

**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 24<sup>th</sup> Annual Report of your Company together with the Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit & Loss for the year ended on that date.

**Financial Results**

The Company has incurred a loss of Rs. 3900/- 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 any authority 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 31/03/2019, 4 (four) Board Meetings were held with one meeting in every quarter on 16/05/2018, 11/08/2018, 08/12/2018, and 30/03/2019.

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. 2018-19	
1	Shri S. K. Agarwal	4	16/05/2018
			11/08/2018
			08/12/2018
			30/03/2019
2	Shri K. K. Soni	4	16/05/2018
			11/08/2018
			08/12/2018
			30/03/2019
3	Shri Rajesh Jhalani	4	16/05/2018
			11/08/2018
			08/12/2018
			30/03/2019
4	Shri Anurag Bhatnagar	3	16/05/2018
			11/08/2018
			08/12/2018

**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**

During the year under review Shri Anurag Bhatnagar resigned as Director from the Company w.e.f. 09/03/2019. Shri K. K. Soni- Director (DIN:00106037) 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 in prescribed format.

**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:

- 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.

- 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, 2019, 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 year;
- 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 31<sup>st</sup> March, 2019 on a 'going concern' basis;
- e. 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.

**Auditors**

The Members of the Company had appointed M/s. Agiwal & Associates-Chartered Accountants, (FRN: 00181N) as Statutory Auditors, in the 20<sup>th</sup> Annual General Meeting held on 23/09/2015 for a period of 5 years i.e. upto conclusion of 25<sup>th</sup> Annual General Meeting ("AGM") of the Company to be held in 2020. In the 23<sup>rd</sup> Annual General Meeting of the Company held on 24<sup>th</sup> September, 2018 (post adjournment on 17<sup>th</sup> September, 2018), the members had authorised the Board to fix the remuneration of Auditors on yearly basis for the remaining term i.e. upto financial year 2019-20. The authorisation for fixation of remuneration of Auditors is thus not sought in the notice of ensuing AGM.

**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.

**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, are not applicable and 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 during the year under review 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 board's 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.

The Company has no subsidiaries and associates as defined under 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 : 15/05/2019**

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

**K. K. Soni  
Director  
DIN : 00106037**

**ANNEXURE-1****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****as on financial year ended 31.03.2019****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	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 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 and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Asset Management	9999999999999999	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. 01/04/2018				No. of Shares held at the end of the year i.e. 31/03/2019				% 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									
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)									
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. 01/04/2018			Shareholding at the end of the year i.e. 31/03/2019			% 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. 01/04/2018		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	01/04/2018	70100	99.15%	70100	99.15%
	At the end of the year	31/03/2019	70100	99.15%		

**(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. 01/04/2018		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	01/04/2018	100	0.14%	100	0.14%
	At the end of the year	31/03/2019	100	0.14%		
2	Dr. (Mrs) Sushma Mehrotra					
	At the beginning of the year	01/04/2018	100	0.14%	100	0.14%
	At the end of the year	31/03/2019	100	0.14%		
3	Shri Somesh Mehrotra					
	At the beginning of the year	01/04/2018	100	0.14%	100	0.14%
	At the end of the year	31/03/2019	100	0.14%		
4	Shri Vikas Mehrotra					
	At the beginning of the year	01/04/2018	100	0.14%	100	0.14%
	At the end of the year	31/03/2019	100	0.14%		
5	Shri Ramji Mehrotra					
	At the beginning of the year	01/04/2018	100	0.14%	100	0.14%
	At the end of the year	31/03/2019	100	0.14%		
6	VLS Capital Ltd.					
	At the beginning of the year	01/04/2018	100	0.14%	100	0.14%
	At the end of the year	31/03/2019	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 i.e. 01/04/2018		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	01/04/2018	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	31/03/2019	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	936594	0	936594
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	936594	0	936594
Change in Indebtedness during the financial year				
Additions	0	5400	0	5400
Reduction	0	0	0	0
<b>Net Change</b>	0	5400	0	5400
Indebtedness at the end of the financial year				
i) Principal Amount	0	941994	0	941994
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	941994	0	941994

**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 Act, 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				
	(b) Commission				
	(c) Others, please specify				
	<b>Total (1)</b>				
2	Other Non Executive Directors	Shri K. K. Soni	Shri Rajesh Jhalani	Shri Anurag Bhatnagar*	
	(a) Fee for attending board/ committee meetings	0	0	0	0
	(b) Commission	0	0	0	0
	(c) Others, please specify.	0	0	0	0
	<b>Total (2)</b>	0	0	0	0
	<b>Total (B)=(1+2)</b>	0	0	0	0
	<b>Total Managerial Remuneration</b>	0	0	0	0
	Overall Ceiling as per the Act, per meeting	100000	100000	100000	

\* Resigned w.e.f. 9/3/19.

**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
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.
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	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.
2	Stock Option	N. A.	N. A.	N. A.
3	Sweat Equity	N. A.	N. A.	N. A.
4	Commission as % of profit others, specify	N. A.	N. A.	N. A.
5	Others, please specify	N. A.	N. A.	N. A.
	<b>Total</b>	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, 2019.**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 : 15/05/2019

S.K. Agarwal

Director

DIN : 00106763

K. K. Soni

Director

DIN : 00106037

**INDEPENDENT AUDITOR'S REPORT**

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

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the accompanying standalone financial statements of VLS Asset Management Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

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, 2019, the 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.

**Basis for opinion**

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting

principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we





are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. We have not categorized any matter as Key Audit Matter after taking into account the financial activities of the Company during the year under reference.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in paragraphs 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 the 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 the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 information and according to the explanations given to us:
  - i. the Company did not have any pending litigation;
  - ii. the company did not have any long term contract including derivative contracts for which there were any material foreseeable losses; and
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Agiwal & Associates  
Chartered Accountants  
(Firm's Registration Number : 000181N)**

**CA P.C. Agiwal**

**Partner**

**Place: New Delhi**

**Date: May 15<sup>th</sup>, 2019.**

**Membership Number : 080475**

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

**The Annexure 'A' referred to in our Independent Auditors' Report to the members of the Company on the financial statements of VLS Asset Management Ltd. for the year ended 31st March, 2019, we report that:**

- (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) According to the information and explanations given to us, the Company has not granted secured or unsecured loan to companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the Company.
- (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) The Central Government has not prescribed the maintenance of cost



records under Section 148(1) of the Act, for any of the services rendered by the company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other material statutory dues to the appropriate authorities to the extent these are applicable.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Services tax, duty of Customs, Cess and other material statutory dues were in arrears as at March 31<sup>st</sup>, 2019, for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of Income Tax, or Sales Tax or Goods and Services Tax or duty of Customs or duty of Excise or Value Added Tax which have not been deposited by the company on account of disputes.
- (viii) In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company did not have any outstanding dues to financial institutions or banks during the year. The company has not issued any debentures.
- (ix) In our opinion and according to the information and explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our 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 the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the act.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us and based on

our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Agiwal & Associates  
Chartered Accountants  
(Firm's Registration Number : 000181N)**

**CA P.C. Agiwal**

**Place: New Delhi**

**Partner**

**Date: May 15<sup>th</sup>, 2019.**

**Membership Number : 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 Asset Management Ltd.** ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The board of directors of the company 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 of the Company.

#### 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanation given to us, 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 31st March 2019, 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**  
**(Firm's Registration Number : 000181N)**

**CA P.C. Agiwal**

**Partner**

**Place: New Delhi**

**Date: May 15<sup>th</sup>, 2019.**

**Membership Number : 080475**

BALANCE SHEET AS AT 31st MARCH, 2019			
Amount (in Rs.)			
Particulars	Note No.	As at 31.3.2019	As at 31.3.2018
<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	<b>(16,32,771)</b>	(16,28,871)
		<b>(9,25,771)</b>	(9,21,871)
<b>(2) Non-Current Liabilities</b>			
Long- Term Borrowings	5	<b>9,41,994</b>	9,36,594
		<b>9,41,994</b>	9,36,594
<b>(3) Current Liabilities</b>			
Other Current Liabilities	6	-	1500
		-	1500
<b>Total</b>		<b>16,223</b>	16,223
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
		-	-
<b>(2) Current assets</b>			
Cash and Cash Equivalents	7	<b>16,223</b>	16,223
		<b>16,223</b>	16,223
<b>Total</b>		<b>16,223</b>	16,223

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

**P.C. Agiwal**

Partner

Membership No. 080475

Place : New Delhi

Date : 15/05/2019

**S. K. Agarwal**

Director

DIN : 00106763

**K. K. Soni**

Director

DIN : 00106037

**For and on behalf of the Board**

#### STATEMENT PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019

Amount (in Rs.)			
Particulars	Note No.	Year Ended 31.3.2019	Year Ended 31.3.2018
<b>I. Revenue from Operations</b>			
		-	-
<b>II. Other Income</b>			
		-	5,431
<b>III. Total Revenue (I +II)</b>		<b>-</b>	<b>5,431</b>
<b>IV. Expenses:</b>			
Employee Benefit Expense		-	-
Financial Costs		-	-
Depreciation and Amortization Expense		-	-
Other Expenses	8	<b>3,900</b>	5,742
<b>Total Expenses (IV)</b>		<b>3,900</b>	<b>5,742</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>			
		<b>(3,900)</b>	(311)
		<b>(3,900)</b>	(311)
<b>VI. Profit/(Loss) for the year</b>			
		<b>(3,900)</b>	(311)
<b>VII. Earning per equity share (OF Rs.10/- each)</b>			
Basic and Diluted	11	(0.055)	(0.004)

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

**P.C. Agiwal**

Partner

Membership No. 080475

Place : New Delhi

Date : 15/05/2019

**For and on behalf of the Board**

**S. K. Agarwal**

Director

DIN : 00106763

**K. K. Soni**

Director

DIN : 00106037



**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**

**Share Capital**

	Amount (in Rs.)	
	As at 31.03.2019	As at 31.3.2018
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 31.03.2019		As at 31.3.2018	
	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 31.03.2019	As at 31.3.2018
VLS Finance Ltd.	70,100	70,100

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

	As at 31.03.2019		As at 31.3.2018	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	70,100	99.15	70,100	99.15

**Note 4**

**Reserves & Surplus**

	Amount (in Rs.)	
	As at 31.03.2019	As at 31.3.2018
Surplus		
At the Beginning of the Accounting year	(16,28,871)	(16,28,560)
Additions during the year	(3900)	(311)
Total	<u>(16,32,771)</u>	<u>(16,28,871)</u>

**Note 5**

**Unsecured Long Term Borrowings**

From Holding Company i. e. VLS Finance Ltd.		
(Non- interest bearing)	9,41,994	9,36,594
Total	<u>9,41,994</u>	<u>9,36,594</u>

**Note 6**

**Other Current Liabilities**

Audit Fee Payable	-	-
Expenses Payable	-	1500
Total	<u>-</u>	<u>1500</u>

**Note 7**

**Cash & Cash Equivalents**

(a) Balance with Banks		
- Current Account	16,223	16,223
(b) Cash-in-Hand	-	-
Total	<u>16,223</u>	<u>16,223</u>

**Note 8**

**Other Expenses**

	As at 31.03.2019	As at 31.3.2018
Filing Charges	2,400	4,242
Certification Charges	1,500	1,500
Total	<u>3,900</u>	<u>5,742</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, 2019	As at 31st March, 2018
Holding Company	Opening Balance	9,36,594	9,32,352
	Transactions during the year	5,400	4,242
	Closing Balance	9,41,994	9,36,594

**11. Basic and Diluted Earning Per Share (Under Accounting Standard - 20)**

S. No.	Particulars	Year Ended 31st March 2019	Year Ended 31st March 2018
1.	Net Profit/Loss after Tax	(3,900)	(311)
2.	Weighted Average number of Equity Shares	70,700	70,700
3.	Face value per Share	10	10
4.	Basic & Diluted Earning Per Share	(0.055)	(0.004)

12. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification.

As our report of even date

**For Agiwal & Associates**

(F.R.N. 000181N)

Chartered Accountants

**P.C. Agiwal**

Partner

Membership No. 080475

Place : New Delhi

Date : 15/05/2019

For and on behalf of the Board

**S. K. Agarwal**

Director

DIN : 00106763

**K. K. Soni**

Director

DIN : 00106037

**Cash Flow Statement for the Year ended 31st March 2019**

	Amount (in Rs.)	
	As at 31.03.2019	As at 31.03.2018
<b>A. Cash Flow from operating activities</b>		
Net Profit (Loss) before Tax	(3900)	(311)
Adjustment for :-		
Operating Profit before working capital changes	(3900)	(311)
Increase / (Decrease) in trade payables & Others	-	-
Cash Generated from Operations	(3900)	(311)
Net Cash From Operating Activities	(3900)	(311)
<b>B. Cash Flow From Financing activities</b>		
Proceeds from borrowings	3900	5742
Net Cash From Financing Activities	3900	5742
Net increase in Cash & Cash Equivalents (A+B)	-	5431
<b>C. Cash &amp; Cash Equivalents at the beginning of the Year</b>	16223	16223
<b>D. Cash &amp; Cash Equivalents at the end of the year</b>	16223	16223
Increase/(Decrease) in Cash & Cash Equivalents (D-C)	-	-

As our report of even date

**For Agiwal & Associates**

(F.R.N. 000181N)

Chartered Accountants

**P.C. Agiwal**

Partner

Membership No. 080475

Place : New Delhi

Date : 15/05/2019

For and on behalf of the Board

**S. K. Agarwal**

Director

DIN : 00106763

**K. K. Soni**

Director

DIN : 00106037