

**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	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

BALANCE SHEET AS AT 31st MARCH, 2016				Amount (in Rs.)	
Particulars	Note No.	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>16,223</u>	<u>16,335</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>16,223</u>	<u>16,335</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

**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

STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016				Amount (in Rs.)	
Particulars	Note No.	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

**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



**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
	10,00,00,000	10,00,00,000

Issued, Subscribed & Paid up

70700 Equity Shares of Rs.10/- each	7,07,000	7,07,000
	7,07,000	7,07,000

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

**Equity Shares**

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	70,700	7,07,000	70,700	7,07,000

**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 31.3.2015
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>	<b>(1,625,218)</b>	<b>(1,620,432)</b>

**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>	<b>9,29,100</b>	<b>9,24,336</b>

**Note 6**

**Other Current Liabilities**

Audit Fee Payable	5,431	5,431
<b>Total</b>	<b>5,431</b>	<b>5,431</b>

**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>	<b>16,223</b>	<b>16,335</b>

**Note 8**

**Other Expenses**

Filling Charges	3,174	3,682
Certificate Charges	1,500	-
Printing Stationery	-	700
Bank Charges	112	3
<b>Total</b>	<b>4,786</b>	<b>4,385</b>

**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

**For and on behalf of the Board**

**Anurag Bhatnagar**  
Director  
DIN : 00115108

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

Place : New Delhi  
Date : 25/05/2016

**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**

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

(F.R.N. 000181N)  
Chartered Accountants

**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