl. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	NONE
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts / arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any:	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	Details
a)	Name(s) of the related party	1. VLS Finance Ltd.
b)	Nature of relationship	Holding Company
c)	Nature of contracts/ arrangements/transactions	1. Client for stock trading 2. Usage of office Services
d)	Duration of the contracts/ arrangements/transactions	1. Perpetual unless rescinded 2. Perpetual unless rescinded
e)	Salient terms of the contracts or arrangements or transactions	1. As per stock Exchange regulations 2. Reimbursement of expenses for services on actual basis.
f)	Justification for entering into such contracts or arrangements or transactions	1. In ordinary course of business for revenue generation. 2. In ordinary course of business for facilitating operations.
g)	date(s) of approval by the Board	Not applicable for points 1 & 2 of serial no 'c' above, since entered into prior to enforcement of provisions of section 188 of Companies Act, 2013
h)	Amount paid	Please refer note no. 26 of notes forming part of financial statements for details.

**Directors' Responsibility Statement**

Pursuant to the provisions of Section 134(3) of the Companies Act, 2013('Act') with respect to Directors' Responsibility statement, it is hereby confirmed:

1. that in preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2016, the applicable accounting standards have been followed;
2. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are

reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. that the directors have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2016 on a going concern basis.
5. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating.

**Anti-sexual harassment mechanism**

The detailed mechanism may be accessed at [www.vlssecurities.com](http://www.vlssecurities.com)

The Company has in place an anti-sexual harassment policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All women employees inter-alia (permanent, contractual, temporary, trainees) are covered under this policy.

The Internal Complaints Committee is headed by the woman Director on the Board of the holding company. There were no complaints received from any employee during the year under review and no complaints were pending as on 31/03/2016.

**Risk Management Policy**

The Company has developed and implemented a risk management policy for identification therein of elements of risk which in opinion of Board may threaten the existence of the Company. The policy of the company is available on Company's website.

**Nomination and Remuneration Policy****Title:**

This Policy shall be called **VLS\_SEC\_Nomination and Remuneration Policy.**

**Objective:**

The provisions in the Companies Act, 2013 have ushered Indian corporate system in to a new era of Corporate Governance placing onerous governance responsibilities on the shoulders of the Board of Directors and Key Managerial Personnel of the Companies.

Section 178 of the Companies Act, 2013 provide the necessary legal impetus for companies to have a policy and criteria for various matters like the remuneration of directors, key managerial persons and other employees, training of Independent Directors and performance evaluation of directors.

Considering this it is necessary to ensure quality of persons on the Board of Directors of the Company as well as in the Key Managerial personnel, as these are the persons who are entrusted with the responsibility of policy formulation for, direction to and execution of the business and operations of the Company.

**Definitions:**

**Board** means the Board of Directors of **VLS Securities Limited**

**Company** means **VLS Securities Limited.**

**Committee** means Nomination and Remuneration Committee of Board of Directors

**Director** means a person who has been appointed as such on the Board of the Company and includes Executive as well as Non-Executive Directors.

**Executive Director** means a Director who is in the whole time employment of the Company and includes a Managing Director as well as a Whole time Director and Manager, if member of the Board.

**Government** includes Central Government as well as any of the State Governments, any statutory authority, tribunal, board or a governmental or

semi-governmental authority or any authority or agency recognized by the Government.

**HR Department** means the Human Resource Department of the Company.

**HR Policy** means the Policy of the Company defining the criteria and process for the recruitment, training, appraisal etc. and dealing with other matters concerning the employees of the Company.

**Key Managerial Person** means a person appointed as such by the Board under section 203 of the Companies Act, 2013.

**Nomination & Remuneration Committee** means the Committee of the Board constituted as such under the provisions of section 178 of the Companies Act, 2013.

**Non-Executive Director** means a Director who is not in the whole time employment of the Company and includes an Independent Director, Promoter Director and Nominee Director.

**Policy** means this policy, as amended from time to time.

**Contents of the policy:**

This Policy contains following:

- a) Process for the selection and appointment of Directors and Key Managerial Personnel;
- b) Criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company;
- c) Training of Independent Directors.
- (I) Selection of Directors and Key Managerial Personnel

In case of Executive Directors and Key Managerial Personnel, the selection can be made in either of the ways given below:

- a) by way of recruitment from outside;
- b) from within the Company hierarchy; or
- c) Upon recommendation by the Chairman or other Director.

The appointment may be made either to fill up a vacancy caused by retirement, resignation, death or removal of an existing Executive Director or it may be a fresh appointment.

In case of Non-Executive Directors the selection can be made in either of the ways given below:

- a) by way of selection from the data bank of Independent Directors maintained by the Government.
- b) Upon recommendation by Chairman or other Director.

The appointment may be made either to fill up a vacancy caused by resignation, death or removal of an existing Non-Executive Director or it may be appointment as an additional director or an alternate director.

(II) Qualifications, experience and positive attributes of Directors

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may, if considered necessary, call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.

- c) In case of appointment as a Non-Executive Director, the candidate must be a graduate or possess diploma or a professional qualification in the field of his practice / profession / service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee, provided that the Board may waive the requirements of qualification and / or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.
- (III) Process for appointment of Directors and Key Managerial Personnel
  - (A) Process for the appointment of Executive Directors and Key Managerial Personnel:
    - a) A proposal for the appointment of an Executive Director / Key Managerial Personnel with such details as may be prescribed shall be submitted for the consideration of the Committee. The proposal with recommendation of committee will be placed before the Board.
    - b) The Board shall, based on the information available in the proposal and recommendation of committee deliberate upon the necessity for appointment, expertise, skill and knowledge of the candidate and reasonableness of the remuneration.
    - c) The Board may call and seek the help of any other Company Official including the recommender or a Key Managerial Personnel while finalizing the appointment. The recommender shall not take part in the discussion or voting on the appointment of a Key Managerial Personnel.
  - (B) Process for the appointment of Non- Executive Directors:
    - a) A proposal for the appointment of a Non-Executive Director with such details as may be prescribed shall be submitted for the consideration of the committee. The proposal with recommendation of committee will be placed before the Board.
    - b) The Board, based on the information available in the proposal, shall deliberate upon the necessity for appointment, integrity, qualifications, expertise, skill and knowledge of the candidate.
- (IV) Remuneration of Directors, Key Managerial Personnel and other employees
  - a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:
    - i) Criteria / norms for determining the remuneration of such employees prescribed in applicable statutory provisions and Company's internal criteria for remuneration.
    - ii) Existing remuneration drawn.
    - iii) Industry standards, if the data in this regard is available.
    - iv) The job description.
    - v) Qualifications and experience levels of the candidate,
    - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
    - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
  - b) The determination of remuneration for other employees shall be governed by the HR Policy.
  - c) The proposal for the appointment of an Executive Director / Key Managerial Personnel shall provide necessary information in this regard including recommendation of Committee to the Board in

arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).

- d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013.
- e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof.
- f) The Non-Executive Directors shall not be eligible to receive any remuneration / salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board / shareholders from time to time.

The Non-Executive Directors shall also be eligible to receive reimbursement of reasonable out-of-pocket expenses incurred by them for attending the meetings of the Board, committees or shareholders, including travelling and lodging & boarding expenses or such other expense incurred by them regarding the affairs of the Company on an actual basis.

- g) The amount of sitting fee and commission payable to Non-Executive Directors shall not exceed the limits prescribed therefor under the provisions of the Companies Act, 2013.

Explanation: For the purposes of this Policy, Remuneration shall mean the Cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to the employee.

(V) **Training of Independent Directors**

The Company shall arrange to provide training to Independent Directors to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

The training may be provided in any of the ways given below:

- a) By providing reading material to the Independent Director(s) giving all relevant information about the Company, industry and the role of Independent Directors.
- b) An induction program devised for the Independent Director(s) wherein structured training is provided to the Independent Director(s) either exclusively or with other officials of the Company who are due for such induction / training.
- c) The Independent Directors being inducted in by the COO, CFO and the Compliance Officer.
- d) Such other manner as may be prescribed by applicable law or decided by the Board.

**Interpretation:**

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- b) The reference to the male gender in the Policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning/ interpretation of any word or provision in this Policy, the same shall be referred to the Committee and the decision of the Committee in such a case shall be final. In interpreting such term / provision, the Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

**Amendments:**

The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provisions or replace this Policy entirely with a new Policy."

**Auditors**

The term of M/s. Agiwal & Associates, Chartered Accountants, the statutory auditors of the Company will conclude at the ensuing annual general meeting scheduled to be held on 12<sup>th</sup> September, 2016. They have furnished a certificate confirming their eligibility u/s 139 of the Companies Act, 2013 to act as auditors of the Company, if re-appointed and also given their consent for such appointment. Further, the proposed term for the present Auditor would be their last term and they would be subjected to rotation on completion of proposed term. However, they would be eligible for appointment as Statutory Auditor of this Company after a cooling period of five years. Hence, another person/firm would be required to be appointed as Statutory Auditors in terms of extant provisions for the financial year 2017-2018.

The Board, concurring with the audit committee's recommendation, recommends their reappointment as the statutory auditors of the Company from the conclusion of the ensuing AGM till the conclusion of next AGM. You are also requested to authorize the Board to fix their remuneration.

**Auditors Report**

The auditors' report to the members on annual accounts for the year under review does not contain any qualification.

**Deposits**

During the year under review, the Company has not held any fixed deposit within the meaning of section 73 of the Companies Act, 2013 and the rules made there under.

**Subsidiary**

During the financial year 2015-16, a wholly owned subsidiary company named VLS International DMCC was incorporated in United Arab Emirates (Dubai) but till March, 2016, no capital was infused and no bank account was opened, thus the disclosure in Form AOC-1 has been dispensed with.

The VLS International DMCC, the wholly owned subsidiary ("WOS") is being dissolved owing to change of business motives. The dissolution process had been initiated and dissolution approval is expected shortly.

**Green Initiative in Corporate Governance:**

As a continuing endeavor towards the 'Go Green' initiative the Company proposes to send future correspondence and documents like the notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form, to the email address provided by the members. You may kindly note that as a member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the annual report of the Company, upon receipt of a requisition from you, at any time.

**Statutory Disclosures**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of Companies (Accounts) Rules, 2014 and forming part of directors' report for the year ended 31st March, 2016.

**Conservation of Energy**

- a) Energy conservation measure taken : Nil
- b) Proposals under implementation for reduction in consumption of energy : Nil

**Technology Absorption**

- a) Research and development : Nil
- b) Technology absorption, adoption and innovation : Nil

**Foreign Exchange Earnings and Outgo**

- a) Foreign Exchange Earned : Nil
- b) Foreign Exchange Used : Rs. 5,18,560.22



None of the employees of the Company are in receipt of remuneration in excess of limits specified in section 134(3) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, there are no disclosures which are required to be made in this report, in terms of the aforesaid regulations.

The Company has complied with SEBI (Stock Brokers and Sub Brokers) Regulations 1992, SEBI (Merchant Bankers) Regulations, 1992, SEBI (Portfolio Managers) Regulations, 1993 and other applicable laws/ regulations, as amended. There was no proposal during the year under review for buy back of shares by the Company.

Your company's principle business is stock broking and investment in securities; hence section 186 of the Act is not applicable (S.186 (g)).

Your company has not issued equity shares with differential voting rights or under ESOP. (S.43a,62(1)(b))

Your company has not approved any scheme relating to provision of money to be held in a trust for the benefit of the employees. (S.67(3)(b))

No revision of financial statements or boards' report has been made.(S.131(1))

No independent director has been appointed by a special resolution by the Company. (S.149 (10))

The Managing Director of your company is also the Managing Director of VLS Finance Ltd.-Holding Company and receives remuneration from the holding company. (S.197(14))

The Board evaluated the performance of Independent Directors in its meeting held on 12<sup>th</sup> March, 2016.

There has been no change in the nature of business of Company during the year under review.

There has been no significant and material orders passed by regulatory authorities/ court that would impact the going concern status of the Company and its future operations.

The provisions relating to Corporate Social Responsibility Secretarial Audit and Cost Audit are not applicable to the Company for the financial year under review.

**Other Disclosures**

1. The authorized capital of the Company has been increased from Rs. 17.5 crores to Rs. 30 crores during the year under review.
2. During the year, a branch office was opened in Mumbai for which approval of members was obtained on 25<sup>th</sup> June, 2015. However, due to change in business plan, the management decided to close the branch office which was finally closed on 21/10/2015.

**Human Resources**

The relationship with the employees continued to be cordial during the year. The Directors place on record their sincere appreciation to the employees at all levels. The number of employees stood at nine (9) during the year.

**Acknowledgements**

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

**For and on behalf of the Board of Directors**

Place : New Delhi

S.K. Agarwal

K.K. Soni

Date : 25/05/2016

Managing Director

Director

DIN: 00106763

DIN: 00106037

**Annexure-A**

**FORM NO. MGT 9**

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration ) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

i	CIN	U74899DL1994PLC062123
ii	Registration Date	13/10/1994
iii	Name of the Company	VLS Securities Limited
iv	Category/Sub-category of the Company	Public Limited Company
v	Address of the Registered office & contact details	2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065 Phone Nos. 011 – 46656666 Fax 011-46656699
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer agent if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Stock Broking	99717020	100.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name & address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	VLS Finance Ltd. 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065	L65910DL1986PLC023129	Holding	99.67	2(46)

**IV. SHAREHOLDING PATTERN (Equity Share capital Breakup as % to total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	600	600	0.004%	0	600	600	0.004%	0.000%
b) Central Govt.or State Govt.	0	0	0	0.000%	0	0	0	0.000%	0.000%
c) Bodies Corporates	0	14949400	14949400	99.663%	0	14949400	14949400	99.663%	0.000%
d) Bank/FI	0	0	0	0.000%	0	0	0	0.000%	0.000%
e) Any other	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>SUB TOTAL:(A) (1)</b>	0	14950000	14950000	99.667%	0	14950000	14950000	99.667%	0.000%
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0.000%	0	0	0	0.000%	0.000%
b) Other Individuals	0	0	0	0.000%	0	0	0	0.000%	0.000%
c) Bodies Corp.	0	0	0	0.000%	0	0	0	0.000%	0.000%
d) Banks/FI	0	0	0	0.000%	0	0	0	0.000%	0.000%
e) Any other...	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>SUB TOTAL (A) (2)</b>	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	0	14950000	14950000	99.667%	0	14950000	14950000	99.667%	0.000%
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Banks/FI	0	0	0	0.000%	0	0	0	0.00%	0.000%
c) Central govt	0	0	0	0.000%	0	0	0	0.00%	0.000%
d) State Govt.	0	0	0	0.000%	0	0	0	0.00%	0.000%
e) Venture Capital Fund	0	0	0	0.000%	0	0	0	0.00%	0.000%
f) Insurance Companies	0	0	0	0.000%	0	0	0	0.00%	0.000%
g) FIIS	0	0	0	0.000%	0	0	0	0.00%	0.000%
h) Foreign Venture Capital Funds	0	0	0	0.000%	0	0	0	0.00%	0.000%
i) Others (specify)	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>SUB TOTAL (B)(1):</b>	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	0	50000	50000	0.333%	0	50000	50000	0.333%	0.000%
ii) Overseas	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Individuals	0	0			0	0			
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	0	0	0.000%	0	0	0	0.00%	0.000%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0.000%	0	0	0	0.00%	0.000%
c) Others (specify)	0	0			0	0			
a) NRI / OCB	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Foreign National	0	0	0	0.000%	0	0	0	0.00%	0.000%
c) Clearing Member	0	0	0	0.000%	0	0	0	0.00%	0.000%
d) LLP	0	0	0	0.000%	0	0	0	0.00%	0.000%
e) Trust	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>SUB TOTAL (B)(2):</b>	0	50000	50000	0.333%	0	50000	50000	0.333%	0.000%
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	0	50000	50000	0.333%	0	50000	50000	0.333%	0.000%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.000%	0	0	0	0	0.000%
<b>Grand Total (A+B+C)</b>	0	15000000	15000000	100.000%	0	15000000	15000000	100.00%	0.000%





**(ii) Shareholding of Promoters**

S.No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Shri M. P. Mehrotra*	100	0.001%	0.00	100	0.001%	0.00	0.00%
2	Dr. (Mrs) Sushma Mehrotra*	100	0.001%	0.00	0	0.000%	0.00	100%
3	Ms. Divya Mehrotra*	0	0.000%	0.00	100	0.001%	0.00	100%
4	Shri Somesh Mehrotra*	100	0.001%	0.00	0	0.000%	0.00	100%
5	Shri Harsh Consul*	0	0.000%	0.00	100	0.001%	0.00	100%
6	Shri Vikas Mehrotra*	100	0.001%	0.00	100	0.001%	0.00	0.00%
7	Shri Ramji Mehrotra*	100	0.001%	0.00	100	0.001%	0.00	0.00%
8	Shri R. Sathyamoorthy*	100	0.001%	0.00	0	0.000%	0.00	100%
9	Shri K. K. Soni*	0	0.000%	0.00	100	0.001%	0.00	100%
10	VLS Finance Ltd.	14949400	99.663%	0.00	14949400	99.663%	0.00	0.00%
	<b>Total</b>	<b>14950000</b>	<b>99.667%</b>	<b>0.00</b>	<b>14950000</b>	<b>99.667%</b>	<b>0.00</b>	

\* Shares held as nominee of VLS Finance Ltd., the holding Company.

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

SI.No	Shareholders Name	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Dr. (Mrs) Sushma Mehrotra	21/11/2015	100	0.001%	0	0.000%
2	Ms. Divya Mehrotra	21/11/2015	0	0.000%	100	0.001%
3	Shri Somesh Mehrotra	21/11/2015	100	0.001%	0	0.000%
4	Shri Harsh Consul	21/11/2015	0	0.000%	100	0.001%
5	Shri R. Sathyamoorthy	21/11/2015	100	0.001%	0	0.000%
6	Shri K. K. Soni	21/11/2015	0	0.000%	100	0.001%

There was no change in shareholding of the other constituents of the promotor group except above.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

SI.No For Each of the Top 10 Shareholders	Date	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
VLS Capital Ltd.					
At the beginning of the year 01/04/2015		50000	0.333%	50000	0.333%
At the end of the year 31/03/2016		50000	0.333%	50000	0.333%

**(v) Shareholding of Directors & KMP**

SI.No	For Each of the Directors & KMP	Date	Shareholding at the end of the year		Cumulative Share holding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year					
	Shri K. K. Soni	01/04/2015	0	0.000%	0	0.000%
	Shri K. K. Soni*	31/03/2016	100	0.001%	100	0.001%
	At the end of the year	31/03/2016	100	0.001%	100	0.001%

\* Shares held as nominee of VLS Finance Ltd., the holding Company.

**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	0	0	0.00	0.00
ii) Interest due but not paid	0	0	0.00	0.00
iii) Interest accrued but not due	0	0	0.00	0.00
<b>Total (i+ii+iii)</b>	0	0	0.00	0.00
<b>Change in Indebtedness during the financial year</b>				
Additions	0	0	0.00	0.00
Reduction	0	0	0.00	0.00
<b>Net Change</b>	0	0	0.00	0.00
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	0	0.00	0.00
ii) Interest due but not paid	0	0	0.00	0.00
iii) Interest accrued but not due	0	0	0.00	0.00
<b>Total (i+ii+iii)</b>	0	0	0.00	0.00

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and/or Manager:**

SI.No	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount
1	<b>Gross salary</b>	Mr S K Agarwal MD	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	0.00	0.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00
2	Stock option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission	0.00	0.00
	as % of profit	0.00	0.00
	others (specify)	0.00	0.00
5	Others, please specify	0.00	0.00
	<b>Total (A)</b>	0.00	0.00
	<b>Ceiling as per the Act per annum</b>	6000000.00	6000000.00

**B. Remuneration to other directors:**

SI.No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors	Shri R. K. Goswami	Shri P K Sharan		
	(a) Fee for attending board committee meetings	11000.00	11000.00		22000.00
	(b) Commission	0.00	0.00		0.00
	(c) Others, please specify	0.00	0.00		0.00
	<b>Total (1)</b>	11000.00	11000.00		22000.00
2	Other Non Executive Directors				
	Non Independent Directors	Shri S.K. Agarwal	Shri K.K. Soni	Shri T.B. Gupta	
	(a) Fee for attending board committee meetings	0.00	0.00	0.00	0.00
	(b) Commission	0.00	0.00	0.00	0.00
	(c) Others, please specify.	0.00	0.00	0.00	0.00
	<b>Total (2)</b>	0.00	0.00	0.00	0.00
	<b>Total (B)=(1+2)</b>	11000.00	11000.00	0.00	22000.00
	<b>Total Managerial Remuneration</b>	N.A.	N.A.	N.A.	0.00
	<b>Overall Ceiling as per the Act. per meeting per Director</b>	100000.00	100000.00	100000.00	



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANGER/WTD**

SI.No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Ms. Surbhi Jain Company Secretary	Shri Anurag Bhatnagar CFO	Total
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	N. A.	0	1758095.00	1758095.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	N. A.	0	15000.00	15000.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	N. A.	0	0	0
2	Stock Option	N. A.	0	0	0
3	Sweat Equity	N. A.	0	0	0
4	Commission	N. A.	0	0	0
	as % of profit	N. A.	0	0	0
	others, specify	N. A.	0	0	0
5	Others, please specify	N. A.	0	1773095.00	1773095.00
	<b>Total</b>	N. A.	0	1773095.00	1773095.00

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority[RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*
<b>B. DIRECTORS</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*

\* No Penalty, punishment imposed or compounding undertaken by the company or Directors or other officers in default during the year under review.

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF VLS SECURITIES LIMITED  
REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **VLS SECURITIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016 and its Profits and its Cash Flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required by the companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub section (11) of section 143 of the Act, (hereinafter referred to as the "Order"), we give in the Annexure - 'A' a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable.

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company in accordance with provisions of Companies Act, 2013 and Securities Contracts (Regulation) Rules, 1957 in so far as it

appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) The Company as Stock broker has complied with the requirements of the stock exchange so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the stock exchange.
- g) With respect to the adequacy of the Internal Financial Controls over the Financial Reporting of the company and operating effectiveness of such controls, please refer to our report in Annexure-'B'.
- h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us :
  - i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2016 on its financial position in its financial statements.
  - ii. The Company has made provision as at 31<sup>st</sup> March, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There has been no requirement to transfer any amount to the Investor Education and Protection Fund, as the Company has no due outstanding during the year ended 31<sup>st</sup> March, 2016.

**For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)**

**D. C. Maheshwari  
Partner**

**Place : New Delhi  
Date : 25th May, 2016**

**Membership No. 009883**

**ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT  
REFERRED TO IN OUR REPORT OF EVEN DATE****Re: VLS SECURITIES LIMITED for the year ended 31<sup>st</sup> March, 2016**

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the Management according to the program of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- (c) As per the records and information and explanations given to us, title deeds of immovable properties are held in the name of the Company.
- ii. The company generally deals in shares and securities and Liquid funds, primarily these are in electronic form so inventory of the Company has been electronically verified by the management at reasonable intervals commensurate with the nature and size of the company and no material discrepancies have been noticed in the same.
- iii. The Company has not granted loans to any company covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act")
- iv. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security the Company have complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions under the Act. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve

- Bank of India or any Court or other Tribunal in this regard.
- vi. According to the information & explanations given to us, maintenance of cost records has not been specified by Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the company.
  - vii. (a) The Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, wealth tax, service tax and any other statutory dues with the appropriate authorities.  
 (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service tax and any other material statutory dues in arrears as at 31.03.2016 for a period of more than six months from the date they became payable.  
 (c) According to the records and information and explanations given to us, there is no outstanding of any disputed statutory dues as on 31.03.2016.
  - viii. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company does not have any outstanding dues to financial institutions or banks during the year.
  - ix. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, during the year no monies have been raised by public offer of shares. No money has been raised on term loans during the year.
  - x. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
  - xi. On the basis of records and information and explanations made available, managerial remuneration has been paid or provided in accordance with the requisite parameters mandated under Section 197 read with Schedule V of the Act.
  - xii. In our opinion and according to information & explanation given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
  - xiii. As per the information and explanations and records made available by the management of the Company and audit procedure performed, for the related parties transactions entered during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where it applicable. As explained and as per records / details of related parties transactions are disclosed as per the applicable Accounting Standards.
  - xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully / partly convertible debentures during the year.
  - xv. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him.
  - xvi. The Company is not required to be registered under 45-IA of the Reserve Bank of India Act 1934.

**For Agiwal & Associates**  
**Chartered Accountants**  
**(FRN : 000181N)**

**D. C. Maheshwari**  
**Partner**

**Place : New Delhi**  
**Date : 25th May, 2016**

**Membership No. 009883**

#### **Annexure – 'B' to the Auditors' Report**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **VLS Securities Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered

Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Agiwal & Associates**  
**Chartered Accountants**  
**(FRN : 000181N)**

**D. C. Maheshwari**  
**Partner**

**Place : New Delhi**  
**Date : 25th May, 2016**

**Membership No. 009883**

**BALANCE SHEET AS AT 31ST, MARCH, 2016** Amount (in Rs.)

Particulars	Note No	As at 31.03.2016	As at 31.3.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	15,00,00,000	15,00,00,000
(b) Reserves and Surplus	4	1,26,95,927	11,351,190
<b>Total 1</b>		<b>16,26,95,927</b>	<b>16,13,51,190</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Provisions	5	4,19,812	3,05,324
<b>Total 2</b>		<b>4,19,812</b>	<b>3,05,324</b>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	7,05,00,822	17,82,30,740
(b) Other Current Liabilities	7	12,96,842	7,24,846
(c) Short-Term Provision	8	13,390	8,072
<b>Total 3</b>		<b>7,18,11,054</b>	<b>17,89,63,658</b>
<b>Total (1+2+3)</b>		<b>23,49,26,793</b>	<b>34,06,20,172</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
Tangible Assets	9 (i)	3,33,601	4,90,004
Intangible Assets	9 (ii)	1	1
(b) Non-Current Investments	10	12,30,55,058	23,20,55,058
(c) Deferred Tax Assets (Net)	11	1,66,774	1,23,411
(d) Long-Term Loans and Advances	12	2,00,48,307	2,79,60,054
<b>Total 4</b>		<b>14,36,03,741</b>	<b>26,06,28,528</b>
<b>(2) Current Assets</b>			
(a) Trade Receivables	13	9,15,924	2,60,80,294
(b) Cash and Cash Equivalents	14	21,98,732	15,52,034
(c) Short-Term Loans and Advances	15	8,74,84,968	5,17,69,974
(d) Other Current Assets	16	7,23,428	5,89,342
<b>Total 5</b>		<b>9,13,23,052</b>	<b>7,99,91,644</b>
<b>Total (4+5)</b>		<b>23,49,26,793</b>	<b>34,06,20,172</b>

Significant Accounting Policies and Notes forming part of accounts 1 to 30

As per our report of even date

**For Agival & Associates**  
(F. R. N. 000181N)  
Chartered Accountants

For and on behalf of the Board

<b>D.C. Maheshwari</b> Partner Membership No. 009883 Place : New Delhi Date : 25/05/2016	<b>S.K. Agarwal</b> Managing Director DIN : 00106763	<b>K.K.Soni</b> Director DIN : 00106037	<b>Anurag Bhatnagar</b> Chief Financial Officer PAN : AAJPB6607R	<b>Surbhi Jain</b> Company Secretary M.No. : A35217
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**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Note No	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
<b>I. Revenue from Operations</b>	17	<b>31,46,012</b>	70,99,618
<b>II. Other Income</b>	18	<b>78,21,473</b>	47,23,695
<b>III. Total Revenue (I+II)</b>		<b>1,09,67,485</b>	<b>1,18,23,313</b>
<b>IV. Expenses:</b>			
Purchase (Securities )		-	4,90,049
Operating Expenses	19	12,76,512	40,15,686
Employee Benefit Expense	20	46,73,621	39,75,980
Depreciation and Amortization Expense		1,56,403	1,03,168
Other Expenses	21	35,59,575	19,33,953
<b>Total Expenses (IV)</b>		<b>96,66,111</b>	<b>1,05,18,836</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>13,01,374</b>	13,04,477
<b>VI. Less: Tax Expenses</b>			
(1) Current Tax		-	-
(2) Deferred Tax		(43,363)	(53,556)
(3) Earlier Year Adjustments		-	-
<b>VII. Profit After Tax</b>		<b>13,44,737</b>	13,58,033
Less: Adjustment of Tax Provision of Earlier Year		-	-
<b>VIII. Profit/(Loss) For The Year (V-VI)</b>		<b>13,44,737</b>	13,58,033
<b>VIII. Earning Per Equity Share (of Rs.10/- each)</b>			
Basic and Diluted		0.09	0.09

As per our report of even date

**For Agival & Associates**  
(F. R. N. 000181N)  
Chartered Accountants

For and on behalf of the Board

<b>D.C. Maheshwari</b> Partner Membership No. 009883 Place : New Delhi Date : 25/05/2016	<b>S.K. Agarwal</b> Managing Director DIN : 00106763	<b>K.K.Soni</b> Director DIN : 00106037	<b>Anurag Bhatnagar</b> Chief Financial Officer PAN : AAJPB6607R	<b>Surbhi Jain</b> Company Secretary M.No. : A35217
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**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note 1****Corporate Overview**

VLS Securities Ltd., is a subsidiary of VLS Finance Ltd. incorporated in 1994. It is Category-I Merchant Banker and Portfolio Manager registered with Securities and Exchange Board of India. It is registered Stock Broker with National Stock Exchange of India Ltd., in Capital Market and Future & Options Segment. Besides above providing consulting and advisory services are areas of activity of Company.

**Note 2****Significant Accounting Policies****a) Method of Accounting**

The Company is following accrual basis of accounting and accounts are prepared on historical cost basis in accordance with the generally accepted accounting practices.

**b) Revenue Recognition**

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

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

**a) Fixed assets**

i) All the fixed assets are stated at cost less accumulated depreciation.

ii) For the purpose of computing depreciation, the company has adopted the revised estimates of the useful life of the tangible assets, in accordance with the Part C of Schedule II of the Companies Act 2013, w.e.f. 01.04.2014. There are no intangibles with the company as at 31.03.2016.

iii) Depreciation on assets not exceeding Rs.5,000/- is provided for at 100%.

**c) Provision for Retirement Benefits****i. Defined Contribution Plans**

Gratuity liability of the Company is met though the Group Gratuity Scheme of Life Insurance Corporation of India. The contribution made to the said scheme is charged to the Profit & Loss Account.

**ii. Defined Benefit Plans**

Leave Encashment- Provision for unveiled leave benefit payable to employees as per the scheme of the Company unavailed on the basis of actuarial valuation.

**iii. Short Term Employees Benefits**

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

**d) Investments**

i. Investments are classified into non-current investments and current investments.

ii. Non-current investments are valued at cost. Provision for diminution in value of investments is made scrip-wise to recognize a decline other than temporary in nature. Current investments are valued scrip-wise, at cost or market price, whichever is lower.

iii. The Company follows 'FIFO method' for calculating the cost of each investment sold by the Company for determining the profit/loss.

**e) Taxation**

i. Provision for taxation is made on the basis of taxable profit in accordance with the Income Tax Act, 1961.

ii. Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and law that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized only to the extent that there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized. The deferred tax liability is recognized on having a reasonable certainty for crystallization of the same.



	As at 31.03.2016	As at 31.03.2015
Amount (in Rs.)		
<b>Note 3</b>		
<b>Share Capital</b>		
Authorised	30,00,00,000	17,50,00,000
3,00,00,000 Equity Shares	30,00,00,000	17,50,00,000
(Previous Year 1,75,00,000 Equity Shares) of Rs.10/- each	17,50,00,000	17,50,00,000
Issued, Subscribed & Paid up	15,00,00,000	15,00,00,000
1,50,00,000 Equity shares (Previous Year 1,50,00,000 Equity Shares) of Rs.10/- each, fully paid up in cash	15,00,00,000	15,00,00,000

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	As at 31.03.2016		As at 31.03.2015	
	No. of shares	Rupees	No. of shares	Rupees
Equity Shares				
At the beginning of the year	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

**c. Shares held by holding company**

Out of equity shares issued by the company, shares held by its holding company are as follows.

	As at 31.03.2016	As at 31.03.2015
VLS Finance Ltd. (including 600 shares held through its nominees)	1,49,50,000	1,49,50,000

**d. Details of shareholders holding more than 5% shares in the company**

	As at 31.03.2016		As at 31.03.2015	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd. (including 600 shares held through its nominees)	1,49,50,000	99.67	1,49,50,000	99.67

**Fixed assets - Tangible Assets**

**Note -9 (i)**

	Amount (in Rs.)				
Description	Computers	Office equipment	Furniture & fixtures	Vehicle	Total
Balance as at 01 April 2014	38,67,009	2,88,205	71,112	-	42,26,326
Additions	14,070	-	-	5,79,099	5,93,169
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2015</b>	<b>38,81,079</b>	<b>2,88,205</b>	<b>71,112</b>	<b>5,79,099</b>	<b>48,19,495</b>
Balance as at 01 April 2015	38,81,079	2,88,205	71,112	5,79,099	48,19,495
Additions	-	-	-	-	-
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>38,81,079</b>	<b>2,88,205</b>	<b>71,112</b>	<b>5,79,099</b>	<b>48,19,495</b>
<b>Depreciation</b>					
Balance as at 01 April 2014	38,50,121	2,63,897	68,301	-	41,82,319
Depreciation for the year	3,561	-	-	99,607	1,03,168
adjustment on account of transition effect	16,887	24,307	2,810	-	44,004
<b>Balance as at 31 March 2015</b>	<b>38,70,569</b>	<b>2,88,204</b>	<b>71,111</b>	<b>99,607</b>	<b>43,29,491</b>
Balance as at 01 April 2015	38,70,569	2,88,204	71,111	99,607	43,29,491
Depreciation for the year	6,637	-	-	1,49,766	1,56,403
adjustment on account of transition effect	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>38,77,206</b>	<b>2,88,204</b>	<b>71,111</b>	<b>2,49,373</b>	<b>44,85,894</b>
<b>Fixed assets (Continued)</b>					
Description	Computers	Office equipment	Furniture & fixtures	Vehicle	Total
<b>Net block</b>					
As at 31 March 2015	10,510	1	1	4,79,492	4,90,004
As at 31st March 2016	3,873	1	1	3,29,726	3,33,601

**Note 4**

**Reserves & Surplus**

**SURPLUS IN STATEMENT OF PROFIT AND LOSS**

**As per Last Balance Sheet**

Opening Balance	1,13,51,190	10,044,565
Less: Depreciation Transition Impact	-	51,408
Add: Profit for the year	13,44,737	13,58,033
<b>Total</b>	<b>1,26,95,927</b>	<b>11,351,190</b>

**Note 5**

**Long Term Provisions**

Provision for Employee Benefits	4,19,812	3,05,324
<b>Total</b>	<b>4,19,812</b>	<b>3,05,324</b>

**Note 6**

**Trade Payables**

**Related Party**

Holding Company	6,04,46,791	15,31,39,600
Others Payables	1,00,54,031	2,50,91,140
<b>Total</b>	<b>7,05,00,822</b>	<b>17,82,30,740</b>

**Note 7**

**Other Current Liabilities**

Statutory Liabilities	2,00,647	96,227
Others Payables	10,96,195	6,28,619
<b>Total</b>	<b>12,96,842</b>	<b>7,24,846</b>

**Note 8**

**Short- Term Provisions**

Provision for Employee Benefits	13,390	8,072
<b>Total</b>	<b>13,390</b>	<b>8,072</b>


**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)**

<b>Fixed assets - Intangible Assets</b>		
<b>Note -9 (ii)</b>		
	Amount (in Rs.)	
Description	Software	Total
Balance as at 01 April 2014	1,04,000	1,04,000
Additions	-	-
Deduction	-	-
<b>Balance as at 31 March 2015</b>	<b>1,04,000</b>	<b>1,04,000</b>
Balance as at 01 April 2015	1,04,000	1,04,000
Additions	-	-
Deduction	-	-
<b>Balance as at 31 March 2016</b>	<b>1,04,000</b>	<b>1,04,000</b>
<b>Depreciation</b>		
Balance as at 01 April 2014	96,595	96,595
Depreciation for the year	-	-
adjustment on account of transition effect	7,404	7,404
<b>Balance as at 31 March 2015</b>	<b>1,03,999</b>	<b>1,03,999</b>
Balance as at 01 April 2015	1,03,999	1,03,999
Depreciation for the year	-	-
adjustment on account of transition effect	-	-
<b>Balance as at 31 March 2016</b>	<b>1,03,999</b>	<b>1,03,999</b>
<b>Fixed assets (Continued)</b>		
Description	Computer	Total
<b>Net block</b>		
As at 31 March 2015	1	1
As at 31st March 2016	1	1

**Note - 10**

PARTICULARS	As at 31.03.2016	As at 31.03.2015
	Rs	Rs
<b>Non-Current Investments</b>		
<b>Non trade -At cost-Fully paid up (QUOTED)</b>		
<b>Investment in Equity Instruments of Other entities</b>		
81,50,000 (P.Y.40,75,000) Equity Shares of Rs.1/- of Relaxo Footwear Ltd.	9,72,35,355	9,72,35,355
200 Equity Shares of Rs.10/- each of D Pharma Ltd.	1	1
500 Equity Shares of Rs.10/- each of Punjab Wireless Systems Ltd.	1	1
5 (P.Y. 1) Equity Shares of Rs.2/- each (P.Y. Rs.10/- each) of Bank of Baroda	251	251
5,000 Equity Shares of Rs.1/- each of Lanco Infratech Limited	1,66,198	1,66,198
200 Equity Shares of Rs.10/- each of UTI Master Plus 91	3,252	3,252
Nil (P.Y. 10,00,000/-) Equity Shares of Rs.10 each of Surya Roshni Ltd.	-	10,90,00,000
4,50,000 Equity Shares of Rs.10/- Surana Industries Limited.	2,56,50,000	2,56,50,000
<b>Total Non-Current Investment</b>	<b>12,30,55,058</b>	<b>23,20,55,058</b>
Aggregate amount of quoted investments	12,30,55,058	23,20,55,058
Aggregate market value of quoted investments	2,97,31,38,175	2,78,25,08,008

**Note 11**

	As at 31.03.2016	As at 31.03.2015
<b>Deferred Tax</b>		
a. Deferred Tax Liabilities		
Depreciation on Fixed Assets	32,915	26,572
b. Deferred Tax Assets		
Employee Benefits	1,33,859	96,839
<b>Net Deferred Tax Assets</b>	<b>1,66,774</b>	<b>1,23,411</b>

**Note 12**

	As at 31.03.2016	As at 31.03.2015
<b>Long-Term Loans and Advances (Unsecured, considered good)</b>		
Deposits with Others	1,78,00,000	2,59,00,000
Advance Income Tax and Tax Deducted as source (Less: Provision for Taxation Rs.Nil (P.Y. Rs.2,87,153/-)	14,10,979	12,50,193
Staff Loan and Advances	8,25,957	7,99,277
Advances recoverable in cash or kind or for value to be received	11,371	10,584
<b>Total</b>	<b>2,00,48,307</b>	<b>2,79,60,054</b>

**Note 13**

	As at 31.03.2016	As at 31.03.2015
<b>Trade Receivables (Unsecured, considered good)</b>		
Debts outstanding for a year exceeding 6 months from the date they are due for payment	-	-
Others	9,15,924	2,60,80,294
<b>Total</b>	<b>9,15,924</b>	<b>2,60,80,294</b>

**Note 14**

	As at 31.03.2016	As at 31.03.2015
<b>Cash &amp; Cash Equivalents</b>		
Cash on Hand	5,142	11,734
Balance with Banks		
- Current Account	11,93,590	15,40,300
- Fixed Deposit with Banks*	10,00,000	-
<b>Total</b>	<b>21,98,732</b>	<b>15,52,034</b>

\* Fixed deposit with bank include deposits of Rs.10 Lacs (Previous Year Rs. Nil) with maturity of less than 12 months

**Note 15**

	As at 31.03.2016	As at 31.03.2015
<b>Short Term Loans &amp; Advances (Unsecured, considered good)</b>		
Margin Deposit	8,58,00,000	5,08,00,000
Prepaid Expenses	9,55,039	4,13,070
Staff Loan and Advances	7,29,929	5,56,450
Advances recoverable in cash or kind or for value to be received	-	454
<b>Total</b>	<b>8,74,84,968</b>	<b>5,17,69,974</b>

**Note 16**

	As at 31.03.2016	As at 31.03.2015
<b>Other Current Assets</b>		
Interest Accrued but not due	7,08,012	4,40,660
Others	15,416	1,48,682
<b>Total</b>	<b>7,23,428</b>	<b>5,89,342</b>

**Note 17**

	As at 31.03.2016	As at 31.03.2015
<b>Revenue From Operations</b>		
Sale (Securities & Derivatives)	-	4,90,175
Income from Brokerage	31,46,012	66,09,443
<b>Total</b>	<b>31,46,012</b>	<b>70,99,618</b>

**Note 18**

	As at 31.03.2016	As at 31.03.2015
<b>Other Income</b>		
Interest on Fixed Deposit	21,40,603	22,43,219
Dividend Income	40,75,016	20,39,388
Gain on Sale of Investment in Shares	15,00,000	3,21,000
Interest Income	84,653	92,863
Miscellaneous Income	21,201	27,174
Mise Provisions written back	-	51
<b>Total</b>	<b>78,21,473</b>	<b>47,23,695</b>

**Note 19**

	As at 31.03.2016	As at 31.03.2015
<b>Operating Expenditure</b>		
SEBI Fees	3,42,662	3,33,610
V-Sat Charges	1,14,731	28,949
Transaction and Other NSE Charges	8,19,119	36,53,127
<b>Total</b>	<b>12,76,512</b>	<b>40,15,686</b>

**Note 20**

	As at 31.03.2016	As at 31.03.2015
<b>Employee Benefit Expenses</b>		
Salaries and Wages	37,28,500	33,28,047
Staff Welfare Expenses	565	690
Contribution to Provident and other Funds	9,44,556	6,47,243
<b>Total</b>	<b>46,73,621</b>	<b>39,75,980</b>

**Note 21**

	As at 31.03.2016	As at 31.03.2015
<b>Other Expenses</b>		
Rent	60,000	60,000
Rates & Taxes	13,79,666	96,959
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and professional Charges	11,44,487	9,29,170
Repair & Maintenance	7,233	5,376
Travelling and Conveyance	3,93,067	4,02,488
Insurance	12,586	4,788
Miscellaneous Expenses	55,067	15,758
Business Promotion	1,12,888	1,05,363
News Papers, Books & Periodicals	1,24,723	84,042
Communication Expenses	1,35,079	1,04,889
Printing & Stationery	4,154	8,648
Directors Sitting Fee	22,000	14,000
Auditors Remuneration		
- Statutory Audit fees	22,900	16,854
- Tax audit fees	5,725	5,618
- Out of pocket expenses	20,000	20,000
<b>Total</b>	<b>35,59,575</b>	<b>19,33,953</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)**

- 22. Commitments:-**  
Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous Year Rs. Nil).
- 23. Contingent Liabilities: - Nil**
24. There is no amount due and payable to any enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, at the end of the financial year.
25. Employee Benefits: In accordance with AS-15 - 'Accounting for Retirement Benefits', actuarial valuation was done in respect of defined benefit plan of gratuity and leave encashment.
- i) Defined Contribution Plans:-**  
Amount of Rs.5,62,231/-(Previous Year Rs. 4,16,975/-) contributed to provident funds is recognised as an expense and included in Contribution to Provident & Other Funds under Employee Cost in the Statement of Profit and Loss.
- ii) Defined Benefit Plans:-**  
The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service subject to a maximum payment of Rs. 10 lakhs. The gratuity plan is funded.

**Long Term Compensated Absences as per actuarial valuation as on 31.03.2016** (Amount in Rs.)

Actuarial Assumptions	Gratuity As at 31st March, 2016	Gratuity As at 31st March, 2015	Leave Encashment As at 31st March, 2016	Leave Encashment As at 31st March, 2015
Discount rate (per annum)	8%	8%	8%	8%
Salary Growth Rate	5%	5%	5%	5%
Expected rate of return	8%	9%	NA	NA
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
<b>I. Expenses recognized in statement of profit and loss</b>				
Interest cost	1,52,711	1,54,287	25,072	19,907
Current service cost	1,14,216	96,285	21,552	16,752
Expected return on plan assets	(1,98,180)	(1,74,814)	—	—
Net actuarial loss/ (gain) recognized in the year	1,83,502	(2,70,265)	73,182	27,898
<b>Net expenses recognized</b>	<b>2,52,249</b>	<b>(1,94,507)</b>	<b>1,19,806</b>	<b>64,557</b>
<b>II. Net liability/(assets) recognized in the balance sheet at the year end</b>				
Present value of obligation at the end of period	23,49,322	19,08,890	1,33,202	3,13,396
Fair value of the plan asset at the end of period	26,90,130	22,15,809	—	—
Funded status [(surplus)/(deficit)]	(3,40,808)	(3,06,919)	(4,33,202)	(3,13,396)
<b>Net asset/(liability) as at 31.03.2016</b>	<b>3,40,808</b>	<b>3,06,919</b>	<b>(4,33,202)</b>	<b>(3,13,396)</b>
<b>III. Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of period	19,08,890	19,28,583	3,13,396	2,48,839
Interest cost	1,52,711	1,54,287	25,072	19,907
Current service cost	1,14,216	96,285	21,552	16,752
Benefits paid	—	—	—	—
Actuarial loss/ (gain) on obligations	(1,73,505)	(2,70,265)	73,182	27,898
<b>Present value of obligation at the year end</b>	<b>23,49,322</b>	<b>19,08,890</b>	<b>4,33,202</b>	<b>3,13,396</b>
<b>IV. Change in present value of fair value of plan assets</b>				
Fair value of plan assets as at the beginning of period	22,15,309	18,79,177	—	—
Expected return on plan assets	1,98,180	1,74,814	—	—
Contributions	2,86,638	1,61,818	—	—
Benefits paid	—	—	—	—
Actuarial loss/ (gain)	(9,997)	—	—	—
<b>Fair value of plan assets at the year end</b>	<b>26,90,130</b>	<b>22,15,809</b>	<b>—</b>	<b>—</b>

**26. Related Party Disclosure**

Followings are the related parties: -  
 Holding Company : VLS Finance Ltd.  
 Fellow Subsidiaries : VLS Asset Management Ltd.  
 Key Managerial Personnel : Shri S.K. Agarwal, Managing Director.  
 : Shri Anurag Bhatnagr, Chief Financial Officer.  
 Ms. Surbhi Jain, Company Secretary

Transactions during the year with the related parties: -

Nature of Transactions	Holding Company		Other Related Parties	
	As at 31st March 2016	As at 31st March, 2015	As at 31st March 2016	As at 31st March, 2015
Remuneration to KMP	-	-	17,73,095/-	14,32,000/-
Brokerage earned	30,15,348/-	52,29,710/-	Nil	Nil
Reimbursement amount claimed	46,55,552/-	34,21,510/-	Nil	Nil
Rent and other charges paid	1,37,100/-	1,34,832/-	Nil	Nil
Payable to Holding Company at the year end	6,04,46,791/-	15,31,39,600/-	Nil	Nil

**27. Calculation of Earning per share :-**

Particulars	Equivalent No. of Shares	
	Year ended 31st March, 2016	Year ended 31st March, 2015
Basic and diluted		
Total Shares outstanding	1,50,00,000	1,50,00,000
Weighted Average of Shares	1,50,00,000	1,50,00,000
Profits after taxes	13,44,737/-	13,58,033/-
EPS (In Rs.)	0.09	0.09

**28. Expenditure in Foreign Exchange:-** (Amount in Rs.)

S No.	Particulars	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
1	Payment of Fees to Consultant	48,983.58	1,36,109.07
2	Payment of Registration Fees	1,61,273.31	5,45,060.63
3	Payment of Flexi Desk Fees (for office space)	3,08,303.33	Nil
	Total	5,18,560.22	6,81,169.70

29. The Expenses under the head 'Legal and Professional Charges' and 'Rates and Taxes' shown in Note no. 21 'Other Expenses' includes Rs.9,47,286.91 (Previous Year Rs.1,20,000/-) & Rs.1,61,273.31 (Previous Year Rs. Nil) respectively incurred in respect of VLS International DMCC (Regd. No. DMCC 31506), a subsidiary company incorporated during the year in Dubai, UAE. The said subsidiary is in the process of liquidation due to change in business plan.
30. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date

**For Agiwal & Associates**

(F. R. N. 000181N)

Chartered Accountants

**D.C. Maheshwari**

Partner

Membership No. 009883

Place : New Delhi

Date : 25/05/2016

For and on behalf of the Board

**S.K. Agarwal**

Managing Director

DIN : 00106763

Place : New Delhi

Date : 25/05/2016

**K.K.Soni**

Director

DIN : 00106037

Place : New Delhi

Date : 25/05/2016

**Anurag Bhatnagar**

Chief Financial Officer

PAN : AAJPB6607R

Place : New Delhi

Date : 25/05/2016

**Surbhi Jain**

Company Secretary

M.No. : A35217

Place : New Delhi

Date : 25/05/2016

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	13,01,374	13,04,477
Adjustments for:-		
Dividend Income	(4,075,016)	(2,039,388)
Depreciation	1,56,403	103,168
Gain on Sale of Investments	(1,500,000)	(321,000)
Provision for Leave Encashment	1,19,806	64,557
	<b>(5,298,807)</b>	<b>(2,192,663)</b>
	<b>(3,997,433)</b>	<b>(888,186)</b>
<b>Operating Profit before Working Capital Changes</b>	<b>(888,186)</b>	<b>9,91,132</b>
Adjusted for:		
Trade Payables	(107,157,922)	2,42,94,204
Trade and Other Receivables	25,030,284	(23,882,228)
Shot Term Loans and Advances	(35,714,994)	109,432,291
	<b>(117,842,632)</b>	<b>10,98,44,268</b>
<b>Cash Generated from Operations</b>	<b>(121,840,065)</b>	<b>10,89,56,082</b>
Less: Tax Payment	-	-
<b>Cash Flow from Operating Activities</b>	<b>(121,840,065)</b>	<b>10,89,56,082</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>(121,840,065)</b>	<b>10,89,56,082</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Investments	-	(109,000,000)
Sale of Investments	11,05,00,000	3,21,000
Additions in Fixed Assets	-	(593,169)
Long Term Loans and Advances	79,11,747	(2,965,861)
Proceeds from Sale of Fixed Assets	-	-
Dividend Income	40,75,016	20,39,388
<b>Net Cash (used in)/ Generated from Investing Activities</b>	<b>12,24,86,763</b>	<b>(110,198,642)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share	-	-
Interest paid	-	-
<b>Net Cash (used in)/ Generated from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>646,698</b>	<b>(1,242,560)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>15,52,034</b>	<b>27,94,594</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>21,98,732</b>	<b>15,52,034</b>

As per our report of even date

**For Agiwal & Associates**

(F. R. N. 000181N)

Chartered Accountants

**D. C. Maheshwari**

Partner

Membership No. 009883

Place : New Delhi

Date : 25/05/2016

For and on behalf of the Board

**S.K. Agarwal**

Managing Director

DIN : 00106763

Place : New Delhi

Date : 25/05/2016

**K.K.Soni**

Director

DIN : 00106037

Place : New Delhi

Date : 25/05/2016

**Anurag Bhatnagar**

Chief Financial Officer

PAN : AAJPB6607R

Place : New Delhi

Date : 25/05/2016

**Surbhi Jain**

Company Secretary

M.No. : A35217

Place : New Delhi

Date : 25/05/2016

**VLS ASSET MANAGEMENT LTD.**

Regd. Off : 2nd Floor, 13, Sant Nagar, East of Kailash,  
New Delhi-110065 Ph: 46656666, FAX: 011-46656699  
CIN: U74899DL1995PLC065812, email: vaml@vlsfinance.com

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the 21<sup>st</sup> Annual Report of your Company together with the Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit & Loss for the year ended on that date.

**Financial Results**

The Company has incurred a loss of Rs. 4786/- on account of administrative expenses incurred. No income was generated during the year under review. The accumulated losses of the Company, during the year under review, have exceeded 50% of its net worth. The Board has been advised that the Company, not being an Industrial Company, no reference to BIFR or other authorities is required to be made. The Company did not undertake any activity during the year under review. However, the Board is continuing efforts to identify suitable activity for operation keeping in view the means available. Accordingly the Company is being viewed as a going concern and the accounts have been prepared on the basis of the going concern assumption.

**Board Meetings**

During the year ended 31/03/2016, 4 (Four) Board Meetings were held with one meeting in every quarter on 23/05/2015, 22/08/2015, 14/12/2015, and 21/03/2016.

Details of meetings attended by the Directors in the relevant period are as below:

S. No.	Name of the Director	No. of meetings attended during F. Y. 2015-16
1	Shri S.K. Agarwal	4
2	Shri Rajesh Jhalani	3
3	Shri S.C. Agarwal	4
4	Shri K. K. Soni	4
5	Shri Anurag Bhatnagar	4

**Internal Financial Control Systems**

The Company has in place a proper and adequate system of internal control to monitor proper recording of transactions authorized according to policies and procedures laid down by the Board. The Board ensures that all regulatory guidelines are being complied with at all levels.

**Risk Management**

Although the Company has not carried out any business during the year under review, the risk management mechanism of the Company was in place as consented to by the Board.

**Dividend/Reserves**

No dividend has been recommended by the Board and no amount has been transferred to general reserve in view of losses.

**Directors**

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

**Annual Return Extract (MGT-9)**

We have reported in **Annexure-1** to this report, the extract of the Annual Return to be filed with the Registrar of the Companies.

**Contracts With Related Party**

Relevant disclosures has been made under clause 10 of note forming part of financial statements. The details of the related party transactions have been provided in form AOC-2 as under:

**Form No. AOC-2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

Sl. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	VLS Finance Ltd.- Holding Company
b)	Nature of contracts/ arrangements/ transactions	Unsecured Long term borrowings
c)	Duration of the contracts/ arrangements/transactions	Until rescinded
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Non- interest bearing borrowings
e)	Justification for entering into such contracts or arrangements or transactions	The financial condition of subsidiary i.e., VLS Asset Management Ltd.
f)	Date(s) of approval by the Board	NA#
g)	Amount paid as advances, if any:	NA#
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA#

# The arrangement was in existence prior to 01/04/2014 and no change in terms have been made.

2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	Details
a)	Name(s) of the related party	None
b)	Nature of relationship	
c)	Nature of contracts/ arrangements/ transactions	
d)	Duration of the contracts / arrangements/transactions	
e)	Salient terms of the contracts or arrangements or transactions	
f)	Justification for entering into such contracts or arrangements or transactions	
g)	Date(s) of approval by the Board	
h)	Amount paid during the year	



**Directors Responsibility Statement**

Pursuant to the provisions of Section 134(3) of the Companies Act, 2013, the Directors hereby confirm:

- a. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2015, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- b. 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 loss of the Company for that period;
- c. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that they have prepared the Annual Accounts for the financial year ended 31st March, 2016 on a 'going concern' basis;
- e. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating.

**Auditors**

As per the provisions of section 139 of Companies Act, 2013, the Auditors, M/s. Agiwal & Associates, Chartered Accountants, were appointed for a period of five (5) years beginning from the conclusion of 20<sup>th</sup> Annual General Meeting held in 2015 to conclusion of 25<sup>th</sup> Annual General Meeting to be in 2019 subject to ratification by members every year.

The Company has received a certificate from the Auditors that they are qualified under section 139 of the Companies Act, 2013 to act as the Auditors of the Company for the year 2016-17. The Board of Directors recommends ratification of their appointment for the financial year 2016-17 in terms of Section 139 of Companies Act, 2013. The statutory Auditors shall not be subject to rotation since the company is not covered in categories to which said provision is applicable. The Board may also be authorised to fix their remuneration.

**Auditors Report**

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

**Fixed Deposits**

During the year under review, the Company has not held any fixed deposit within the meaning of Section 73 of the Companies Act, 2013 and the rules made there under.

**Subsidiary/ Associate**

There is no subsidiary/Associate of Company and thus consolidation of

Accounts is not required.

**Green Initiative in Corporate Governance:**

As a continuing endeavor towards the 'Go Green' initiative the Company proposes to send future correspondence and documents like the notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form, to the email address provided by the members. You may kindly note that as a member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the annual report of the Company, upon receipt of a requisition from you, at any time.

**Statutory Disclosures**

During the year under review, the Company did not absorb any new technology nor has carried out any R&D activity including conservation of Energy. The relevant disclosures are contained in **Annexure-2** to this report.

The Company did not have any employee during the relevant financial year hence the limits specified in Section 197 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, there are no disclosures which are required to be made in this report, in terms of the aforesaid regulations. Further disclosure relating to ratio of the remuneration of each director to the median employee's remuneration is also not applicable.

The company has not given any loan, guarantees or made investments reportable in terms of section 186 of the Companies Act, 2013.

Your company has not issued equity shares with differential voting rights or under ESOP in terms of sections 43a and 62(1) (b) of Companies Act, 2013 during the year under review.

Your company has not approved any scheme relating to provision of money to be held in a trust for the benefit of the employees in terms of Sec 67(3) (b) of Companies Act, 2013 during the year under review.

No revision of financial statements or boards' report has been made in terms of section 131(1) of the Companies Act, 2013.

The Company has not undertaken any Corporate Social Responsibility initiative as the relevant provisions are not applicable on the Company.

Provisions for appointment of Independent directors are not applicable on your Company nor is it covered under sections 134(p), 177, 178, 203 and 204 of the Companies Act, 2013.

**Acknowledgement**

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

**For and on behalf of the Board of Directors**

**Place : New Delhi  
Date : 25/05/2016**

**Anurag Bhatnagar  
Director  
DIN : 00115108**

**S. C. Agarwal  
Director  
DIN : 00108493**

**ANNEXURE-1**

FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration ) Rules, 2014.

**I REGISTRATION & OTHER DETAILS:**

i	CIN	U74899DL1995PLC065812
ii	Registration Date	24/02/1995
iii	Name of the Company	VLS ASSET MANAGEMENT LIMITED
iv	Category/Sub-category of the Company	Public Limited Company
v	Address of the Registered office & contact details	2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065 Phone Nos. 011 – 46656666 Fax 011-46656699
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agents, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL. NO.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Asset Management	99999999999999	0.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. NO.	Name and address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	VLS Finance Ltd. 2nd Floor, 13, Sant Nagar, East of Kailash, New Delhi- 110065	L65910DL1986PLC023129	Holding	99.15%	2(46)



IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01/04/2015				No. of Shares held at the end of the year i.e. 31/03/2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Central Govt.or State Govt.	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corporates	0	70100	70100	99.15%	0	70100	70100	99.15%	0.00%
d) Bank/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL:(A) (1)</b>	0	70100	70100	99.15%	0	70100	70100	99.15%	0.00%
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp.	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other...	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL (A) (2)</b>	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	0	70100	70100	99.15%	0	70100	70100	99.15%	0.00%
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Central govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt.	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FIIS	0	0	0	0.00%	0	0	0	0.00%	0.00%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL (B)(1):</b>	0	0	0	0.00%	0	0	0	0.00%	0.00%
(2) Non Institutions									
a) Bodies corporates									
i) Indian	0	100	100	0.14%	0	100	100	0.14%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals	0	0			0	0			
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	500	500	0.71%	0	500	500	0.71%	0.00%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Others (specify)	0	0			0	0			
a) NRI / OCB	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Foreign National	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Clearing Member	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) LLP	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Trust	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>SUB TOTAL (B)(2):</b>	0	600	600	0.85%	0	600	600	0.85%	0.00%
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	0	600	600	0.85%	0	600	600	0.85%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Grand Total (A+B+C)</b>	0	70700	70700	100.00%	0	70700	70700	100.00%	0.00%



**(ii) SHAREHOLDING OF PROMOTERS**

Sl.No	Shareholders Name	Shareholding at the beginning of the year i.e. 01/04/2015			Shareholding at the end of the year i.e. 31/03/2016			% Change in share holding during the year
		No. of shares	% of total shares of the Company	% of Shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	VLS Finance Ltd.	70100	99.15%	0.00	70100	99.15%	0.00	0.00%
	<b>Total</b>	70100	99.15%	0.00	70100	99.15%	0.00	0.00%

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

S.No	Shareholder's Name	Date	Share holding at the beginning of the year i.e. 01/04/2015		Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	VLS Finance Ltd.		There is no change in promotor holding			
	At the beginning of the year	1/4/2015	70100	99.15%	70100	99.15%
	At the end of the year	31/03/2016	70100	99.15%	70100	99.15%

There is no change in promoters holding

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl.No	For Each of the Top 10 Shareholders	Date	Shareholding at the beginning of the year i.e. 01/04/2015		Cumulative Share holding during the year	
			No. of shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1.	Shri M. P. Mehrotra					
	At the beginning of the year 01/04/2015		100	0.14%	100	0.14%
	At the end of the year 31/03/2016		100	0.14%	100	0.14%
2	Dr. (Mrs) Sushma Mehrotra					
	At the beginning of the year 01/04/2015		100	0.14%	100	0.14%
	At the end of the year 31/03/2016		100	0.14%	100	0.14%
3	Shri Somesh Mehrotra					
	At the beginning of the year 01/04/2015		100	0.14%	100	0.14%
	At the end of the year 31/03/2016		100	0.14%	100	0.14%
4	Shri Vikas Mehrotra					
	At the beginning of the year 01/04/2015		100	0.14%	100	0.14%
	At the end of the year 31/03/2016		100	0.14%	100	0.14%
5	Shri Ramji Mehrotra					
	At the beginning of the year 01/04/2015		100	0.14%	100	0.14%
	At the end of the year 31/03/2016		100	0.14%	100	0.14%
6	VLS Capital Ltd.					
	At the beginning of the year 01/04/2015		100	0.14%	100	0.14%
	At the end of the year 31/03/2016		100	0.14%	100	0.14%

**(v) Shareholding of Directors & KMP : None of the Directors or KMP hold any shares in the Company.**

Sl.No	For Each of the Directors & KMP	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1/4/2015	0	0.00%	0	0.00%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)		0	0	0	0
	At the end of the year	31/03/2016	0	0.00%	0	0.00%


**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	0	924336	0	924336
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	924336	0	924336
Change in Indebtedness during the financial year				
Additions	0	4764	0	4764
Reduction	0	0	0	0
<b>Net Change</b>	0	4764	0	4764
Indebtedness at the end of the financial year				
i) Principal Amount	0	929100	0	929100
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	929100	0	929100

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and/or Manager: NIL**

Since appointment of Key Managerial personnel is not mandatory for the Company.

Sl.No	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	0	0
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock options	0	0
3	Sweat Equity	0	0
4	Commission as % of profit others (specify)	0	0
5	Others, please specify	0	0
	<b>Total (A)</b>	0	0
	<b>Ceiling as per the Act per annum</b>	0	0

**B. Remuneration to other directors: No remuneration was paid to Directors.**

Sl.No	Particulars of Remuneration	Name of the Directors					Total Amount
1	Independent Directors	No Independent Directors					
	(a) Fee for attending board committee meetings	0	0	0	0	0	0.
	(b) Commission	0	0	0	0	0	0
	(c) Others, please specify	0	0	0	0	0	0
	<b>Total (1)</b>	0	0	0	0	0	0
2	Other Non Executive Directors	Shr S. K. Agarwal	Shri K. K. Soni	Shri Rajesh Jhalani	Shri S.C. Agarwal	Shri Anurag Bhatnagar	
	(a) Fee for attending board/ committee meetings	0	0	0	0	0	0
	(b) Commission	0	0	0	0	0	0
	(c) Others, please specify.	0	0	0	0	0	0
	<b>Total (2)</b>	0	0	0	0	0	0
	<b>Total (B)=(1+2)</b>	0	0	0	0	0	0
	<b>Total Managerial Remuneration</b>	0	0	0	0	0	0
	Overall Ceiling as per the Act, per meeting	100000	100000	100000	100000	100000	



**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD : Nil**

Since appointment of Key Managerial personnel is not mandatory for the Company.

SI.No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	N. A.	N. A.	N. A.	N. A.
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	N. A.	N. A.	N. A.	N. A.
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	N. A.	N. A.	N. A.	N. A.
2	Stock Option	N. A.	N. A.	N. A.	N. A.
3	Sweat Equity	N. A.	N. A.	N. A.	N. A.
4	Commission as % of profit others, specify	N. A.	N. A.	N. A.	N. A.
5	Others, please specify	N. A.	N. A.	N. A.	N. A.
	<b>Total</b>	N. A.	N. A.	N. A.	N. A.

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority[RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*
<b>B. DIRECTORS</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	*	*	*	*	*
Punishment	*	*	*	*	*
Compounding	*	*	*	*	*

\* No Penalty, punishment imposed or compounding undertaken by the company or Directors or other officers in default during the year under review.

**ANNEXURE-2**

**Annexure to Directors' Report**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2016.

**CONSERVATION OF ENERGY**

- a) Energy conservation measure taken : Nil
- b) Proposals under implementation for reduction in consumption of energy : Nil

**TECHNOLOGY ABSORPTION**

- a) Research and development : Nil
- b) Technology absorption, adoption and innovation : Nil

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

- a) Foreign Exchange Earned : Nil
- b) Foreign Exchange Used : Nil

For and on behalf of the Board of Directors

Place : New Delhi  
Date : 25/5/2016

Anurag Bhatnagar  
Director  
DIN : 00115108

S. C. Agarwal  
Director  
DIN : 00108493



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF VLS ASSET MANAGEMENT LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **VLS ASSET MANAGEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India of the state of affairs of the Company as at March 31, 2016 and its loss and its Cash Flows for the year ended on that date.

The Company has accumulated losses as at the end of the year and has incurred cash losses during the current financial year and in the immediately preceding Financial Year.

**Report on Other Legal and Regulatory Requirements**

As required by the companies (Auditor's Report ) Order, 2016, issued by the Central Government of India in terms of Sub section (11) of section 143 of the Act, (hereinafter referred to as the "Order"), we give in the Annexure –'A' a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable.

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to adequacy of internal financial controls over financial reporting of the company and operating effectiveness of such controls, please refer to our report in Annexure - 'B'.
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us :
  - i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2016 on its financial position in its financial statements.
  - ii. The Company is not required to provision as at 31<sup>st</sup> March, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts as it has not taken any business activity during the year under review.
  - iii. The Company is not required to make provision as at 31<sup>st</sup> March, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts as it has not taken any business activity during the year under review.

There has been no requirement to transfer any amount to the Investor Education and Protection Fund, as the Company has no due outstanding during the year ended 31<sup>st</sup> March, 2016

**For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)**

**D. C. Maheshwari  
Partner**

**Membership No. 009883**

**Place: New Delhi  
Date: 25th May, 2016**



**ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT  
REFERRED TO OUR REPORT OF EVEN DATE  
Re: VLS ASSET MANAGEMENT LIMITED for  
the year ended 31<sup>st</sup> March, 2016**

- i. The Company did not have any Fixed Assets during the relevant financial year. Hence, comments of physical verification of assets and ownership thereof are not required.
- ii. Since there were no operations during the year hence comments on physical verification of stock is not required.
- iii. The Company has not granted loans to any company covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act")
- iv. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security the Company have not made any loans, investments, guarantees and security thus no comments are required on compliance of Section 185 and 186 of the Companies Act, 2013.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions under the Act. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.
- vi. According to the information & explanations given to us, maintenance of cost records has not been specified by Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the company.
- vii. (a) The Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, wealth tax, service tax and any other statutory dues with the appropriate authorities.  
(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth tax, service tax and any other material statutory dues in arrears as at 31.03.2016 for a period of more than six months from the date they became payable.
- viii. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company does not have any outstanding dues to financial institutions or banks during the year.
- ix. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, during the year no moneys have been raised by public offer of shares. No money has been raised on term loans during the year.
- x. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
- xi. On the basis of records and information and explanations made available, no managerial remuneration has been paid or provided hence no comment is required on compliance of Section 197 Read with Schedule V of the Act.
- xii. In our opinion and according to information & explanation given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.

- xiii. As per the information and explanations and records made available by the management of the Company and audit procedure performed, for the related parties transactions entered during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where it applicable. As explained and as per records / details of related parties transactions are disclosed as per the applicable Accounting Standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully / partly convertible debentures during the year.
- xv. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with him.
- xvi. The Company is not required to be registered under 45-IA of the Reserve Bank of India Act 1934.

**For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)**

**D. C. Maheshwari  
Partner**

**Place: New Delhi  
Date: 25th May, 2016**

**Membership No. 009883**

**Annexure – 'B' to the Auditors' Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **VLS ASSET MANAGEMENT LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established



and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Agiwal & Associates**  
**Chartered Accountants**  
**(FRN : 000181N)**

**D. C. Maheshwari**  
**Partner**

**Membership No. 009883**

**Place: New Delhi**  
**Date: 25th May, 2016**

<b>BALANCE SHEET AS AT 31st MARCH, 2016</b>			
Particulars	Note No.	Amount (in Rs.)	
		As at 31.3. 2016	As at 31.3. 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	7,07,000	7,07,000
(b) Reserves and Surplus	4	(1,625,218)	(1,620,432)
		<u>(918,218)</u>	<u>(913,432)</u>
<b>(2) Non-Current Liabilities</b>			
Long- Term Borrowings	5	9,29,010	9,24,336
		<u>9,29,010</u>	<u>9,24,336</u>
<b>(3) Current Liabilities</b>			
Other Current Liabilities	6	5,431	5,431
		<u>5,431</u>	<u>5,431</u>
<b>Total</b>		<u><u>16,223</u></u>	<u><u>16,335</u></u>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
		-	-
<b>(2) Current assets</b>			
Cash and Cash Equivalents	7	16,223	16,335
		<u>16,223</u>	<u>16,335</u>
<b>Total</b>		<u><u>16,223</u></u>	<u><u>16,335</u></u>

Significant Accounting Policies

and Notes forming part of the accounts 1 to 12

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

**For and on behalf of the Board**

**D. C. Maheshwari**  
Partner  
Membership No. 009883

**Anurag Bhatnagar**  
Director  
DIN : 00115108

**S.C. Agarwal**  
Director  
DIN : 00108493

Place : New Delhi  
Date : 25/05/2016

<b>STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016</b>			
Particulars	Note No.	Amount (in Rs.)	
		Year Ended 31.3. 2016	Year Ended 31.3. 2015
I. Revenue from Operations		-	-
II. Other Income		-	-
<b>III. Total Revenue (I +II)</b>		<u>-</u>	<u>-</u>
<b>IV. Expenses:</b>			
Employee Benefit Expense		-	-
Financial Costs		-	-
Depreciation and Amortization Expense		-	-
Other Expenses	8	4,786	4,385
<b>Total Expenses (IV)</b>		<u>4,786</u>	<u>4,385</u>
V. Profit/(Loss) before tax (III-IV)		(4,786)	(4,385)
		<u>(4,786)</u>	<u>(4,385)</u>
VI. Profit/(Loss) for the year		<u>(4,786)</u>	<u>(4,385)</u>
VII. Earning per equity share (OF Rs.10/- each)			
Basic and Diluted	11	(0.068)	(0.062)

Significant Accounting Policies and Notes forming part of the accounts 1 to 12

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

**For and on behalf of the Board**

**D. C. Maheshwari**  
Partner  
Membership No. 009883

**Anurag Bhatnagar**  
Director  
DIN : 00115108

**S.C. Agarwal**  
Director  
DIN : 00108493

Place : New Delhi  
Date : 25/05/2016


**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note 1**
**Corporate Overview**

The Company was incorporated to function as Asset Management Company of the Mutual Fund proposed to be floated by VLS Finance Ltd., the Holding Company. However, it could not take up business because the said proposal was shelved due to adverse market conditions. The Company is exploring avenues available to it; however, no business activity could be taken up in past.

**Note 2**
**Significant accounting policies:**
**a) General**

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

**b) Method of Accounting**

The company is following accrual basis of accounting.

**Note 3**

Amount (in Rs.)

**Share Capital**

As at 31.03.2016 As at 31.3.2015

**Authorised**

1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
	<u>10,00,00,000</u>	<u>10,00,00,000</u>

**Issued, Subscribed & Paid up**

70700 Equity Shares of Rs.10/- each	7,07,000	7,07,000
	<u>7,07,000</u>	<u>7,07,000</u>

**a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	As at 31.03.2016		As at 31.3.2015	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	70,700	7,07,000	70,700	7,07,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>70,700</u>	<u>7,07,000</u>	<u>70,700</u>	<u>7,07,000</u>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

**c. Shares held by holding company**

Out of equity shares issued by the company, shares held by its holding company are as follows.

	As at 31.03.2016	As at 31.3.2015
VLS Finance Ltd.	70,100	70,100

**d. Details of shareholders holding more than 5% shares in the company**

	As at 31.03.2016		As at 31.3.2015	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	70,100	99.15	70,100	99.15

**Note 4**

Amount (in Rs.)

**Reserves & Surplus**

As at 31.03.2016 As at 31.3.2015

**Surplus**

At the Beginning of the Accounting year	(1,620,432)	(1,616,047)
Additions during the year	(4,786)	(4,385)
<b>Total</b>	<u>(1,625,218)</u>	<u>(1,620,432)</u>

**Note 5**
**Unsecured Long Term Borrowings**

From Holding Company i. e. VLS Finance Ltd.

(Non- interest bearing)	9,29,100	9,24,336
<b>Total</b>	<u>9,29,100</u>	<u>9,24,336</u>

**Note 6**
**Other Current Liabilities**

Audit Fee Payable	5,431	5,431
<b>Total</b>	<u>5,431</u>	<u>5,431</u>

**Note 7**

Amount (in Rs.)

**Cash & Cash Equivalents**

As at 31.03.2016 As at 31.3.2015

(a) Balance with Banks		
- Current Account	16,223	16,335
(b) Cash-in-Hand	-	-
<b>Total</b>	<u>16,223</u>	<u>16,335</u>

**Note 8**
**Other Expenses**

Filling Charges	3,174	3,682
Certificate Charges	1,500	-
Printing Stationery	-	700
Bank Charges	112	3
<b>Total</b>	<u>4,786</u>	<u>4,385</u>

**9 Deferred Tax Liability/ Deferred Tax Asset**

There is no deferred tax asset/liability for the company during the year.

**10 Related Party Disclosure (Accounting Standard - 18)**

Following are the Related Parties:-

Holding company : VLS Finance Ltd.

Fellow Subsidiaries : VLS Securities Ltd.

Transaction during the year with the related party:-

Related Party	Nature of Transaction	As at 31st March, 2016	As at 31st March, 2015
Holding Company	Opening Balance	9,24,336	9,19,954
	Transactions during the year	4,674	4,742
	Closing Balance	9,29,010	9,24,336

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

S. No.	Particulars	Year Ended 31 <sup>st</sup> March 2016	Year Ended 31 <sup>st</sup> March 2015
1.	Net Profit/Loss after Tax	(4,786)	(4,385)
2.	Weighted Average number of Equity Shares	70,700	70,700
3.	Face value per Share	10	10
4.	Basic & Diluted Earning Per Share	(0.068)	(0.062)

12 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification.

As per our report of even date

**For Agiwal & Associates**

(F.R.N. 000181N)

Chartered Accountants

**D. C. Maheshwari**

Partner

Membership No. 009883

Place : New Delhi

Date : 25/05/2016

**For and on behalf of the Board**

**Anurag Bhatnagar**

Director

DIN : 00115108

**S.C. Agarwal**

Director

DIN : 00108493

**Cash Flow Statement for the Year ended 31st March 2016**

Amount (in Rs.)

	As at 31.03.2016	As at 31.03.2015
	<b>A. Cash Flow from operating activities</b>	
Net Profit (Loss) before Tax	(4786)	(4385)
Adjustment for :-		
Operating Profit before working capital changes	(4786)	(4385)
Increase / (Decrease) in trade payables & Others	-	-
Cash Generated from Operations	(4786)	(4385)
Net Cash From Operating Activities	(4786)	(4385)
<b>B. Cash Flow From Financing activities</b>		
Proceeds from borrowings	4786	4385
Net Cash From Financing Activities	4786	4385
Net increase in Cash & Cash Equivalents (A+B)	-	-
C. Cash & Cash Equivalents at the beginning of the Year	16335	16338
D. Cash & Cash Equivalents at the end of the year	16223	16335
Increase/(Decrease) in Cash & Cash Equivalents (D-C)	(112)	(3)

As our report of even date attached thereto

**For Agiwal & Associates**

(F.R.N. 000181N)

Chartered Accountants

**D. C. Maheshwari**

Partner

Membership No. 009883

Place : New Delhi

Date : 25/05/2016

**For & on behalf of the Board of Directors**

**Anurag Bhatnagar**

Director

DIN : 00115108

**S.C. Agarwal**

Director

DIN : 00108493

**CONSOLIDATED FINANCIAL STATEMENTS****INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF VLS FINANCE LIMITED****REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

1. We have audited the accompanying consolidated financial statements of **VLS FINANCE LIMITED** ("the Holding Company"), its subsidiaries and associates Companies; hereinafter referred to as the "Group" comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

We wish to state that, we have not audited any of the three associates companies namely VLS Capital Ltd., Sunair Hotels Ltd. and BMS IT Institute Pvt. Ltd., the financial statements of which have been considered for the limited purpose of consolidation. Further for the two associates Companies namely Sunair Hotels Ltd. and BMS IT Institute Private Ltd. of the group, which have been audited by the other auditors, we have taken the figures from their financial statements for the year ended 31.03.2015 and 31.03.2014 respectively as provided by the management and for the another associate VLS Capital Ltd. for the year ended 31.03.2016 and are not offering any comment on the same.

**Management's Responsibility for the consolidated Financial Statements**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 (hereinafter referred to as ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. However, the Management of the Holding Company stated that they are unable to comment on the financial statements, accounting policies and notes on accounts of the two associates namely Sunair Hotels Ltd. and BMS IT institute (P) Ltd. which are in litigation with the Holding Company. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities: the selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financials control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act except in the case of the associates Companies referred above in Para 1. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation and presentation of the consolidated financial statements that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, on the effectiveness of the entity's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements except in case of two Associate companies which are in litigation with the Holding Company.

7. We wish to clarify that for the purpose of consolidation of the financial statements, we are unable to comment on the financial statements, accounting policies and notes on accounts of the two associate entities namely Sunair Hotels Limited and BMS IT Institute Private Limited on account of statement of management of holding company in the Para of Management's Responsibility for the Consolidated Financial Statements referred above.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements but we are unable to comment regarding the audit evidences obtained by the other auditors of associate companies.

**Opinion**

9. In our opinion, based on our audit and to the best information and according to the explanations given to us, and based on the consideration of the reports of the other auditors, on the financial statements/consolidated financial statements of the associates except two of its associates namely Sunair Hotels Ltd. and BMS IT institute (P) Ltd., the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of the affairs of the Group as at 31<sup>st</sup> March, 2016 and its consolidated Profit and its consolidated cash flows for the year ended on that date.

**Other Matter**

10. We did not audit the financial statements of all the three associate (VLS Capital Ltd., Sunair Hotels Ltd., and BMS IT Institute Pvt. Ltd.) companies the financial statements of which have been considered for the limited purpose of consolidation the financial statements of which reflect total assets of Rs. 2,79,38,21,746 as at 31<sup>st</sup> March 2016, total revenues of Rs.54,54,72,084 and net cash flows amounting to Rs. 2,95,39,428 for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub section 3 and 11 of section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and on our report on the Other Legal and Regularity Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management except in respect of associate companies viz. Sunair Hotels Ltd. and BMS IT Institute (P) Ltd.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by Section 143(3) of the Act, we report that, to the extent applicable, except in the case of two associates companies namely Sunair Hotels Ltd. and BMS IT Institute (P) Ltd.:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors.

**CONSOLIDATED FINANCIAL STATEMENTS**

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on 31 March, 2016, taken on record by the Board of Directors of the Holding Company and the reports of the statutory Auditors of its subsidiary companies and one of its associate company namely VLS Capital Ltd. incorporated in India, none of the directors of the Holding Company, its subsidiary companies and the associate company incorporated in India is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the Internal Financial Controls over the Financial Reporting of the company and operating effectiveness of such controls, refer to our Report in Annexure A, which is based on the auditor's report of the Holding Company and subsidiary companies incorporated in India. Our report express an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of Holding company's and subsidiary companies incorporated in India. We are unable to comment on the Internal Financial Control over Financial Reporting of Associate Companies as defined under the Companies Act, 2013 as the Company is in litigation with two of these associate companies namely Sunair Hotels Ltd. and BMS IT Institute (P) Ltd.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- After coming into effect of the Companies Act 2013, the definition of "Associate" covers a Company or Companies in which Holding Company holds not less than 20% of the Total Share Capital of that company or those companies irrespective of whether they are in the same group or not. Hence, Sunair Hotels Ltd. and BMS IT Institute (P) Ltd. which are presently not in the same group, have been considered as Associate for the limited purpose of consolidating financial statements of the Holding Company. Even though the Holding company is in litigation with these two associate companies, in the opinion of Holding Company, there is no adverse impact of such litigation on investments/advances made by it in these two associates as the amount realizable from the said investments/advances would not be less than the amount stated in the Holding Company's own financial statements.
  - The Group has made provisions as at 31<sup>st</sup> March, 2016, as required under the applicable law or accounting standards, for foreseeable losses, if any, on long term contracts including derivative contracts.
  - There were no amounts, which were required to be transferred, to the Investors Education and Protection Fund by the Holding Company, its subsidiary companies and associate company namely VLS Capital Ltd., incorporated in India.

It is stated that Group consists only of Holding Company, its Subsidiary Companies and one of its associates company namely VLS Capital Ltd. because two associate companies Sunair Hotels Ltd. and BMS IT Institute (P) Ltd. are in litigation with the Holding Company. Hence these two associate companies are not considered as "Group" except for the limited purpose of consolidation of financial statements.

For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)

P. C. Agiwal  
Partner  
M. No. 080475

Place: New Delhi  
Date: 28<sup>th</sup> May, 2016

**Annexure - A to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2016, we have audited the internal financial controls over financial reporting of VLS Finance Limited ("the Holding Company") and its subsidiary Companies incorporated in India, as of that date We wish to state that, we have not audited any of the three associate companies namely VLS Capital Ltd., Sunair Hotels Ltd. and BMS IT Institute Pvt. Ltd., the financial statements of which have been considered for the limited purpose of consolidation. Further for the two associates Companies namely Sunair Hotels Ltd. and BMS IT Institute Private Ltd. of the group, which have been audited by the other auditors, we have taken the figures from their financial statements for the period ended 31.03.2015 and 31.03.2014 respectively and for the VLS Capital Ltd. for the period ended 31.03.2016 due to that we are unable to comment or report on the Internal Financial Control under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") of these associates.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. However the Management is not taking any responsibility of Internal Financial Control of two Associates Companies as mentioned above due to litigation with these Associates Companies.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting in case of Holding and subsidiary companies. However management is not taking any responsibility regarding internal financial control under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") in case of two associate companies because litigation is going on between the Company and two of these Associate companies as defined under the Companies Act, 2013.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:



## CONSOLIDATED FINANCIAL STATEMENTS

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an

adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI. Regarding associate companies as referred above, we are unable to comment or report on internal financial control over financial reporting as the associate companies are audited by other auditors.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Holding company and subsidiary companies, which are companies incorporated in India. We have not audited the associate companies as defined under new companies Act. Therefore, we are unable to comment on the adequacy and operative effectiveness controls over financial reporting of the associate Companies.

For Agiwal & Associates  
Chartered Accountants  
(FRN : 000181N)

P. C. Agiwal  
Partner

Place: New Delhi  
Date: 28<sup>th</sup> May, 2016

Membership No. 080475

## CONSOLIDATED BALANCE SHEET AS AT 31st March, 2016

(Amount in Rupees)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	38,78,42,420	38,78,42,420
(b) Reserves & Surplus	3	203,81,07,190	194,97,16,784
<b>(2) Minority Interests</b>			
(a) Share Capital		5,06,000	5,06,000
(b) Reserves & Surplus			
- Opening		28,654	24,335
- Add: For the year		4,442	4,490
- Less : Transitional provisions		0	171
		33,096	28,654
<b>(3) Non-current liabilities</b>			
(a) Other Long Term Liabilities	4	0	8,00,00,000
(b) Long Term Provisions	5	21,54,37,359	21,38,22,560
<b>(4) Current liabilities</b>			
(a) Short-Term borrowings	6	17,00,00,000	66,40,729
(b) Trade payables	7	1,67,00,067	2,90,39,125
(c) Other Current Liabilities	8	34,59,312	12,96,950
(d) Short Term Provisions	9	6,77,084	5,20,925
<b>Total</b>		<b>283,27,62,528</b>	<b>266,94,14,147</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
- Tangible Assets	10	1,05,00,430	6,68,50,930
- Intangible Assets	10	3,34,903	2,65,827
(b) Non-current Investments	11	240,38,47,087	210,99,83,595
(c) Deferred tax assets (Net)	12	1,47,42,945	1,66,46,700
(d) Long-term loans and advances	13	15,42,51,693	16,00,13,260
<b>(2) Current assets</b>			
(a) Inventories- Share stock-in-trade	14	4,90,16,907	7,65,99,092
(b) Trade receivables	15	6,19,78,730	2,60,80,294
(c) Cash and cash equivalents	16	3,08,07,610	1,59,98,661
(d) Short-term loans and advances	17	10,64,68,755	19,57,36,228
(e) Other current assets	18	8,13,468	12,39,560
<b>Total</b>		<b>283,27,62,528</b>	<b>266,94,14,147</b>
<b>Significant Accounting Policies and Notes forming part of accounts</b>	<b>1 to 25</b>		

As per our report of even date.

For Agiwal & Associates  
Chartered Accountants  
(FR.N. 000181N)  
P.C.Agiwal  
Partner  
M.No.80475  
May 28th, 2016  
New Delhi

For and behalf of the Board

S.K.Agarwal  
Managing Director  
DIN : 00106763

M.P. Mehrotra  
Director  
DIN : 00016768

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

H.Consul  
Company Secretary  
M. No : A-11183



## CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st March, 2016			(Amount in Rupees)
	Note No	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>I Revenue from operations</b>	<b>19</b>	<b>1914,93,73,166</b>	4624,66,30,516
<b>II Other Income</b>	<b>20</b>	<b>4,85,69,942</b>	50,57,552
<b>III Total Revenue ( I+II)</b>		<b>1919,79,43,108</b>	4625,16,88,068
<b>IV Expenses</b>			
Purchase of Shares/Securities/Commodities		<b>1893,19,00,554</b>	4609,93,19,166
Change in stock of shares	<b>21</b>	<b>2,75,82,185</b>	(36,067,641)
Employee benefits expenses	<b>22</b>	<b>2,93,65,110</b>	2,28,16,070
Finance cost	<b>23</b>	<b>1,95,81,752</b>	23,15,322
Depreciation and Amortisation expenses	<b>10</b>	<b>46,52,872</b>	48,67,497
Administrative & Other Expenses	<b>24</b>	<b>8,71,01,186</b>	7,92,46,822
<b>V. Total Expenses</b>		<b>1910,01,83,659</b>	4617,24,97,236
<b>VI. Profit before tax (IV-V)</b>		<b>9,77,59,449</b>	7,91,90,832
<b>VII. Less: Tax Expenses</b>			
Current Tax /MAT		<b>74,76,524</b>	97,18,771
Tax adjustments for earlier years		<b>(15,677)</b>	0
Deferred Tax		<b>19,03,755</b>	(1,703,670)
<b>VIII. Profit before Minority interest share of P/L (VI-VII)</b>		<b>8,83,94,847</b>	7,11,75,731
Less: Minority Interest share on Profit		<b>4,442</b>	4,490
<b>IX Profit for the year</b>		<b>8,83,90,405</b>	7,11,71,241
<b>EARNING PER SHARE</b>			
Basic Earning per Share (Rs.)		<b>2.29</b>	1.84
Diluted Earning per Share (Rs.)		<b>2.29</b>	1.84
Face Value per Share (Rs.)		<b>10.00</b>	10.00
<b>Significant Accounting Policies and Notes forming part of accounts</b>	<b>1 to 25</b>		

As per our report of even date.  
For Agiwal & Associates  
Chartered Accountants  
(F.R.N. 000181N)  
P.C.Agiwal  
Partner  
M.No.80475  
May 28th, 2016  
New Delhi

For and behalf of the Board

S.K.Agarwal  
Managing Director  
DIN : 00106763

M.P. Mehrotra  
Director  
DIN : 00016768

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

H.Consul  
Company Secretary  
M. No : A-11183

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT for the year ended 31st March, 2016.

### HOLDING COMPANY OVERVIEW (VLS FINANCE LIMITED)

The Holding company is a public limited company registered under the Companies Act, 1956 and is listed on the National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Calcutta Stock Exchange and Madras Stock Exchange. The Holding Company had applied for membership of Bombay Stock Exchange (BSE) during the year under review and the same has been approved by BSE vide letter dated 14/05/2014 and SEBI Registration Certificate bearing Regn No. INZ010013530 in connection thereto is received by the company vide letter dated 8 October 2014.

### I. SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED FINANCIAL STATEMENTS

#### A. PRINCIPLES OF CONSOLIDATION

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

- The financial statement of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenditures after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses. The results of Associate Companies as defined in Companies Act, 2013 have been consolidated as per AS 23.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

- Minority interest's share of net profit/loss of consolidated subsidiaries for the year identified and adjusted against the income of the group in order to arrive at net income attributable to the shareholders of the Company.
- Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the company's shareholders.

### B. OTHER SIGNIFICANT ACCOUNTING POLICIES

- These are set out under significant accounting policies of the financial statements of the Company, its subsidiaries namely VLS Securities Ltd., VLS Asset Management Ltd., and associates namely VLS Capital Ltd., Sunair Hotels Ltd. and BMS IT Institute Pvt. Ltd.
- After coming into effect of the Companies Act, 2013, the definition of "Associate" covers a Company or Companies in which the Company holds not less than 20% of the Total Share Capital of that company or those companies irrespective of whether they are in the same group or not. Hence, though Sunair Hotels Ltd. and BMS IT Institute Pvt. Ltd are presently not in the same group still AS 23 has been followed for the limited purpose of Consolidation of annual accounts of these Companies. However, as regards the notes on account and significant accounting policies related to these companies are concerned, the Company has not considered the same because the company is in litigation with these companies. In the opinion of the Company, there is no adverse impact of such litigation on investments/advances made by the company in these associates and the amount realizable from the said investments/advances would not be less than the amount stated in the Company's own financial statements.





CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

(Amount In Rupees)

	(Amount in Rupees)	
	As at 31st March, 2016	As at 31st March, 2015
<b>2. SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15,00,00,000 Equity Shares of Rs.10/- each (Previous year 15,00,00,000 Equity shares of Rs.10/-each)	<u>150,00,00,000</u>	<u>150,00,00,000</u>
<b>ISSUED CAPITAL</b>		
3,91,29,517 Equity Shares of Rs.10/- each (Previous year 3,91,29,517 Equity shares of Rs.10/-each)	<u>39,12,95,170</u>	<u>39,12,95,170</u>
(4,02,62,500 less 11,32,983 Equity Shares of Rs.10/-each issued as fully paid up for cash bought back on 11/02/2014)	<u>39,12,95,170</u>	<u>39,12,95,170</u>
<b>SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
3,86,62,017 Equity Shares of Rs.10/- each fully paid up for cash (Previous year 3,86,62,017 Equity Shares of Rs.10/- each)	<u>38,66,20,170</u>	<u>38,66,20,170</u>
Add: Amount forfeited on 4,67,500 equity shares (Previous year 4,67,500 equity shares)	<u>12,22,250</u>	<u>12,22,250</u>
	<u>38,78,42,420</u>	<u>38,78,42,420</u>

(Of the above, 3,31,62,500 equity shares, fully paid up have been issued as bonus shares by way of capitalisation of share premium)

(11,32,983 Equity Shares of Rs.10/-each fully paid up for cash bought back on 11/02/2014)

(a) Reconciliation of Number of Shares at the beginning and at the end of the reporting period

	As at 31/03/2016		As at 31/03/2015	
	Number	In Rupees	Number	In Rupees
Equity Shares at the beginning of the year	3,86,62,017	38,66,20,170	3,86,62,017	38,66,20,170
Equity Shares at the end of the year	3,86,62,017	38,66,20,170	3,86,62,017	38,66,20,170

(b) List of shareholders holding more than 5% of the total number of shares issued by the Company

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares held	% of Holding	No. of shares held	% of Holding
VLS Capital Limited	1,33,36,538	34.50	1,33,36,538	34.50

The Company has issued only one class of equity shares having a par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares dividends in Indian Rupees. The dividend, whenever, proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

10 FIXED ASSETS

(Amount in Rupees)

Sl. No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01.04.2015	Additions during the year	Sales/ Adjustments	Cost As at 31-03-2016	Upto 31.03.2015	For the year	Sales/ Adjustments	Upto 31-03-2016	As at 31-03-2016	As at 31.03.2015
	<b>TANGIBLE ASSETS</b>										
1	<b>Assets for own use:</b>										
A	Buildings	9,79,31,151	0	8,00,00,000	1,79,31,151	3,62,99,426	23,22,032	2,66,86,320	1,19,35,138	59,96,013	6,16,31,725
B	Temporary Structures	6,88,735	0	0	6,88,735	6,88,734	0	0	6,88,734	1	1
C	Vehicles	73,81,826	0	0	73,81,826	37,31,344	11,48,572	0	48,79,916	25,01,910	36,50,482
D	Office Equipments	12,78,985	8,48,097	0	21,27,082	10,32,498	3,36,638	0	13,69,136	7,57,946	2,46,487
E	Furniture & Fixtures	12,93,641	57,500	0	13,51,141	8,86,736	1,21,224	0	10,07,960	3,43,181	4,06,905
F	Air Conditioners	13,87,885	93,402	0	14,81,287	8,01,821	2,03,814	0	10,05,635	4,75,652	5,86,064
G	Computers	53,60,049	4,12,927	0	57,72,976	51,64,576	3,16,466	0	54,81,042	2,91,934	1,95,473
H	Electrical Installations	2,44,954	0	0	2,44,954	2,32,706	0	0	2,32,706	12,248	12,248
I	Generator	4,30,905	0	0	4,30,905	4,09,360	0	0	4,09,360	21,545	21,545
2	<b>Assets on Lease</b>	120,66,66,568	0	0	120,66,66,568	120,65,66,568	0	0	120,65,66,568	1,00,000	1,00,000
		<u>132,26,64,699</u>	<u>14,11,926</u>	<u>8,00,00,000</u>	<u>124,40,76,625</u>	<u>125,58,13,769</u>	<u>44,48,746</u>	<u>2,66,86,320</u>	<u>123,35,76,195</u>	<u>1,05,00,430</u>	<u>6,68,50,930</u>
	<b>INTANGIBLE ASSETS</b>										
	Computer Software	7,85,434	2,73,202	0	10,58,636	5,19,607	2,04,126	0	7,23,733	3,34,903	2,65,827
	<b>Grand Total</b>	<u>132,34,50,133</u>	<u>16,85,128</u>	<u>8,00,00,000</u>	<u>124,51,35,261</u>	<u>125,63,33,376</u>	<u>46,52,872</u>	<u>2,66,86,320</u>	<u>123,42,99,928</u>	<u>1,08,35,333</u>	<u>6,71,16,757</u>
	Previous Year	131,89,67,611	45,71,606	89,084	132,34,50,133	125,13,72,085	48,67,497	(93,794)	125,63,33,376	6,71,16,757	6,75,95,526



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

( Amount In Rupees)

PARTICULARS	FACE VALUE	QUANTITY		AMOUNT (In Rs.)	
		AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2016	AS AT 31.03.2015
<b>11 NON-CURRENT INVESTMENTS (at cost)</b>					
<b>A. IN EQUITY SHARES</b>					
1. Un-quoted & Fully Paid					
Indhradhan Agro Ltd.	10	1,50,000	1,50,000	15,00,000	15,00,000
Invest India Economic Foundation Private Ltd.	10	2,000	2,000	20,000	20,000
Sunair Hotels Ltd. (#)	10	95,94,824	95,94,824	42,04,88,833	41,68,97,551
Appu Ghar Entertainment Private Ltd	10	2,77,100	77,100	13,85,50,000	3,85,50,000
VLS Capital Ltd (#)	10	88,20,833	88,20,833	25,07,98,203	23,75,32,412
Dewdrop Career Solutions Private Ltd	10	10,000	10,000	12,50,000	12,50,000
MPL Enterprises Ltd (+)	10	5,482	5,482	0	0
Taurus Agile Technology Corporation Private Ltd	10	0	6,65,344	0	4,12,51,328
BMS IT Institute Private Ltd	10	56,00,000	56,00,000	24,92,00,000	24,92,00,000
SUB-TOTAL (A-1)				106,18,07,036	98,62,01,291
<b>2. Quoted &amp; Fully Paid</b>					
ICDS Ltd (+)	10	21,929	21,929	0	0
KASHIPUR SUGAR MILLS LTD	10	89,767	89,767	7,99,032	7,99,032
IRTSION ENGINEERING LTD	1	4,104	4,104	1,00,376	1,00,376
ACCELYA KALE SOLUTIONS LTD	10	3,00,000	3,00,000	12,42,69,774	12,42,69,774
ADITYA BIRLA CHEMICALS INDIA LTD	2	0	955	0	2,17,024
AMBIKA COTTON MILLS LTD	10	1,00,000	1,00,000	4,55,67,080	4,55,67,080
METALYST FORGINGS LTD (formerly AHMEDNAGAR FORGINGS LTD)	10	1,000	1,000	1,51,214	3,41,000
BANK OF BARODA	2	10	10	502	502
BLISS GVS PHARMA LTD	1	1,000	3,26,000	44,990	1,00,85,795
BANCO PRODUCTS (I) LTD	2	1,000	1,000	1,41,983	1,41,983
BALASORE ALLOYS LTD	5	12,00,000	10,00,000	2,75,25,869	2,41,47,487
BOMBAY BURMAH TRADING C LTD	2	23,000	355	1,24,57,409	1,50,339
CEAT LTD	10	8,000	8,000	34,22,874	34,22,874
CENTUM ELECTRONICS LTD	10	1,070	1,070	2,14,253	2,14,253
CENTURY ENKA LTD	10	1,000	1,000	1,78,595	1,78,595
D PHARMA LTD	10	200	200	1	1
GUJARAT HOTELS LTD	10	5,134	5,134	2,71,813	2,71,813
GHCL LTD	10	1,000	10,000	67,254	6,72,540
GARWARE WALL ROPES LTD	10	1,000	1,000	1,60,543	1,60,543
GRANULES INDIA LTD	1	5,00,000	0	4,86,76,630	0
GRASIM INDUSTRIES LTD	10	59	0	2,17,027	0
HERITAGE FOODS LTD	10	1	1	342	342
HCL TECHNOLOGIES LTD (+)	2	66,000	1,07,000	0	0
HIMAT SINGKA SEIDE LTD	5	1,000	1,00,000	84,156	90,40,587
INFOSYS LTD (+)	5	2,78,000	0	0	0
ITC LTD	1	500	500	97,020	97,020
IFGL REFRATORIES LTD	10	2,50,000	2,50,000	3,03,64,337	3,03,64,337
INFINITE COMPUTER SOLUTIONS (INDIA) LTD	10	2,00,000	50,000	4,00,72,458	1,18,43,938
IDBI BANK LTD	10	2,000	0	1,64,588	0
IDFC LTD	10	45,000	0	22,22,345	0
JK TYRE & INDUSTRIES LTD	2	10,00,000	0	11,89,90,962	0
LANCO INFRA TECH LTD	1	5,000	5,000	1,66,198	1,66,198
LLOYDS ELECTRIC & ENGG LTD	10	1,000	1,000	1,43,391	1,43,391
KANSARI NEOLAC PAINTS LTD	1	500	7,35,640	1,17,810	16,78,11,822
KALYANI STEEL LTD	5	6,15,000	0	9,43,27,507	0
MUNJAL SHOWA LTD	2	1,000	1,000	2,33,002	2,33,002
MEGHMANI ORGANICS LTD	1	75,00,000	75,00,000	13,40,24,345	13,40,24,345
MBL INFRASTRUCTURE LTD	10	20,000	0	35,30,452	0
NANDAN DENIM LTD	10	1,000	1,000	46,041	46,041
NEOCORP INTERNATIONAL LTD	10	31,52,109	29,68,409	5,44,33,931	4,43,00,662
NAHAR SPINNING MILLS LTD	5	25,000	0	34,46,925	0
ORRISA SPONGE LTD	10	2,936	2,936	16,13,828	16,13,828
PINCON SPIRIT LTD	10	1,66,200	0	1,16,20,939	0
PILANI INVESTMENT & IND CO LTD	10	505	0	6,72,219	0
PUNJAB WIRELESS SYSTEMS LTD	10	500	500	1	1
RELAXO FOOTWEAR LTD (++)	1	1,62,07,760	86,03,880	12,85,24,112	13,14,21,104
RELINANCE INDUSTRIES LTD	10	900	900	8,88,432	8,88,432
RUNECHA TEXTILES LTD	10	3,57,600	3,57,600	17,88,000	17,88,000
SHILPI CABLE TECH LTD	10	17,64,146	11,72,052	4,73,99,985	1,98,11,432
SHIPPING CORPORATION OF INDIA LTD	10	1,00,000	0	51,59,938	0
STEL HOLDINGS LTD	10	4,28,727	5,58,665	1,15,13,727	1,49,31,053
SUMMIT SECURITIES LTD	10	1,93,490	1,91,049	4,69,45,868	4,47,74,854
SUVEN LIFE SCIENCE LTD	1	1,000	1,000	2,11,112	2,11,112
SURYA ROSHNI LTD	10	11,00,500	11,00,500	12,32,69,660	12,17,69,660
SREE RAVALASEMA ALKALIES & ALLIED CHEMICALS LTD	10	15,98,792	0	2,62,95,009	0
SREE RAVALASEMA HI STRENGTH HYPO LTD	10	500	0	30,204	0
SURANA INDUSTRIES LTD	10	4,50,000	4,50,000	2,56,50,000	2,56,50,000
TATA STEEL LTD	10	300	300	2,05,413	2,05,413
TAMILNADU NEWSPRINT AND PAPERS LTD	10	250	18,577	36,221	26,91,474
TECHNOCRAFT INDUSTRIES (INDIA) LTD	10	6,40,958	5,11,037	12,02,38,976	8,92,27,228
TINPLATE CO OF INDIA LTD	10	11,500	0	8,21,791	0
UFLEX LTD	10	1,400	1,400	1,68,701	1,68,701
TCI INDUSTRIES LTD	10	9,699	9,699	5,76,607	5,76,607
VISAKA INDUSTRIES LTD	10	1,00,000	0	1,76,73,578	0
WELSPUN SYNTEX LTD	10	50,000	0	19,05,040	0
UTI MASTER PLUS 91	0	200	200	3,252	3,252
SUB-TOTAL (A-2)				131,99,45,642	106,45,44,847
<b>B. IN PREFERENCE SHARES</b>					
Un-quoted & Fully Paid					
Taurus Agile Technology Corporation Private Ltd (0% Redeemable Preference Shares)	10	0	7,24,209	0	5,21,43,048
SUB-TOTAL (A-2)				0	5,21,43,048
<b>C. IN UNITS &amp; BONDS</b>					
Unquoted & Fully Paid-up					
UNITS IN IICI PRUDENTIAL REAL ESTATE AIF-II		149185.176	0	1,50,00,000	0
SUB-TOTAL (A-2)				1,50,00,000	0
TOTAL C (A1+A2+B)				239,67,52,678	210,28,89,186
<b>I. Aggregate value of quoted investments</b>					
		At Cost		131,99,45,642	106,45,44,847
		Market Value		772,94,80,838	694,84,90,287
<b>II. Aggregate value of un-quoted investments - Others</b>					
		At Cost		107,68,07,036	103,83,44,339
<b>D. INVESTMENT IN IMMOVABLE PROPERTIES:-</b>					
				70,94,409	70,94,409
TOTAL (D)				70,94,409	70,94,409
GRAND TOTAL (C-D)				240,38,47,087	210,99,83,595

(+) Bonus Shares received, hence cost of acquisition is NIL  
 (++) Includes 81,03,880 Bonus Shares received.  
 (#) Includes Rs.24,14,84,849/- on account of consolidation of associates

	As at		As at	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
<b>12 Deferred tax</b>				
a) Deferred tax Assets				
i) Accumulated Losses			1,45,72,675	3,52,70,590
ii) Employee Benefits			14,07,863	7,55,501
Total (a)			1,59,80,538	3,60,26,091
b) Deferred tax Liabilities				
i) Depreciation on Fixed Assets			12,37,593	1,93,79,391
Total (b)			12,37,593	1,93,79,391
<b>Deferred tax assets (net)</b> (Total a-b)			1,47,42,945	1,66,46,700
<b>13 Long Term Loans and advances</b>				
<b>A) Unsecured, considered good</b>				
i) Loans & advances				
			8,05,00,000	8,00,00,000
			8,05,00,000	8,00,00,000
ii) Staff Loans and advances				
			13,84,126	11,94,235
			13,84,126	11,94,235
iii) Advances recoverable in cash or kind or for value to be received-				
			9,81,736	9,97,749
			9,81,736	9,97,749
iv) Security Deposit with Govt Department				
			1,500	1,500
v) Security Deposit with others				
			2,41,17,824	3,22,22,124
vi) Advance Income Tax and Tax Deducted at Source				
			7,43,72,837	7,58,75,120
Less: Tax Provisions			2,71,06,330	3,02,77,468
			4,72,66,507	4,55,97,652
<b>Total A (i+ii+iii+iv+v+vi)</b>			15,42,51,693	16,00,13,260
<b>B) Doubtful</b>				
<b>Advances recoverable in cash or kind or for value to be received-</b>				
Less: Provision for Bad & doubtful Debts			51,21,220	51,21,220
			51,21,220	51,21,220
<b>Total B</b>			0	0
<b>Total A+B</b>			15,42,51,693	16,00,13,260
<b>14 INVENTORIES - SHARE STOCK IN TRADE</b>				
(At Cost or market price, whichever is lower)				
Name of the Company	As on 31.03.2016		As on 31.03.2015	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
<b>Stock of Quoted Equity shares (Fully Paid)</b>				
ARIHANT COTSYN LTD	2,000	1	2,000	1
CENTRAL ROADLINES CORPORATION LTD	2,82,700	1	2,82,700	1
HINDUSTAN ADHESIVES LTD	1,000	13,000	1,000	13,000
INTERCRAFT LTD	29,000	1	29,000	1
KOTHARI PRODUCTS LTD (+)	45	3,903	30	3,903
SWEDE INDIA LTD	200	1	200	1
AXIS LIQUID FUND	0	0	49,098	7,60,00,000
HDFC LIQUID FUND	15,543	4,90,00,000	0	5,82,185
RELIANCE LIQUID FUND	0	0	175	5,82,185
<b>Total</b>	<b>3,30,488</b>	<b>4,90,16,907</b>	<b>3,64,203</b>	<b>7,65,99,092</b>
(+ ) Includes 20 Bonus shares received during the year 2014-15 and 15 Bonus shares received during the year 2015-16.				
<b>15 Trade Receivables</b>				
<b>a) Unsecured-Considered good</b>				
<b>Due from share brokers</b>				
1. Due for more than six months				
			0	0
2. Others				
			6,19,78,730	2,60,80,294
<b>Total (a)</b>			6,19,78,730	2,60,80,294
<b>16 Cash and Cash Equivalents</b>				
a) Cash on Hand				
			3,27,158	10,60,211
b) Balances with banks				
1. In Current Accounts				
			1,89,85,285	36,55,254
2. In Deposit Accounts-less than 12 months maturity (Previous year Rs. 112.83 Lacs)				
			1,14,95,167	1,12,83,196
3. In Deposit Accounts - more than 12 months maturity (Previous year Rs. Nil)				
			0	0
<b>Total (a+b)</b>			3,08,07,610	1,59,98,661
<b>17 Short Term Loans and advances</b>				
<b>Unsecured and considered good</b>				
i) Staff Loans and advances				
			16,42,755	12,24,196
ii) Advances Recoverable in cash or in kind or for value to be received				
			76,41,280	5,25,10,554
iii) Margin Money deposit with share brokers				
			9,57,00,000	14,08,00,000
iv) Prepaid Expenses				
			14,84,720	12,01,478
<b>Total</b>			10,64,68,755	19,57,36,228



**CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)**

( Amount In Rupees)

	As at 31st March, 2016	As at 31st March, 2015
<b>18 Other Current Assets</b>		
a) Interest Accrued but not due	7,98,052	10,90,878
b) Others	15,416	1,48,682
<b>Total (a+b+c)</b>	<b>8,13,468</b>	<b>12,39,560</b>
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of Shares/Securities/Commodities	1890,61,19,682	4574,18,97,423
Income from Other credit operations	1,38,55,669	1,64,87,899
Income from Investments	22,52,80,815	48,62,50,194
Bad Debts Recovered (Net)	41,17,000	19,95,000
<b>Total</b>	<b>1914,93,73,166</b>	<b>4624,66,30,516</b>
<b>20 OTHER INCOME</b>		
Profit on sale/written off of Fixed Assets	3,16,86,320	7,466
Share in Income of Associates	1,68,57,073	50,21,241
Others	26,549	28,845
<b>Total</b>	<b>4,85,69,942</b>	<b>50,57,552</b>
<b>21 CHANGE IN STOCK OF SHARES</b>		
Closing Stock of Shares	4,90,16,907	7,65,99,092
Less: Opening Stock of Shares	7,65,99,092	4,05,31,451
Change in Stock of Shares - Increase / (Decrease)	(27,582,185)	3,60,67,641
<b>22 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries	2,42,53,503	1,91,27,641
Staff Amenities	8,35,430	6,02,739
Employer's Contribution to PF, ESI, Gratuity Fund etc.	42,76,177	30,85,690
<b>Total</b>	<b>2,93,65,110</b>	<b>2,28,16,070</b>
<b>23 FINANCE COST</b>		
Bank / Finance Charges	15,294	14,981
Interest Payment on Loans	1,95,66,458	23,00,341
<b>Total</b>	<b>1,95,81,752</b>	<b>23,15,322</b>
<b>24 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement & Business Promotion	44,55,225	29,91,581
Consultancy, Legal & Service Charges	4,01,86,545	3,45,44,257
Communication Expenses	23,42,802	16,41,187
Electricity & Water Charges	7,78,360	6,37,979
Insurance	75,205	49,126
Office Expenses	66,46,742	49,09,730
Securities Transaction Tax		
Shares Transaction Charges	15,41,167	40,86,232
SEBI Membership Fees	3,42,662	3,33,610
Travelling Expenses & Conveyance	18,33,218	38,60,120
Rates & Taxes	1,05,44,961	1,05,90,104
Rent	61,20,000	47,20,000
Repairs & Maintenance		
— Others	20,41,004	19,21,480
Miscellaneous Expenses	84,42,504	75,58,884
CSR Expenditure	6,48,000	0
Auditors' Remuneration		
a) Audit Fees	2,17,550	1,96,630
b) For Other Services		
— For Tax audit	95,725	95,506
— For certification	1,78,450	2,73,100
— Out of pocket expenses	55,000	65,671
Internal Auditors' Remuneration		
— Fees	1,10,000	70,000
— Out of pocket expenses	0	8,000
Directors' Sitting Fees	7,60,000	9,20,000
Contingent Provisions against Standard Assets	0	(226,375)
Prior year adjustments	(313,934)	0
<b>Total</b>	<b>8,71,01,186</b>	<b>7,92,46,822</b>

**25. NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT**

- Contingent Liability:- Nil
  - Estimated amount of contracts remaining to be executed on Capital Account: Nil.
- In some cases balances in the accounts of Debtors, Loans and Advances, Other Current Assets and Creditors are subject to confirmation by the respective parties.
- Cash & Bank Balances :-  
Bank Deposits include fixed deposits of Rs.1,04,95,167/- (Previous Year – Rs.1,12,83,196/-) pledged by VLS Finance Ltd with the banks as security for availing overdraft facilities.
- The Current Assets, Loans and advances have the value on realization in the ordinary course of business at least equal to the amount at which they are stated.
- The term of lease agreements in all Leased Assets have expired and the assets continue in the possession of lessees. However, the said assets have been included in the block of fixed assets of

the Company pending the transfer of titles.

- Related Party Disclosure : Followings are the related parties:-  
Key Managerial Personnel: -
  - Shri S.K. Agarwal (Managing Director in VLS Finance Ltd. and VLS Securities Ltd.)
  - Shri K.K. Soni (Director-Finance & CFO in VLS Finance Ltd)
  - Shri H Consul (Company Secretary in VLS Finance Ltd)
  - Shri Anurag Bhatnagar (Chief Financial Officer in VLS Securities Ltd)
  - Ms Surbhi Jain, (Company Secretary in VLS Securities Ltd) Associates: - (as defined in the Companies Act, 2013)
    - VLS Capital Ltd
    - Sunair Hotels Ltd
    - BMS IT Institute Private Ltd
- Summary of transactions with the above related parties is as follows:-

( Amount in Rs.)

Particulars	Associates	Key Managerial Personnel	Others
Remuneration to Managing Director.		31,23,654 (Previous year: 25,87,800)	
Remuneration to Director-Finance & CFO		30,49,875 (Previous year: 17,86,500)	
Remuneration to Company Secretary (VLS Finance Ltd)		17,48,459 (Previous year: 13,77,756)	
Remuneration to Chief Financial officer (VLS Securities Ltd)		17,73,095 (Previous year: 14,32,000)	

**8. Managerial Remuneration**

Particulars	Paid to Shri S.K. Agarwal Managing Director	Paid to Shri K.K Soni Director-Finance & CFO
Remuneration	Rs. 30,60,000 (Previous Year – Rs. 25,72,800)	Rs. 29,40,000 (Previous Year – Rs.17,79,000)
Perquisites	Rs. 63,654 (Previous Year – Rs.15,000)	Rs. 1,09,875 (Previous Year – Rs. 7,500)

The perquisite figure does not include contribution made by the Company for gratuity and group insurance scheme to the LIC and provision made for leave encashment.

**9. Earning Per Share  
Calculation of EPS (Basic and Diluted)**

Particulars	Equivalent No. of Shares	
	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2015
<b>Basic and Diluted</b>		
Total Shares Outstanding	3,86,62,017	3,86,62,017
Profit after Taxes	Rs. 8,83,94,847	Rs. 7,11,75,731
EPS - Basic	Rs. 2.29	Rs. 1.84
EPS - Diluted	Rs. 2.29	Rs. 1.84

- The Company has made the provision for Taxation / MAT payable under the Income Tax Act, 1961 of Rs.74,76,524/- (Previous year Rs. 97,18,771/-) which fully relates to VLS Finance Ltd.
- The Holding Company : Accounting Standard AS 17 relates to "Segment Reporting" has been complied with. The gross operating income and profit from the other segment is below the norms prescribed in AS 17, hence separate disclosure has not been made.

**12. Income from investments includes:**

	Current Year (Rs.)	Previous Year (Rs.)
Dividend Income (Gross)	5,37,35,739	3,14,52,527

- Income from Other credit operations grouped under Revenue from Operations includes Interest Receipts (Gross) of Rs. 1,07,09,657/- (Previous Year Rs.98,78,456/- ) and Tax Deducted at Source thereon of Rs. 10,51,557/- (Previous Year Rs. 9,73,654).
- Expenditure in Foreign Exchange:-Foreign Travel Expenses in respect of VLS Finance Ltd - Rs. 3,937/- (Previous year: Rs. 3,51,470/-), subscriptions in respect of VLS Finance Ltd - Rs.56,935/- (Previous year Rs.47,179/-), Legal and professional charges in respect of VLS Securities Ltd – Rs.3,57,287/- (Previous year Rs.1,36,109/-) and Rates & Taxes in respect of VLS Securities Ltd – Rs.1,61,273/- (Previous Year: Rs 5,45,061/-).



**CONSOLIDATED FINANCIAL STATEMENTS**

CONSOLIDATED NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd...)

15. Bad Debts recovery of Rs. 41,17,000/- is net of bad debts written off of Rs. NIL in respect to VLS Finance Ltd. (Previous year: Bad Debts recovery of Rs.19,95,000/- is net of bad debts written off of Rs. 20,05,000/- in respect of VLS Finance Ltd)

16. Additional information as required by paragraph 2 of the General instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity	Net Assets i.e total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount in Rupees	As % of consolidated profit or loss	Amount in Rupees
Parent				
VLS Finance Limited	89.59	217,34,27,148	79.42	7,01,97,823
Subsidiaries				
Indian				
1 VLS Securities Limited	0.54	1,31,95,927	1.52	13,44,737
2 VLS Asset Management Limited	(0.07)	(1,619,218)	(0.01)	(4786)
Foreign	0	0	0	0
Minority Interests in all subsidiaries	(0.02)	(539,096)	(0.01)	(4,442)
Associates (Investment as per the equity method)				
Indian				
1. VLS Capital Limited	2.35	5,69,44,256	15.01	1,32,65,791
2. Sunair Hotels Limited	7.61	18,45,40,593	4.06	35,91,282
3. BMS IT Institute Private Ltd	0.00	0.00	0.00	0.00

17 (a) Statement of Salient features of financial statement of subsidiaries/ associates/joint ventures as per Section 129(3) of the Companies Act, 2013

**Part - A : Subsidiaries**

( in Rupees)

Sr No	1	2
Name of the Subsidiary	VLS Securities Limited	VLS Asset Management Limited
Reporting Period	31/03/2016	31/03/2016
Reporting Currency	INR	INR
Share Capital	15,00,00,000	7,07,000
Reserves & Surplus	1,26,95,927	(1,625,218)
Total Assets	23,49,26,793	16,223
Total Liabilities	7,22,30,866	9,34,441
Investments	12,30,55,058	0
Turnover/Total Income	1,09,67,485	0
Profit before taxation	13,01,374	(4,786)
Provision for taxation	(43,363)	0
Profit after taxation	13,44,737	(4,786)
Proposed Dividend	0	0
% of shareholding	99.67	99.15

17 (b) Statement of Salient features of financial statement of subsidiaries/associates/joint ventures as per Section 129(3) of the Companies Act, 2013

**Part - B : Associates and Joint Ventures**

( in Rupees)

Name of Associates/Joint Ventures	VLS Captial Limited	Sunair Hotels Limited	BMS IT Institute Private Ltd
	Associates		
1 Latest Audited Balance Sheet Date	31/03/2016	31/03/2015	31/03/2014
2 Shares of Associate/Joint Ventures held by the Company on the year end			
No	88,20,833	95,94,824	56,00,000
Amount Investment in Associates/Joint Venture	19,38,53,947	23,59,48,240	24,92,00,000
Extend of Holding %	38.09	24.14	28
3 Description of how there is significant influence	Due to percentage (%) of Share Capital		
4 Reason why the associate/joint venture is not consolidated	-	-	-
5 Networth attributable to Shareholding as per latest audited Balance Sheet	1,32,65,791	35,91,282	-
6 Profit/Loss for the year	1,32,65,791	35,91,282	-
i) Considered in Consolidation	1,32,65,791	35,91,282	-
ii) Not considered in Consolidation	-	-	-

18 The Expenses under the head 'Consultancy, Legal & Services Charges' and 'Rates & Taxes' shown under Administrative & Other Expenses includes Rs. 947287/- (Previous Year: Rs.1,20,000/-) and Rs.161273/- (Previous Year: Rs. Nil) respectively incurred by VLS Securities Ltd on its subsidiary VLS International DMCC.Dubai, UAE.

19 Notes 1 to 25 form an integral part of financial statements

20 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report of even date.

For Agiwal & Associates

Chartered Accountants

(F.R.N. 000181N)

P.C.Agiwal

Partner

M.No.80475

May 28th, 2016

New Delhi

For and behalf of the Board

S.K.Agarwal  
Managing Director  
DIN : 00106763

M.P. Mehrotra  
Director  
DIN : 00016768

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

H.Consul  
Company Secretary  
M. No : A-11183

**CONSOLIDATED FINANCIAL STATEMENTS****VLS FINANCE LTD.****Consolidated Cash Flow Statement for the year 31st March, 2016**

(in Rupees)

	For the year ended on 31/03/2016		For the year ended 31/03/015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax		<b>9,77,59,449</b>		<b>7,91,90,832</b>
<i>Adjustments for :</i>				
Interest and Finance Charges	1,95,81,752		23,15,322	
Depreciation	46,52,872		48,67,497	
(Profit)/Loss on sale of Fixed Assets-	(31,686,320)		(7,466)	
(Income)/Loss from Investments	(171,545,076)		(454,797,667)	
Dividend Income	(53,735,739)		(31,452,527)	
Share in (Income)/Loss of Associates	(16,857,073)		(5,021,241)	
Leave encashment/gratuity Provisions	17,70,958		14,93,824	
NPA Provisions and adjustments	0	<u>(247,818,626)</u>	(226,375)	<u>(482,828,633)</u>
<b>Operating Profit before Working Capital Changes</b>		<b>(150,059,177)</b>		<b>(403,637,801)</b>
<i>Adjustments for :</i>				
Trade & Other Payables	(182,869,505)		2,50,99,642	
Inventories	2,75,82,185		(36,067,641)	
Trade & Other Receivables	(35,467,671)		14,41,13,744	
Short Term Loans and Advances	18,19,50,283	<u>(8,804,708)</u>	<u>(21,856,053)</u>	<u>11,12,89,692</u>
<b>Cash Generated from Operations</b>		<b>(158,863,885)</b>		<b>(292,348,109)</b>
Less: Taxes Paid (Net of Refunds)		89,68,915		85,12,577
<b>Net Cash Flow from Operating Activities (A)</b>		<b>(167,832,800)</b>		<b>(300,860,686)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Net Proceeds from Fixed Assets		8,33,14,872		(4,548,606)
Investment in Securities (Net)		(106,034,514)		25,37,35,958
Long Term Loans and Advances		72,74,962		(5,774,177)
Income from Units		5,73,171		0
Dividend Income		5,37,35,739		3,14,52,527
<b>Net Cash used/generated from Investing Activities (B)</b>		<b>3,88,64,230</b>		<b>27,48,65,702</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from/(Repayment of) Short Term Borrowings		16,33,59,271		66,40,729
Interest Paid		(19,581,752)		(2,315,322)
<b>Net Cash Flow from Financing Activities (C)</b>		<b>14,37,77,519</b>		<b>43,25,407</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents(A+B+C)</b>		<b>1,48,08,949</b>		<b>(21,669,577)</b>
Opening Balance of Cash & Cash Equivalents		1,59,98,661		3,76,68,238
Closing Balance of Cash & Cash Equivalents		3,08,07,610		1,59,98,661

Notes:-

- Cash & Cash Equivalents ( Closing) includes deposits with banks amounting to Rs. 1,04,95,167 (Previous Year Rs. 1,12,83,196) which are pledged with them as security for overdraft facility.
- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date.

For Agiwal &amp; Associates

Chartered Accountants

(F.R.N. 000181N)

For and behalf of the Board

S.K.Agarwal  
Managing Director  
DIN : 00106763

M.P. Mehrotra  
Director  
DIN : 00016768

P.C.Agiwal  
Partner  
M.No.80475  
May 28th, 2016  
New Delhi

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

H.Consul  
Company Secretary  
M. No : A-11183

\* \* \*


**VLS FINANCE LIMITED**

CIN: L65910DL1986PLC023129

 Registered Office: 2<sup>nd</sup> Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065

 email: vls@vsnl.com, Website: [www.vlsfinance.com](http://www.vlsfinance.com), Phone: 011-4665 6666, FAX: 011-4665 6699

**Proxy Form**

(Pursuant to Section 105(6) of Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s):	
Registered Address:	
E-Mail id:	
Folio No./DP ID/Client ID:	
No. of Shares Held	

I/We, being the member(s), holder of \_\_\_\_\_ shares of the above named company, hereby appoint

1.	Name:		Signature of proxy
	Address:		
	E-Mail id:		
Or failing him			
2.	Name:		Signature of proxy
	Address:		
	E-Mail id:		
Or failing him			
3.	Name:		Signature of proxy
	Address:		
	E-Mail id:		

 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company, to be held on the 15<sup>th</sup> day of September, 2016 at 3:30 p.m. at The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Description	(Optional)	
		For	Against
<b>Ordinary Business</b>			
1.	To receive, consider and adopt the audited balance sheet of the Company as at 31 <sup>st</sup> March, 2016, the statement of Profit & Loss for the year ended on that date together with the report of auditors and directors thereon and the consolidated financial statements for the said period.		
2.	To appoint a Director in place of Shri K. K. Soni (DIN: 00106037) who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To appoint the auditors and to fix their remuneration.		
<b>Special Business</b>			
4.	To approve appointment of Shri S. K. Agarwal (DIN: 00106763) as Managing Director.		
5.	To approve appointment of Shri R. Bandyopadhyay (DIN: 01122778) as Independent Director.		
6.	To approve appointment of Shri D.K. Mehrotra (DIN: 00142711) as Independent Director.		
7.	To approve appointment of Shri Vikas Mehrotra (DIN: 06476150) as Director.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of Shareholder \_\_\_\_\_ Signature of Proxy Holder(s) \_\_\_\_\_

Affix Revenue Stamp

**NOTE:**

- The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. A Proxy need not be a Member.
- The form should be signed across the stamp by the member as per specimen signature registered with the Company.
- In case of jointholding, all the jointholders must sign the proxy form.
- It is optional to put a "X" in the appropriate column against the resolution indicated in the box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

## VLS VLS FINANCE LIMITED

CIN: L65910DL1986PLC023129

Registered Office: 2<sup>nd</sup> Floor, 13, Sant Nagar, East of Kailash, New Delhi-110065  
email: vls@vsnl.com, Website: [www.vlsfinance.com](http://www.vlsfinance.com), Phone: 011-4665 6666, FAX: 011-4665 6699

### ATTENDANCE CARD 29<sup>th</sup> ANNUAL GENERAL MEETING Thursday, the 15<sup>th</sup> day of September, 2016

NAME OF THE ATTENDING MEMBER(S) (IN BLOCK LETTERS)	
* Folio No.	
DP ID No.	
Client ID No.	
No. of Shares Held	
NAME OF PROXY (IN BLOCK LETTERS, TO BE FILLED IN IF THE PROXY ATTENDS INSTEAD OF MEMBER)	

I/we hereby record my/our presence at the 29<sup>th</sup> Annual General Meeting of the Company on 15<sup>th</sup> day of September, 2016 at 3:30 p.m. at The Auditorium, Sri Sathya Sai International Centre, Institutional Area, Lodhi Road, Pragati Vihar, New Delhi-110003.

\* Applicable in case of shares held in physical form.

\_\_\_\_\_  
Member/ Proxy Signature

#### NOTES:

1. Member/Proxy wishing to attend the meeting must present this card duly filled in at the Entrance of the Venue.
2. No Gift/Coupon or equivalent will be given to members who are present in the meeting.
3. For convenience of members, persons other than member/proxy will not be allowed inside the Auditorium.

**Book Post**



**If not delivered, please return to :**  
**VLS FINANCE LIMITED**  
**2nd Floor, 13, Sant Nagar,**  
**East of Kailash,**  
**New Delhi-110 065**  
**Phone : 011-4665 6666**  
**Fax : 011-4665 6699**