VLS ASSET MANAGEMENT LTD.

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

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 26th Annual Report of your Company together with the Balance Sheet as at 31st March, 2021 and the Statement of Profit & Loss for the year ended on that date.

Financial Results

The Company has incurred a loss of Rs. 4,900/- 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. Further, no proceeding/application under Insolvency and Bankruptcy code, 2016 has been made/pending against the Company. 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 31/03/2021, 4 (four) Board Meetings were held with one meeting in every quarter on 14/07/2020, 24/08/2020, 28/10/2020, and 25/01/2021.

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. 2020-21	
1	Shri S. K. Agarwal	4	14/07/2020
			24/08/2020
			28/10/2020
			25/01/2021
2	Shri K. K. Soni	4	14/07/2020
			24/08/2020
			28/10/2020
			25/01/2021
3	Shri Rajesh Jhalani	4	14/07/2020
			24/08/2020
			28/10/2020
			25/01/2021

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 there is no change in directorship of the Company. Shri Rajesh Jhalani (DIN: 00006395) 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)

The reporting of extract of Annual Return in Form no. MGT-9 had been done away with pursuant to amendment in section 92(3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 w.e.f. 28/08/2020. Hence, the reporting of extract of Annual Return has not been made in this report. The Annual Return is now required to be placed on the website of the Company, if any, in terms of section 92(3) read with section 134(3)(a) of the Act and link thereof is required to be given in the Board's Report. The Company does not have a website at present, hence, relevant link is not given herein. However, Annual Return can be inspected in terms of section 94 of the Act on all working days between 11:00 A.M. to 1:00 P.M. at the registered office of the Company.

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, 2021, 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 31st March, 2021 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 25th Annual General Meeting held on 25/09/2020 for the 2nd term for a period of 5 years i.e. upto conclusion of 30th Annual General Meeting of the Company to be held in 2025. The provisions relating to rotation of Statutory Auditors of Company in terms of section 139(2) of the Companies Act, 2013 are not applicable since the Company does not fall in categories prescribed in Rule 5 of Companies (Audit and Auditors) Rules 2014 as in force on date.

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. Further, the Auditors have not reported any fraud in terms of section 143(12) of the Companies Act,2013 to the Board.

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-1** 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 disclosures relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are accordingly 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 43(a) 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. Further, no orders by any regulator/court/tribunal etc. had been passed during the year under review which would adversely affect the operations or going concern status of the Company.

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

Provisions for appointment of Independent directors are not applicable to your Company nor it is covered under clause no. (d), (e) and (p) of subsection (3) of sections 134 and sections 177, 178, 203 and 204 of the Companies Act, 2013.

The Company has no subsidiaries and associates as defined under the Companies Act, 2013. Further, provision relating to maintenance of cost records are not applicable to the Company.

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

	Sd/-	**Sd/-**
	S. K. Agarwal	**K. K. Soni**
Place : New Delhi	**Director**	**Director**
Date : 24/06/2021	**DIN: 00106763**	**DIN: 00106037**

Annexure-1

Annexure to Directors' Report

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of Directors' Report for the year ended 31st March, 2021.

CONSERVATION OF ENERGY

a) Energy conservation measure taken : Nil
b) Proposals under implementation for reduction in consumption of energy or utilizing alternative sources of energy : Nil
c) Capital investment on energy conservation equipments : 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

	Sd/-	**Sd/-**
	S. K. Agarwal	**K. K. Soni**
Place : New Delhi	**Director**	**Director**
Date : 24/06/2021	**DIN: 00106763**	**DIN: 00106037**

INDEPENDENT AUDITOR'S REPORT

To
The Members of VLS Asset Management Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying IND AS financial statements of **VLS Asset Management Limited ("*the Company*")** which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 on the financial statements.

Emphasis on Matter

a) Going Concern:

The Company's operating results have been materially affected due to various factors during earlier years and also during the financial year ended March 31, 2021, and the Company has huge accumulated losses of Rs 16,42,171 against share capital of Rs 7,07,000 as on the aforesaid date, which has eroded the entire net worth of the Company. Accordingly, the appropriateness of the Going Concern assumption is dependent on the Company's ability to establish consistent profitable operations as well as raising, obtaining or infusing adequate/ required fund to meet its short term and long term obligations.

Key Audit Matters

Key Audit matters are those matters that, in our professional judgement, were of most significance in our audit of financial statement of the current period.

Other Information

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 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 Ind AS 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, total comprehensive income, changes in equity 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 Ind AS 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 communicate 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.

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 including other comprehensive income, Statement of Change in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Indian 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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) In Our Opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the company to its directors in accordance with the provision of section 197 read with schedule V to the Act.

h) 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 does not have pending litigation which would impact its financial position;

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
Membership Number: 080475

UDIN: 21080475AAAAFO3647
Place: New Delhi
Date: June 24, 2021

ANNEXURE TO THE INDEPENDENT AUDITORS' 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 Limited for the year ended March 31, 2021, 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, 2021, 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 does not have any outstanding dues to financial institutions or banks during the year.

(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
Partner
Membership Number: 080475

UDIN: 21080475AAAAFO3647
Place: New Delhi
Date: June 24, 2021

Annexure - B to the Independent 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 March 31, 2021 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 March 31, 2021, 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
Membership Number: 080475

UDIN: 21080475AAAAFO3647
Place: New Delhi
Date: June 24, 2021

Balance Sheet as at 31st March, 2021 (as per Indian Accounting Standard)

(Rupees in Lakh)

	Particulars	Note No.	31st March, 2021	31st March, 2020
	ASSETS			
(1)	**FINANCIAL ASSETS**			
	(a) Cash and cash equivalents	4	0.16	0.16
			0.16	**0.16**
(2)	**NON-FINANCIAL ASSETS**			
	(a) Property, Plant and Equipment		-	-
			-	-
	Total Assets		**0.16**	**0.16**
	LIABILITIES			
(1)	**FINANCIAL LIABILITIES**			
	(a) Other financial liabilities	5	-	-
			-	**-**
(2)	**NON-FINANCIAL LIABILITIES**			
	(a) Borrowings	6	9.51	9.46
			9.51	**9.46**
	EQUITY			
	(a) Equity Share capital	7	7.07	7.07
	(b) Other Equity	8	(16.42)	(16.37)
			(9.35)	**(9.30)**
	Total Liabilities and Equity		**0.16**	**0.16**
	Significant Accounting Policies and Notes forming part of accounts	1 to 15		

As our report of even date
For Agiwal & Associates
(F.R.N.000181N)
Chartered Accountants

For and on behalf of the Board

P.C. Agiwal
Partner
Membership No. 080475
Place : New Delhi
Date : 24/06/2021

S. K. Agarwal
Director
DIN:00106763

K. K. Soni
Director
DIN:00106037

Statement of Profit and Loss for the year ended 31st March, 2021 (As per Indian Accounting Standard)

(Rupees in Lakh)

	Particulars	Note No	For the year ended 31st March 2021	For the year ended 31st March 2020
I	**Income**			
	Revenue From Operations	9		
(i)	Interest Income		-	-
(ii)	Dividend Income		-	-
(iii)	Net Gain on Fair Value Charges		-	-
(iv)	Sale of Shares/Securities		-	-
(v)	Income from Brokerage		-	-
	Total Income (I)		**-**	**-**
II	**Other Income**	10	-	-
	Total Income (II)		**-**	**-**
III	Total Income (I+II)		**-**	**-**
(i)	Purchase of Stock-in-Trade		-	-
(ii)	Net Loss on Fair Value Charges		-	-
(iii)	Employee benefits expense		-	-
(iv)	Operating Expenses		-	-
(v)	Depreciation and amortization expense		-	-
(vi)	Other expenses	11	0.05	0.05
	Total expenses (IV)		**0.05**	**0.05**

V	Profit/(loss) before exceptional items and tax (I- IV)		(0.05)	(0.05)
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		(0.05)	(0.05)
VIII	Tax expense:		-	-
	(1) Current tax		-	-
	(2) Tax adjustment for earlier Year		-	-
	(2) Deferred tax		-	-
IX	Profit (Loss) for the period (VII-VIII)		(0.05)	(0.05)
XI	Other Comprehensive Income		-	-
	A (i) Items that will not be reclassified to profit or loss		-	-
	Gain / (Loss) arsing on Defined Employee Benefits		-	-
	Gain / (Loss) arsing on fair valution of Investment		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
XII	Total Comprehensive Income for the period (IX+XI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(0.05)	(0.05)
XIII	Earnings per equity share			
	(1) Basic		(0.07)	(0.06)
	(2) Diluted		(0.07)	(0.06)

Significant Accounting Policies and Notes forming part of accounts 1 to 15

As our report of even date
For Agiwal & Associates
(F.R.N.000181N)
Chartered Accountants

For and on behalf of the Board

P.C. Agiwal
Partner
Membership No. 080475

S. K. Agarwal
Director
DIN:00106763

K. K. Soni
Director
DIN:00106037

Place : New Delhi
Date : 24/06/2021

Statement of Changes in Equity for the year ended 31 March, 2021

A. Equity Share Capital **(Rupees in Lakh)**

Particulars	**Equity share capital**	
	Number of shares	**Amount**
As at 31 March, 2019	**70,700.00**	**7.07**
As at 31 March, 2020	**70,700.00**	**7.07**
As at 31 March, 2021	**70,700.00**	**7.07**

B. Other Equity **(Rupees in Lakh)**

Particulars	**Reserves and Surplus**								**Other comprehensive income**		**Total**
	Capital Redemption Reserve	**Capital Reserve**	**Securities premium**	**Share based payment reserve**	**Statutory Reserves (under Sec 45ic of RBi Act, 1934)**	**General Reserve**	**Debenture Redemption Reserve**	**Retained Earnings**	**Equity instruments through other comprehensive income**	**Actuarial gain/(losses) on post retirement benefit plans**	
Balance as at 31st March, 2019	-			-	-	-	-	**(16.33)**	-	-	**(16.33)**
Profit/Loss for the year								**(0.05)**	-	-	**(0.05)**
Other comprehensive income (net of tax)								**(16.37)**	-	-	**(16.37)**
Total Comprehensive Income for the year								-	-	-	
Balance as at 31st March, 2020								**(16.37)**	-	-	**(16.37)**
Profit/Loss for the year	-			-	-	-	-	**(0.05)**	-	-	**(0.05)**
Other comprehensive income (net of tax)								-	-	-	
Total other comprehensive income for the year								-	-	-	
Balance as at 31st March, 2021	-			-	-	-	-	**(16.42)**	-	-	**(16.42)**

As our report of even date
For Agiwal & Associates
(F.R.N.000181N)
Chartered Accountants

For and on behalf of the Board

P.C. Agiwal
Partner
Membership No. 080475

S. K. Agarwal
Director
DIN:00106763

K. K. Soni
Director
DIN:00106037

Place : New Delhi
Date : 24/06/2021

Cash Flow Statement for the year ended 31st March, 2021

(Rupees in Lakh)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**(0.05)**	**(0.05)**
Adjustment for:		
Depreciation	-	-
Interest Income	-	-
Dividend Income	-	-
Actuarial gain / (loss) on Defined Employee Benefits	-	-
Provision for Employee Benefits	-	-
	-	-
Operating profit	**(0.05)**	**(0.05)**
Adjustment for working capital changes		
1) Increase / (decrease) in borrowings	-	-
2) Increase / (decrease) in other financial liabilities	-	-
3) Increase / (decrease) in trade payables	-	-
4) (Increase) / decrease in loans	**0.05**	**0.05**
5) Increase / (decrease) in debt securities	-	-
6) (Increase) / decrease in other non financial liabilities	-	-
7) (Increase) / decrease in other financial assets	-	-
8) (Increase) / decrease in other non financial assets	-	-
9) (Increase) / decrease in trade receivables	-	-
10) (Increase) / decrease in current tax assets	-	-
Cash generated / (used) from operations	-	-
Direct taxes paid net	-	-
Net cash generated/(used) from operating activities (A)	-	-
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	-	-
Purchase of Investments	-	-
Purchase of Property, plant and equipment	-	-
Sale of Property, plant and equipment	-	-
Interest received on fixed deposits	-	-
Security Deposit	-	-
Dividend Income	-	-
Net cash generated / (used) from investing activities (B)	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issued of equity shares	-	-
Premium on issue of equity shares	-	-
Dividend paid (including Dividend distribution tax)	-	-
Proceeds of deposits received	-	-
Interest expense	-	-
Net cash generated / (used) from financing activities (c)	-	-
Net increase / (decrease) in cash and cash equivalents during the year (A +B + C)	-	-
cash and cash equivalents as at beginning of the year	**0.16**	**0.16**
Cash and cash equivalents as at end of the year :	**0.16**	**0.16**
Cash in hand	**0.16**	**0.16**
Scheduled bank - In current account	-	-
Fixed Deposit with Banks	-	-
Scheduled Bank - Unpaid Dividend Account	-	-
Liquid Funds	-	-
Total	**0.16**	**0.16**
Reconciliation of cash and cash equivalents as above with cash and bank balances (also refer note no. 4 and 5)		
Cash and cash equivalents as at end of the year as per above	**0.16**	**0.16**
Add:- Fixed deposit with banks	-	-
Add:- Unpaid dividend account	-	-
Total cash and bank balances equivalents as at end of the year	**0.16**	**0.16**

Significant Accounting Policies and Notes forming part of accounts 1 to 15

As our report of even date

For Agiwal & Associates	**For & on behalf of the Board of Directors**	
(F.R.N.000181N)		
Chartered Accountants		
P.C. Agiwal	**S. K. Agarwal**	**K. K. Soni**
Partner	Director	Director
Membership No. 080475	DIN:00106763	DIN:00106037

Place : New Delhi

Date : 24/06/2021

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCAL STATEMENTS FOR THE YEAR ENDED 31st March, 2021

(Currency: Indian Rupees)

Note 1: Corporate information

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCAL STATEMENTS FOR THE YEAR ENDED 31st March, 2021

(Currency: Indian Rupees)

2.1 Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. These accounting policies have been applied consistently over all the periods presented in these financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain Financial instruments are measured at fair value.
- Assets held for sale – measured at fair value less cost to sell.

(iii) Preparation of financial statements

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013 on 11 October 2013, the Company presents the Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the order of liquidity.

(iv) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the period in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods. The estimates and judgments that have significant impact on carrying amount of assets and liabilities at each balance sheet date are discussed at note 3.

2.2 Revenue Recognition

The Company recognizes revenue from contracts with customers based on a five step model as set out in Ind AS 115, Revenue from Contracts with Customers, to determine when to recognize revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customer. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur. Revenue is measured at fair value of the consideration received or receivable. Revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation. The Company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

(i) Brokerage fee income

It is recognized on trade date basis and is exclusive of goods and service tax and securities transaction tax (STT) wherever applicable.

(ii) Interest income

Interest income from financial assets is recognized on an accrual basis.

(iii) Dividend income

Dividend income is recognized in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

(iv) Gain/losses on dealing in securities

Gains / losses on dealing in securities are recognized on a trade date basis.

2.3 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

2.4 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated in the Cash flow statement.

2.6 Financial instruments

Initial recognition and measurement:

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Fair value of financial instruments:

Some of the Company's assets and liabilities are measured at fair value for financial reporting purpose. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique.

Financial assets

(i) classification and subsequent measurement

The Company has applied Ind AS 109 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); or
- Amortised cost.

I. Financial assets carried at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

II. Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognized as revenue from operations in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI. Fair value changes excluding dividends, on an equity instrument measured at FVTOCI are recognized in OCI. Amounts recognized in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognized as 'Revenue from operations' in the Statement of Profit and Loss.

The investments in equity instruments of the subsidiary company and associates are measured at amortized cost.

III. Investments in mutual funds

Investments in mutual funds are measured at fair value through other comprehensive income (FVTOCI).

(i) Impairment

The Company recognizes impairment allowances using Expected Credit Losses ("ECL") method on all the financial assets that are not measured at FVPTL:

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- Financials assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- Financials assets with significant increase in credit risk - as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial assets.
- Financials assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows.

Financial assets are written off / fully provided for when there is no reasonable of recovering a financial asset in its entirety or a portion thereof.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

(ii) Derecognition

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

(i) initial recognition and measurement

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in Statement of Profit or loss.

(ii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition and installation of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Deprecation is calculated as per WDV method by company. Under this method, the depreciation is calculated at a certain fixed percentage each year on the decreasing book value commonly known as WDV of the asset (book value less depreciation).

Assets Useful life

The economic useful life of the asset is ascertained by the management as per Schedule II of the Companies Act, 2013.

Leasehold Improvements Over the primary lease period or useful life, whichever is less.

Furniture and Fixtures 10 years
Office Equipments 5 years
Computers 3 years
Vehicles 8 years

Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit and loss when the asset is derecognized.

2.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization.

Development expenditure on software is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognized in the profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses.

(Currency: Indian Rupees)

Amortisation

Amortisation is calculated using the straight– line method to write down the cost of intangible assets to their residual values over their estimated useful lives and is included in the depreciation and amortization in the statement of profit and loss.

Intangible asset	Useful life / amortization period
Computer Software	4 Years

Optional exemption from retrospective application:

Deemed cost for intangible assets.

The Company has elected to measure all its Intangible assets at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

2.9 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used by the group for business purposes, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

2.10 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal / external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount of asset is the higher of its fair value or value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of time value of money and the risks specific to it. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An Impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the assets carrying amount would have been determined, net of depreciation or amortization, had no impairment loss been recognised.

2.11 Provisions and contingencies:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

2.12 Earnings per share

a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period (excluding other comprehensive income) attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year.

b) Diluted earnings per share

Diluted earnings per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive assets acquired and liabilities assumed.

2.13 Leases

The Company lease asset classes primarily consist of leases for buildings taken on lease for operating its office. The Company assesses whether a contract contains a lease, at inception of a contract. At the date of commencement of the lease, the company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. The lease liability is initially measured at amortized cost at the present value of the future lease payments

Transition

Effective April 1, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives as at and for the year ended March 31, 2020 have not been retrospectively adjusted.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.14 Foreign exchange transactions

The functional currency and the presentation currency of the Company is Indian Rupees. Transactions in foreign currency are recorded on initial recognition using the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on the settlement or translation of monetary items are recognized in the statement of profit and loss in the period in which they arise.

Assets and liabilities of foreign operations are translated at the closing rate at each reporting period. Income and expenses of foreign operations are translated at monthly average rates. The resultant exchange differences are recognized in other comprehensive income in case of foreign operation whose functional currency is different from the presentation currency and in the statement of profit and loss for other foreign operations. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

2.15 Borrowing costs

Borrowing costs include interest expense as per the effective interest rate (EIR) and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Other borrowing costs are recognized as an expense in the year in which they are incurred.

The difference between the discounted amount mobilized and redemption value of securities is recognized in the statement of profit and loss over the life of the instrument using the EIR.

2.16 Impairment of non-financial assets

The Company assesses at the reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash- generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in statement of profit and loss.

2.17 Retirement and other employee benefits

Short- term employee benefits

Employee benefits payable wholly within twelve months of availing employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short term employee benefits such as salaries and wages, bonus and ex-gratia to be paid in exchange of employee services are recognized in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contributions towards Provident Fund and Employees State Insurance Corporation ('ESIC'). The contribution of company is recognized as an expense in the Statement of Profit and Loss during the period in which employee renders the related service. There are no other obligations other than the contribution payable to the Provident Fund and Employee State Insurance Scheme. These contributions are recognized as an expense in the statement of profit and loss during the period during the period in which the employee renders the related service.

Defined benefit plan:

Gratuity liability, wherever applicable, is provided for on the basis of an actuarial valuation done as per projected unit credit method, carried out by an independent actuary at the end of the year. The Company's gratuity benefit scheme is a defined benefit plan.

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. The Company presents the leave as a short-term provision in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as long-term provision.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Note 3: Key accounting estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on on-going basis. Any changes to accounting estimates are recognized prospectively. Information about critical judgments

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCAL STATEMENTS FOR THE YEAR ENDED 31st March, 2021
(Currency: Indian Rupees)

in applying accounting policies, as well as estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

(a) Provision and contingent liability: On an on-going basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

(b) Allowance for impairment of financial asset: Judgments are required in assessing the recoverability of overdue loans / investment and determining whether a provision against those loans / investments is required. Factors considered include the aging of past dues, value of collateral and any possible actions that can be taken to mitigate the risk of non-payment.

(c) Recognition of deferred tax assets: Deferred tax assets are recognized for unused tax-loss carry forwards and unused tax credits to the extent that realization of the related tax benefit is probable. The assessment of the probability with regard to the realization of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.

(d) Property, plant and equipment and Intangible Assets: Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values as per schedule II of the Companies Act, 2013 or are based on the Company's historical experience with similar assets and taking into account anticipated technological changes, whichever is more appropriate.

(e) The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(f) Defined benefit plans: The cost of defined benefit plans and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long - term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

(Rupees in Lakh)

PARTICULARS	As at 31st March 2021	As at 31st March 2020
Note - 4 Cash & Bank Balances		
Cash and Cash Equivalents		
Cash on hand	-	-
Balance with Bank		
In current account	0.16	0.16
Total	0.16	0.16
Note - 5 Other financial Liabilities		
Expenses Payable	-	-
	-	-
Note - 6 Other financial Liabilities		
Unsecured Long Term Borrowings		
From Holding Company i. e. VLS Finance Ltd. (non- interest bearing)	9.51	9.46
Total	9.51	9.46

NOTE - 7

(Rupees in Lakh)

Share Capital	As at 31st March 2021	As at 31st March 2020
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	1,000.00	1,000.00
	1,000.00	**1,000.00**
Issued, Subscribed & Paid up	7.07	7.07
70700 Equity Shares of Rs.10/- each	**7.07**	**7.07**

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

Equity Shares	As at 31st March 2021		As at 31st March 2020	
	No. of shares	Rupees in Lakh	No. of Shares	Rupees in Lakh
At the beginning of the year	70,700	7.07	70,700	7.07
Issued during the year	-	-	-	-
Outstanding at the end of the year	**70,700**	**7.07**	**70,700**	**7.07**

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.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCAL STATEMENTS FOR THE YEAR ENDED 31st March, 2021

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 31st March 2021	As at 31st March 2020
VLS Finance Ltd.	70,100	70,100

d. Details of shareholders holding more than 5% shares in the company	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd.	70,100	99.15	70,100	99.15
Outstanding at the end of the year	**70,100**	**99.15**	**70,100**	**99.15**

Note 8 : Other Equity (Rupees in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Securities premium		
Balance at the beginning of the year		
Balance as at end of the year	-	-
General reserve		
Balance at the beginning of the year		
Balance as at end of the year	-	-
Retained earnings		
Balance at the beginning of the year	**(16.37)**	**(16.33)**
Add: Profit/(loss) during the year	**(0.05)**	**(0.05)**
Balance as at end of the year	**(16.42)**	**(16.37)**
Fair value gain on equity instruments carried through other comprehensive income		
Balance at the beginning of the year		
Add: Other Comprehensive Income during the year (net of tax)		
Balance as at end of the year	-	-
Remeasurement of Defined Benefit Plans		
Balance at the beginning of the year		
Add: Other comprehensive income (net of tax)		
Balance as at end of the year	-	-
TOTAL	**(16.42)**	**(16.37)**

(Rupees in Lakh)

PARTICULARS	For the year ended 31st March 2021	For the year ended 31st March 2020
Note - 9 Revenue From Operations		
Interest Income	-	-
Dividend Income	-	-
Net Gain on Fair Value Charges	-	-
Sale of Shares/Securities	-	-
Income from Brokerage	-	-
Total	-	-
Note -10 Other Income		
Other Income	-	-
Total	-	-
Note - 11 Other Expenses		
Filling Charges	**0.03**	**0.05**
Miscellaneous expense	**0.00**	-
Professional Charges	**0.02**	-
Certification Charges	-	-
Total	**0.05**	**0.05**

Note 12 Deferred Tax Liability/ Deferred Tax Asset

There is no deferred tax asset/liability for the company during the year.

Note 13 Related Party Disclosures:

Pursuant to compliance of Indian Accounting Standard (Ind AS 24) on related party disclosure, the relevant information is provided here below:-

I. Subsidiaries where control exist
   - Fellow Subsidiaries
   1) VLS Securities Limited
   2) VLS Real Estate Limited w.e.f. 03.02.2021

II. Others - VLS Capital Ltd. (Associate of holding company)

III. Related Parties with whom there were transactions during the year
   a) Related party where control exist
   - Holding Company - VLS Finance Ltd.
   i) Key Managerial Personnel – N.A.
   ii) Other Directors (Group B)
   - Mr. S.K. Agarwal - Director
   - Mr. K. K. Soni - Director
   - Mr. Rajesh Jhalani - Director

Transaction during the year with the related party:-

(Rupees in Lakh)

Related Party	Nature of Transaction	As at 31st March, 2021	As at 31st March, 2020
Holding Company	Borrowings	9.51	9.46

Note 14 Earnings per Share (Ind AS 33)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year.

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCAL STATEMENTS FOR THE YEAR ENDED 31st March, 2021

the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computation.

Profit attributable to equity holders of the Company:	Year Ended	
Continuing operations	(0.05)	(0.05)
Profit attributable to equity holders for basic earnings	-	-
Dilution effect	-	-
Profit attributable to equity holders adjusted for dilution effect	(0.05)	(0.05)
Weighted Average number of equity shares used for computing Earning Per Share	0.71	0.71
(Basic & Diluted) *		
Earnings Per Share (Basic & Diluted)	(0.07)	(0.06)

Note 15 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

For and on behalf of the Board

P.C. Agiwal
Partner
Membership No. 080475

S. K. Agarwal
Director
DIN:00106763

K. K. Soni
Director
DIN:00106037

Place : New Delhi
Date : 24/06/2021

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To The Members of VLS Finance Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **VLS Finance Limited ("*the Company*")** and its subsidiaries and associate (the Company and its subsidiaries and associate company together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the Consolidated 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 consolidated financial statements and our auditor's report thereon.