

**VLS SECURITIES LIMITED**

**REGD. OFF : 2nd FLOOR, 13, SANT NAGAR, EAST OF KAILASH,  
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CIN: U74899DL1994PLC062123,  
email: vlssec@vlssecurities.com, website: www.vlssecurities.com**

**DIRECTORS' REPORT**

To

The Members of **VLS SECURITIES LIMITED**

Your Directors are pleased to present the 21<sup>st</sup> Annual Report of your Company together with Audited Annual Accounts for the year ended on 31<sup>st</sup> March, 2015.

**FINANCIAL SUMMARY**

During the year under review, your Company generated gross revenue of Rs. 70.99 lacs as against Rs. 32.02 lacs in the previous year. The Company earned a post tax profit of Rs. 13.58 lacs for the year under review as against Rs. 23.05 lacs earned in the preceding year.

**DIVIDEND**

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

**RESERVES**

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

**OPERATIONS**

Your Company earned brokerage of Rs. 66.09 lacs during the year under review, as compared to Rs. 31.95 lacs earned during the previous year. The Company is continuing its efforts to increase its retail broking business.

The Company is also doing business in Future & Option segment as Trading Member of National Stock Exchange of India Limited ('NSE'). It is Trading and Clearing Member in cash segment of NSE as well. Further, the Company is a Category – I Merchant Banker and Portfolio Manager registered with SEBI.

**FUTURE OUTLOOK**

During the year under review, the volatility maintained its visibility in stock market. The global scenario also portrayed instability in view of downtrend in developed economies. With improvement in global situation, the Indian markets are expected to improve in current year.

The Merchant Banking Division of the Company is continuing to explore possibilities of making inroads on consultancy and similar fee based services. The activities of F & O segment is also expected to further the revenue generations of the Company. The Company is also exploring possibilities of Portfolio Management services to its clients.

**DIRECTORS/KEY MANAGERIAL PERSONNEL****DIRECTORS**

There was no change in the Board of Directors during the year under review. During the year, 4 Board meetings were held on 24/05/2014, 19/09/2014, 29/12/2014 and 26/03/2015 respectively.

Shri T. B. Gupta - Director shall be retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Your Directors recommend his re-appointment.

The appointment of Shri P. K. Sharan and Shri R. K. Goswami as an Independent Directors for a term of 5 years in terms of Section 149 of the Companies Act, 2013, were approved in Annual General Meeting of the Company held on 24/09/2014. Therefore, Shri P. K. Sharan and Shri R. K. Goswami by virtue of being Independent Directors of your Company in terms of the provisions of the Companies Act, 2013, will not be liable to retire by rotation for the residual period of their respective terms of appointment. The alteration in terms of appointment of Shri S. K. Agarwal – Managing Director of the Company by making him liable to retire by rotation, as per the provisions of the Companies Act, 2013 were also approved in Annual General Meeting of the Company held on 24/09/2014.

**KEY MANAGERIAL PERSONNEL**

During the year under review, Ms. Surbhi Jain (M. No.: A35217), member of the Institute of Company Secretaries of India, was appointed as Company Secretary w.e.f from 24/05/2014 and was designated as Key Managerial

Personnel as per Section 203 of Companies Act, 2013.

Also, Shri Anurag Bhatnagar was appointed as CFO of the Company w.e.f. 19/09/2014 and was designated as Key Managerial Personnel as per Section 203 of Companies Act, 2013.

**AUDIT COMMITTEE**

During the year, 2 meetings of the Audit Committee were held on 24/05/2014 and 29/12/2014. In terms of the provisions of the Companies Act, 2013, the constitution of Audit Committee have been changed by nominating Shri P. K. Sharan and Shri R. K. Goswami, Independent Directors and the nomination of Shri S. K. Agarwal - Managing Director and Shri T. B. Gupta were withdrawn. All the recommendations made by the Committee were accepted by the Board in entirety.

**NOMINATION AND REMUNERATION COMMITTEE**

During the year, 2 meetings of the Nomination and Remuneration Committee were held on 24/05/2014 and 19/09/2014. In terms of the provisions of the Companies Act, 2013, the Board constituted Nomination and Remuneration Committee consisting of Shri P. K. Sharan, Shri R. K. Goswami and Shri K.K. Soni. All the recommendations made by the Committee were accepted by the Board in entirety.

**DECLARATION BY INDEPENDENT DIRECTORS**

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

**ANNUAL RETURN EXTRACT**

The extract of the Annual Return in **Form MGT-9** is enclosed as **Annexure-1** to this report.

**CONTRACTS WITH RELATED PARTY**

There is a proposal relating to usage of property in Mumbai belonging to its Holding Company-VLS Finance Ltd. to carry out broking activities subject to necessary approvals.

There is also a proposal to enter into a transaction to purchase 10,00,000 equity shares constituting 4.32% of VLS Capital Ltd. a constituent of promoter group worth Rs.6,00,00,000/- (Rupees Six Crores only) from South Asian Enterprises Ltd., also a constituent of promoter group subject to necessary approvals.

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 transactions at arm's length under third proviso thereto:

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

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

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



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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- that in preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2015 on a going concern basis.
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating.

**POLICIES****1. Risk Management Policy**

The Company has a system based approach to business risk management backed by strong internal control systems.

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

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

**2. Nomination and Remuneration Policy****Title:**

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

**Objective:**

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

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

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

**Definitions:**

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

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

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

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

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

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

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

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

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

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

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

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

**Contents of the policy:**

This Policy contains following:

- Process for the selection and appointment of Directors and Key Managerial Personnel;
- Criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company;
- Training of Independent Directors.

**(I) Selection of Directors and Key Managerial Personnel**

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

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

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

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

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

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

**(II) Qualifications, experience and positive attributes of Directors**

a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualifications and experience as are considered necessary based on the job description of the position. In case no specific qualification or



experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may, if considered necessary, call for an expert opinion on the appropriateness of the qualifications and experience of the candidate for the position of the Executive Director.

- c) In case of appointment as a Non-Executive Director, the candidate must be a graduate or possess diploma or a professional qualification in the field of his practice / profession / service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee, provided that the Board may waive the requirements of qualification and / or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.
- (III) Process for appointment of Directors and Key Managerial Personnel
- (A) Process for the appointment of Executive Directors and Key Managerial Personnel:
- a) A proposal for the appointment of an Executive Director / Key Managerial Personnel with such details as may be prescribed shall be submitted for the consideration of the Committee. The proposal with recommendation of committee will be placed before the Board.
- b) The Board shall, based on the information available in the proposal and recommendation of committee deliberate upon the necessity for appointment, expertise, skill and knowledge of the candidate and reasonableness of the remuneration.
- c) The Board may call and seek the help of any other Company Official including the recommender or a Key Managerial Personnel while finalizing the appointment. The recommender shall not take part in the discussion or voting on the appointment of a Key Managerial Personnel.
- (B) Process for the appointment of Non- Executive Directors:
- a) A proposal for the appointment of a Non-Executive Director with such details as may be prescribed shall be submitted for the consideration of the committee. The proposal with recommendation of committee will be placed before the Board.
- b) The Board, based on the information available in the proposal, shall deliberate upon the necessity for appointment, integrity, qualifications, expertise, skill and knowledge of the candidate.
- (IV) Remuneration of Directors, Key Managerial Personnel and other employees
- a) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:
- i) Criteria / norms for determining the remuneration of such employees prescribed in applicable statutory provisions and Company's internal criteria for remuneration.
- ii) Existing remuneration drawn.
- iii) Industry standards, if the data in this regard is available.
- iv) The job description.
- v) Qualifications and experience levels of the candidate,
- vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
- vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
- b) The determination of remuneration for other employees shall be governed by the HR Policy.
- c) The proposal for the appointment of an Executive Director / Key Managerial Personnel shall provide necessary information in this regard including recommendation of Committee to the Board in arriving at the conclusion as to whether or not the remuneration offered to the candidate is appropriate, reasonable and balanced as to the fixed and variable portions (including the commission).
- d) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013.
- e) The Executive Directors shall not be eligible to receive sitting fees for attending the meetings of the Board or committees thereof.
- f) The Non-Executive Directors shall not be eligible to receive any

remuneration / salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board / shareholders from time to time. The Non-Executive Directors shall also be eligible to receive reimbursement of reasonable out-of-pocket expenses incurred by them for attending the meetings of the Board, committees or shareholders, including travelling and lodging & boarding expenses or such other expense incurred by them regarding the affairs of the Company on an actual basis.

- g) The amount of sitting fee and commission payable to Non-Executive Directors shall not exceed the limits prescribed therefor under the provisions of the Companies Act, 2013.  
Explanation: For the purposes of this Policy, Remuneration shall mean the Cost to the Company and shall include the salary, allowances, perquisites, performance incentive and any other facility provided or payment made to the employee.
- (V) Training of Independent Directors
- The Company shall arrange to provide training to Independent Directors to familiarize them with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc. The training may be provided in any of the ways given below:
- a) By providing reading material to the Independent Director(s) giving all relevant information about the Company, industry and the role of Independent Directors.
- b) An induction program devised for the Independent Director(s) wherein structured training is provided to the Independent Director(s) either exclusively or with other officials of the Company who are due for such induction / training.
- c) Such other manner as may be prescribed by applicable law or decided by the Board.

**Interpretation:**

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

**Amendments:**

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

**AUDITORS**

The term of M/s. Agiwal & Associates, Chartered Accountants, the Statutory Auditors of the Company will conclude at the ensuing Annual General Meeting scheduled to be held on 23<sup>rd</sup> September, 2015. They have furnished a certificate confirming their eligibility u/s 141 of the Companies Act, 2013 to act as Auditors of the Company, if re-appointed and also given their consent for such appointment. The Company has received a Certificate from the Auditors that they are qualified under Section 139 of the Companies Act, 2013 to act as the Auditors of the Company, if appointed.

The Board, concurring with the Audit Committee's recommendation, recommends their reappointment as the Statutory Auditors of the Company for the Financial Year 2015-2016. You are also requested to authorize the Board to fix their remuneration.

**AUDITORS REPORT**

The Auditors' report to the members on Annual Accounts for the year under review does not contain any qualification.

**FIXED DEPOSITS**

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

**SUBSIDIARY**

During the Financial year 2014-15, the Company did not have any subsidiary company, hence the disclosure in Form AOC-1 has been dispensed with. The Company has setup a Wholly Owned Subsidiary ("WOS") in UAE (Dubai) named as VLS International DMCC. The WOS has obtained its registration as a Company w.e.f 29/04/2015. It would initially carry out the business of trading on proprietary basis.

**GREEN INITIATIVE IN CORPORATE GOVERNANCE:**

As a continuing endeavor towards the Go Green initiative the Company



proposes to send future correspondence and documents like the notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form, to the email address provided by the Members. You may kindly note that as a Member of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you, at any time.

**STATUTORY DISCLOSURES**

- During the year under review, the Company did not absorb any new technology nor has carried out any R&D activity including conservation of Energy except as mandated for operational requirements by the National Stock Exchange of India Ltd. and applicable regulations. The relevant disclosure in prescribed format are enclosed as **Annexure-2** to this report.
- As none of the employees of the Company are in receipt of remuneration in excess of limits specified in Section 197 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, there are no disclosures which are required to be made in this report, in terms of the aforesaid regulations.
- The Company has complied with SEBI (Stock Brokers and Sub Brokers) Regulations 1992, SEBI (Merchant Bankers) Regulations, 1992, SEBI (Portfolio Managers) Regulations, 1993 and other applicable laws/regulations, as amended. There was no proposal during the year under review for buy back of shares by the Company.
- There are no deposits/ loan to be disclosed in terms of section 186 (6) of the Companies Act, 2013. The principle business of Company being investment in securities and providing related financial services, the provisions of section 186 are not applicable to it.
- Your company has not issued equity shares with differential voting rights or under ESOP in terms of Sec 43a and 62(1)(b) of Companies Act, 2013 during the year under review.
- Your company has not approved any scheme relating to provision of money to be held in a trust for the benefit of the employees in terms of Sec 67(3)(b) of Companies Act, 2013 during the year under review.
- No revision of financial statements or boards' report has been made in terms of Sec 131(1) of Companies Act, 2013 during the year under review.

- Two Independent directors had been appointed by an ordinary resolution by the Company in terms of Sec 149 of Companies Act, 2013 during the year under review. Further, no independent director was re-appointed u/s 149(10) of Companies Act, 2013 through Special Resolution.
- The Managing Director of your company is also the Managing Director of VLS Finance Ltd. - the Holding Company and receives remuneration from the holding company. Presently no remuneration is paid to Managing Director by the Company. This may be construed as disclosure in terms of Sec 197(14) of Companies Act, 2013.
- There has been no change in the nature of business of Company during the year under review.
- There has been no significant and material orders passed by regulatory authorities/ court that would impact the going concern status of the Company and its future operations.
- The provisions of CSR are not applicable to the Company for the financial year under review.

**HUMAN RESOURCES**

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

**Anti-sexual harassment mechanism**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

There were no complaints received from any employee during the year under review and no complaints were pending as on 31/03/2015.

**ACKNOWLEDGEMENTS**

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

For and on behalf of the Board of Directors

Place : New Delhi  
Date : 23/05/2015

S.K. Agarwal  
Managing Director  
DIN: 00106763

K.K. Soni  
Director  
DIN: 00106037

Annexure-1

FORM NO. MGT 9

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2015

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

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Stock Broking	99717020	55.90

**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	99.67	2(46)


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

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	600	600	0.004%	0	600	600	0.004%	0.000%
b) Central Govt.or State Govt.	0	0	0	0.000%	0	0	0	0.000%	0.000%
c) Bodies Corporates	0	14999400	14999400	99.996%	0	14999400	14999400	99.996%	0.000%
d) Bank/FI	0	0	0	0.000%	0	0	0	0.000%	0.000%
e) Any other	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>SUB TOTAL:(A) (1)</b>	0	15000000	15000000	100.000%	0	15000000	15000000	100.000%	0.000%
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	0.000%	0	0	0	0.000%	0.000%
b) Other Individuals	0	0	0	0.000%	0	0	0	0.000%	0.000%
c) Bodies Corp.	0	0	0	0.000%	0	0	0	0.000%	0.000%
d) Banks/FI	0	0	0	0.000%	0	0	0	0.000%	0.000%
e) Any other...	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>SUB TOTAL (A) (2)</b>	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	0	15000000	15000000	100.000%	0	15000000	15000000	100.000%	0.000%
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Banks/FI	0	0	0	0.000%	0	0	0	0.00%	0.000%
c) Central govt	0	0	0	0.000%	0	0	0	0.00%	0.000%
d) State Govt.	0	0	0	0.000%	0	0	0	0.00%	0.000%
e) Venture Capital Fund	0	0	0	0.000%	0	0	0	0.00%	0.000%
f) Insurance Companies	0	0	0	0.000%	0	0	0	0.00%	0.000%
g) FIIS	0	0	0	0.000%	0	0	0	0.00%	0.000%
h) Foreign Venture Capital Funds	0	0	0	0.000%	0	0	0	0.00%	0.000%
i) Others (specify)	0	0	0	0.000%	0	0	0	0.00%	0.000%
	0	0		0.000%	0	0		0.00%	
<b>SUB TOTAL (B)(1):</b>	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>(2) Non Institutions</b>									
a) Bodies corporates									
i) Indian	0	0	0	0.000%	0	0	0	0.00%	0.000%
ii) Overseas	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Individuals	0	0			0	0			
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	0	0	0.000%	0	0	0	0.00%	0.000%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0.000%	0	0	0	0.00%	0.000%
c) Others (specify)	0	0			0	0			
a) NRI / OCB	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Foreign National	0	0	0	0.000%	0	0	0	0.00%	0.000%
c) Clearing Member	0	0	0	0.000%	0	0	0	0.00%	0.000%
d) LLP	0	0	0	0.000%	0	0	0	0.00%	0.000%
e) Trust	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>SUB TOTAL (B)(2):</b>	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	0	0	0	0.000%	0	0	0	0.00%	0.000%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.000%	0	0	0	0	0.000%
<b>Grand Total (A+B+C)</b>	0	15000000	15000000	100.000%	0	15000000	15000000	100.00%	0.000%


**(ii) Shareholding of Promoters**

S.No	Shareholder's Name	Shareholding at the beginning of the year i.e. 01/04/2014			Shareholding at the end of the year i.e. 31/03/2015			% Change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Shri M. P. Mehrotra	100	0.001%	0.00	100	0.001%	0.00	0.00%
2	Dr. (Mrs) Sushma Mehrotra	100	0.001%	0.00	100	0.001%	0.00	0.00%
3	Shri Somesh Mehrotra	100	0.001%	0.00	100	0.001%	0.00	0.00%
4	Shri Vikas Mehrotra	100	0.001%	0.00	100	0.001%	0.00	0.00%
5	Shri Ramji Mehrotra	100	0.001%	0.00	100	0.001%	0.00	0.00%
6	Shri R. Sathyamoorthy	100	0.001%	0.00	100	0.001%	0.00	0.00%
7	VLS Finance Ltd.	14949400	99.663%	0.00	14949400	99.663%	0.00	0.00%
8	VLS Capital Ltd.	50000	0.333%	0.00	50000	0.333%	0.00	0.00%
	<b>Total</b>	<b>15000000</b>	<b>100.000%</b>	<b>0.00</b>	<b>15000000</b>	<b>100.000%</b>	<b>0.00</b>	<b>0.00%</b>

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

S.No	Shareholder's Name	Date	Shareholding at the beginning of the year		Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	1/4/2014	15000000	100.00%	15000000	100.00%
1	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)		No Transaction during the year			
	At the end of the year	31/03/2015	15000000	100.00%	15000000	100.00%

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

S.No	For Each of the Top 10 Shareholders	Date	Shareholding at the end of the year		Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	1/4/2014	NIL			
	At the end of the year (or on the date of separation, if separated during the year)	31/03/2015				

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

S.No	For Each of the Directors & KMP	Date	Shareholding at the end of the year		Cumulative Share holding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year		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		0	0.00%	0	0.00%

**V INDEBTEDNESS**

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

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

Sl.No	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount
1	<b>Gross salary</b>	Ms. S.K. Agarwal- MD	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	0.00	0.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00
2	Stock option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission as % of profit others (specify)	0.00	0.00
5	Others, please specify	0.00	0.00
	<b>Total (A)</b>	0.00	0.00
	<b>Ceiling as per the Act per annum</b>	4200000.00	4200000.00

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors	Shri R. K. Goswami	Shri P K Sharan		
	(a) Fee for attending board committee meetings	6000.00	8000.00		14000.00
	(b) Commission	0.00	0.00		0.00
	(c) Others, please specify	0.00	0.00		0.00
	<b>Total (1)</b>	6000.00	8000.00		14000.00
2	Other Non Executive Directors				
	Non Independent Directors	Shri S.K. Agarwal	Shri K.K. Soni	Shri T.B. Gupta	
	(a) Fee for attending board committee meetings	0.00	0.00	0.00	
	(b) Commission	0.00	0.00	0.00	
	(c) Others, please specify.	0.00	0.00	0.00	
	<b>Total (2)</b>	0.00	0.00	0.00	
	<b>Total (B)=(1+2)</b>	6000.00	8000.00	14000.00	
	<b>Total Managerial Remuneration</b>	N.A.	N.A.	N.A.	
	<b>Overall Ceiling as per the Act.</b>	100000.00	100000.00	100000.00	



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

Sl.No	Particulars of Remuneration		Key Managerial Personnel		
			CEO	Mr. Surbhi Jain Company Secretary	Shri Anurag Bhatnagar CFO
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	N. A.	0	1417000	1417000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	N. A.	0	15000	15000
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	N. A.	0	0	0
2	Stock Option	N. A.	0	0	0
3	Sweat Equity	N. A.	0	0	0
4	Commission as % of profit others, specify	N. A.	0	0	0
5	Others, please specify	N. A.	0	1432000	1432000
	<b>Total</b>	N. A.	0	1432000	1432000

**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	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

**Annexure-2**

**Annexure to Directors' Report**

Information as per Section 134(3)(m) if 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, 2015.

**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 : 23/05/2015

S.K. Agarwal  
Managing Director  
DIN: 00106763

K.K. Soni  
Director  
DIN: 00106037



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF VLS SECURITIES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **VLS Securities Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, (hereinafter referred to as the "Order"), we give in the Annexure a 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 referred to in section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
- f) The Company as Stock broker has complied with the requirements of the stock exchange so far as they relate to maintenance of accounts and was regular in submitting the required accounting information to the stock exchange.
- g) With respect to the 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 best of our information and according to the explanation given to us:
  - i. The company does not have any pending litigations which would impact its financial position.
  - ii. The company has made provision as at 31<sup>st</sup> March, 2015, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the investor's education and protection fund by the company.
- h) In our opinion, proper books of account and records as specified in Rule 15 of the Securities Contracts (Regulation) Rules, 1957 have been kept in so far as it appears from our examination of such books.

**For Agiwal & Associates  
Chartered Accountants  
Firm Registration No.000181N**

**P. C. Agiwal  
Partner**

**Place : New Delhi  
Date : 23/05/2015**

**Membership No. 080475**

#### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2015, we report that:

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its only fixed assets.
- b) The company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
- ii. a) The Inventories have been physically verified during the year by the management. In our opinion, the frequency of the physical verification is reasonable.



- b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management was found reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted loans to any company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- iv. In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. The Company has not accepted any deposits from public during the year.
- 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 of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
- c) According to the information and explanations given to us, there are no amounts outstanding which are required to be transferred in investor education and protection fund in accordance with the relevant provisions of Companies Act, 1956 (1 of 1956) and rules made there under.
- viii. The Company neither has any accumulated losses as at the end of the year nor incurred any cash losses during the current financial year, or in the immediately preceding Financial Year.
- ix. The Company did not have any outstanding dues to financial institutions or banks during the year.
- x. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. The Company did not have any term loans outstanding during the year.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

**For Agiwal & Associates**  
Chartered Accountants  
Firm Registration No.000181N

Place : New Delhi  
Date : 23/05/2015

**P. C. Agiwal**  
Partner  
Membership No. 080475

BALANCE SHEET AS AT 31.03.2015			
(Amount in Rs.)			
Particulars	Note No	As at 31.03.2015	As at 31.3. 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	15,00,00,000	15,00,00,000
(b) Reserves and Surplus	4	1,13,51,190	10,04,4,565
<b>Total 1</b>		<b>16,13,51,190</b>	<b>16,00,44,565</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Provisions	5	3,05,324	2,41,796
<b>Total 2</b>		<b>3,05,324</b>	<b>2,41,796</b>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	17,82,30,740	15,37,71,278
(b) Other Current Liabilities	7	7,24,846	8,90,104
(c) Short-Term Provision	8	8,072	7,043
<b>Total 3</b>		<b>17,89,63,658</b>	<b>15,46,68,425</b>
<b>Total (1+2+3)</b>		<b>34,06,20,172</b>	<b>31,49,54,786</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
<i>(a) Fixed Assets</i>			
Tangible Assets	9	4,90,004	44,007
Intangible Assets		1	7,405
(b) Non-Current Investments	10	23,20,55,058	12,30,55,058
(c) Deferred Tax Assets (Net)	11	1,23,411	69,855
(d) Long-Term Loans and Advances	12	2,79,60,054	2,49,94,193
<b>Total 4</b>		<b>26,06,28,528</b>	<b>14,81,70,518</b>
<b>(2) Current Assets</b>			
(a) Trade Receivables	13	2,60,80,294	11,61,702
(b) Cash and Cash Equivalents	14	15,52,034	27,94,594
(c) Short-Term Loans and Advances	15	5,17,69,974	16,12,02,265
(d) Other Current Assets	16	5,89,342	16,25,707
<b>Total 5</b>		<b>7,99,91,644</b>	<b>16,67,84,268</b>
<b>Total (4+5)</b>		<b>34,06,20,172</b>	<b>31,49,54,786</b>

See accompanying notes forming part of financial statements 1 to 28

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

For and on behalf of the Board

<b>P.C. Agiwal</b> Partner Membership No. 080475 Place : New Delhi Date : 23/05/2015	<b>S.K. Agarwal</b> Managing Director DIN : 00106763	<b>K.K.Soni</b> Director DIN : 00106037	<b>Anurag Bhatnagar</b> Chief Financial Officer PAN : AAJPB6607R	<b>Surbhi Jain</b> Company Secretary M.No. : A35217
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**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2015**

Particulars	Note No	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>I. Revenue from Operations</b>	17	<b>70,99,618</b>	32,02,188
<b>II. Other Income</b>	18	<b>47,23,695</b>	54,29,577
<b>III. Total Revenue (I+II)</b>		<b>1,18,23,313</b>	<b>86,31,765</b>
<b>IV. Expenses:</b>			
Purchase (Securities )		4,90,049	6,702
Operating Expenses	19	40,15,686	7,21,262
Employee Benefit Expense	20	39,75,980	40,13,187
Depreciation and Amortization Expense		1,03,168	20,656
Other Expenses	21	19,33,953	12,84,370
<b>Total Expenses (IV)</b>		<b>1,05,18,836</b>	<b>60,46,177</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>13,04,477</b>	<b>25,85,588</b>
<b>VI. Less: Tax Expenses</b>			
(1) Current Tax		-	2,87,153
(2) Deferred Tax		(53,556)	(7,342)
(2) Earlier Year Adjustments		-	-
<b>VII. Profit After Tax</b>		<b>13,58,033</b>	<b>23,05,777</b>
Less: Adjustment of Tax Provision of Earlier Year		-	-
<b>VII. Profit/(Loss) For The Year (V-VI)</b>		<b>13,58,033</b>	<b>23,05,777</b>
<b>VIII. Earning Per Equity Share (of Rs.10/- each)</b>			
Basic and Diluted		<b>0.09</b>	0.15

See accompanying notes forming part of financial statements 1 to 28

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

For and on behalf of the Board

<b>P.C. Agiwal</b> Partner Membership No. 080475 Place : New Delhi Date : 23/05/2015	<b>S.K. Agarwal</b> Managing Director DIN : 00106763	<b>K.K.Soni</b> Director DIN : 00106037	<b>Anurag Bhatnagar</b> Chief Financial Officer PAN : AAJPB6607R	<b>Surbhi Jain</b> Company Secretary M.No. : A35217
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**NOTES FORMING PART OF FINANCIAL STATEMENTS**
**Note 1**
**Corporate Overview**

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

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

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

**b) Revenue Recognition**

- Income from brokerage activities is accounted for on accrual basis except for the settlement for which pay-in and payout falls in the next financial year.
- The Company deals in Securities & Derivative segment and the purchase and sale figures of the said segment have been shown in the financial statements at their gross value. Further, there was no outstanding position in derivatives at the year end

**a) Fixed assets**

- All the fixed assets are stated at cost less accumulated depreciation.
- For the purpose of computing depreciation, the company has adopted the revised estimates of the useful life of the tangible assets, in accordance with the Part C of Schedule II of the Companies Act 2013, w.e.f. 01.04.2014. There are no intangibles with the company as at 31.03.2015.
- Depreciation on assets not exceeding Rs.5,000/- is provided for at 100%.

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

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

**ii. Defined Benefit Plans**

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

**iii. Short Term Employees Benefits**

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

**d) Investments**

- Investments are classified into non-current investments and current investments.
- Non-current investments are valued at cost. Provision for diminution in value of investments is made scrip- wise to recognize a decline other than temporary in nature. Current investments are valued scrip-wise, at cost or market price, whichever is lower.
- The Company follows 'FIFO method' for calculating the cost of each investment sold by the Company for determining the profit/loss.

**e) Taxation**

- Provision for taxation is made on the basis of taxable profit in accordance with the Income Tax Act, 1961.
- Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and law that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized only to the extent that there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realized. The deferred tax liability is recognized on having a reasonable certainty for crystallization of the same.

	As at 31.03.2015	As at 31.03.2014
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**Note 3**
**Share Capital**

Authorised	<b>17,50,00,000</b>	17,50,00,000
1,75,00,000 Equity Shares (Previous Year 1,75,00,000 Equity Shares) of Rs.10/- each	<b>17,50,00,000</b>	17,50,00,000
Issued, Subscribed & Paid up 1,50,00,000 Equity shares (Previous Year 1,50,00,000 Equity Shares) of Rs.10/- each, fully paid up in cash	<b>15,00,00,000</b>	15,00,00,000

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

	As at 31.03.2015		As at 31.03.2014	
Equity Shares	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>1,50,00,000</b>	<b>15,00,00,000</b>	<b>1,50,00,000</b>	<b>15,00,00,000</b>

**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 31.03.2015	As at 31.03.2014
VLS Finance Ltd. (including 600 shares held through its nominees)	<b>1,49,50,000</b>	1,49,50,000

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

	As at 31.03.2015		As at 31.03.2014	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd. (including 600 shares held through its nominees)	<b>1,49,50,000</b>	<b>99.67</b>	1,49,50,000	99.67

**Note 4**
**Reserves & Surplus**
**SURPLUS IN STATEMENT OF PROFIT AND LOSS**
**As per Last Balance Sheet**

Opening Balance	<b>1,00,44,565</b>	7,738,788
Less: Depreciation Transition Impact	<b>51,408</b>	-
Add: Profit for the year	<b>13,58,033</b>	23,05,777
<b>Total</b>	<b>1,13,51,190</b>	10,044,565

**Note 5**
**Long Term Provisions**

Provision for Leave Encashment	<b>3,05,324</b>	2,41,796
<b>Total</b>	<b>3,05,324</b>	2,41,796

**Note 6**
**Trade Payables**

Related Party		
Holding Company	<b>15,31,39,600</b>	11,84,86,287
Others Payables	<b>2,50,91,140</b>	3,52,84,991
<b>Total</b>	<b>17,82,30,740</b>	15,37,71,278

**Note 7**
**Other Current Liabilities**

Statutory Liabilities	<b>96,227</b>	3,45,398
Others Payables	<b>6,28,619</b>	5,44,706
<b>Total</b>	<b>7,24,846</b>	8,90,104

**Note 8**
**Short- Term Provisions**

Provision for Leave Encashment	<b>8,072</b>	7,043
<b>Total</b>	<b>8,072</b>	7,043


**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)**
**Fixed assets - Tangible Assets**
**Note -9 (i)**

Description	Computers	Office equipment	Furniture & fixtures	Vehicle	Total
Balance as at 01 April 2013	38,57,809	2,88,205	71,112	-	42,17,126
Additions	9,200	-	-	-	9,200
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2014</b>	<b>38,67,009</b>	<b>2,88,205</b>	<b>71,112</b>	<b>-</b>	<b>42,26,326</b>
Balance as at 01 April 2014	38,67,009	2,88,205	71,112	-	42,26,326
Additions	14,070	-	-	579,099	5,93,169
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2015</b>	<b>38,81,079</b>	<b>2,88,205</b>	<b>71,112</b>	<b>5,79,099</b>	<b>48,19,495</b>
<b>Depreciation</b>					
Balance as at 01 April 2013	38,38,863	2,59,969	67,767	-	41,66,599
Depreciation for the year	11,258	3,928	534	-	15,720
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2014</b>	<b>38,50,121</b>	<b>2,63,897</b>	<b>68,301</b>	<b>-</b>	<b>41,82,319</b>
Balance as at 01 April 2014	38,50,121	2,63,897	68,301	-	41,82,319
Depreciation for the year	3,561	-	-	99,607	1,03,168
adjustment on account of transition effect	16,887	24,307	2,810	-	44,004
<b>Balance as at 31 March 2015</b>	<b>38,70,569</b>	<b>2,88,204</b>	<b>71,111</b>	<b>99,607</b>	<b>43,29,491</b>
<b>Fixed assets (Continued)</b>					
Description	Computers	Office equipment	Furniture & fixtures	Vehicle	Total
<b>Net block</b>					
As at 31 March 2014	16,888	24,308	2,811	-	44,007
As at 31st March 2015	10,510	1	1	4,79,492	4,90,004

**Fixed assets - Intangible Assets**
**Note -9 (ii)**

Description	Software	Total
Balance as at 01 April 2013	1,04,000	1,04,000
Additions	-	-
Deduction	-	-
<b>Balance as at 31 March 2014</b>	<b>1,04,000</b>	<b>1,04,000</b>
Balance as at 01 April 2014	1,04,000	1,04,000
Additions	-	-
Deduction	-	-
<b>Balance as at 31 March 2015</b>	<b>1,04,000</b>	<b>1,04,000</b>
<b>Depreciation</b>		
Balance as at 01 April 2013	91,659	91,659
Depreciation for the year	4,936	4,936
Deduction	-	-
<b>Balance as at 31 March 2014</b>	<b>96,595</b>	<b>96,595</b>
Balance as at 01 April 2014	96,595	96,595
Depreciation for the year	-	-
adjustment on account of transition effect	7,404	7,404
<b>Balance as at 31 March 2015</b>	<b>1,03,999</b>	<b>1,03,999</b>
<b>Fixed assets (Continued)</b>		
Description	Computer	Total
<b>Net block</b>		
As at 31 March 2014	7,405	7,405
As at 31st March 2015	1	1

As at	As at
31.03.2015	31.03.2014

**Note 11**
**Deferred Tax**

a. Deferred Tax Liabilities		
Depreciation on Fixed Assets	26,572	(7,037)
b. Deferred Tax Assets		
Employee Benefits	96,839	76,892
<b>Net Deferred Tax Assets</b>	<b>1,23,411</b>	<b>69,855</b>

**Note 12**
**Long-Term Loans and Advances**
**(Unsecured, considered good)**

Deposits with Others	2,59,00,000	2,27,00,000
Advance Income Tax and Tax Deducted as source (Less: Provision for Taxation Rs.Nil (P.Y. Rs.2,87,153/-)	12,50,193	16,10,428
Staff Loan and Advances	7,99,277	6,73,381
Advances recoverable in cash or kind or for value to be received	10,584	10,384
<b>Total</b>	<b>2,79,60,054</b>	<b>2,49,94,193</b>

**Note 13**
**Trade Receivables**
**(Unsecured, considered good)**

Debts outstanding for a year exceeding 6 months from the date they are due for payment	-	-
Others	2,60,80,294	11,61,702
<b>Total</b>	<b>2,60,80,294</b>	<b>11,61,702</b>

**Note 14**
**Cash & Cash Equivalents**

Cash on Hand	11,734	11,940
Balance with Banks		
- Current Account	15,40,300	17,82,654
- Fixed Deposit with Banks*	-	10,00,000
<b>Total</b>	<b>15,52,034</b>	<b>27,94,594</b>

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

**Note - 10**

PARTICULARS	As at 31.03.2015	As at 31.03.2014
	Rs	Rs
<b>Non-Current Investments</b>		
<b>Non trade -At cost-Fully paid up (QUOTED)</b>		
<b>Investment in Equity Instruments of Other entities</b>		
40,75,000 Equity Shares of Rs.1/- each of Relaxo Footwear Ltd.	9,72,35,355	9,72,35,355
200 Equity Shares of Rs.10/- each of D Pharma Ltd.	1	1
500 Equity Shares of Rs.10/- each of Punjab Wireless Systems Ltd.	1	1
5 (P.Y. 1) Equity Shares of Rs.2/- each (P.Y. Rs. 10/- each) of Bank of Baroda	251	251
5000 Equity Shares of Rs.1/- each of Lanco Infratech Limited	1,66,198	166,198
200 Equity Shares of Rs.10/- each of UTI Master Plus 91	3,252	3,252
10,00,000 (P.Y. Nil) Equity Shares of Rs. 10 each of Surya Roshni Ltd.	10,90,00,000	-
4,50,000 Equity Shares of Rs.10/- Surana Industries Limited.	2,56,50,000	25,650,000
<b>Total Non-Current Investment</b>	<b>23,20,55,058</b>	<b>12,30,55,058</b>
Aggregate amount of quoted investments	23,20,55,058	12,30,55,058
Aggregate market value of quoted investments	2,78,25,08,008	1,22,06,51,162

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

	As at 31.03.2015	As at 31.03.2014
<b>Note 15</b>		
<b>Short Term Loans &amp; Advances</b> (Unsecured, considered good)		
Margin Deposit	5,08,00,000	15,98,00,000
Prepaid Expenses	4,13,070	7,25,672
Staff Loan and Advances	5,56,450	5,92,450
Advances recoverable in cash or kind or for value to be received	454	84,143
<b>Total</b>	<b>5,17,69,974</b>	<b>16,12,02,265</b>

	As at 31.03.2015	As at 31.03.2014
<b>Note 16</b>		
<b>Other Current Assets</b>		
Interest Accrued but not due	4,40,660	14,92,039
Others	1,48,682	1,33,668
<b>Total</b>	<b>5,89,342</b>	<b>16,25,707</b>

	As at 31.03.2015	As at 31.03.2014
<b>Note 17</b>		
<b>Revenue From Operations</b>		
Sale (Securities & Derivatives)	4,90,175	6,685
Income from Brokerage	66,09,443	31,95,503
<b>Total</b>	<b>70,99,618</b>	<b>32,02,188</b>

	As at 31.03.2015	As at 31.03.2014
<b>Note 18</b>		
<b>Other Income</b>		
Interest on Fixed Deposit	22,43,219	37,41,107
Dividend Income	20,39,388	16,30,033
Gain on Sale of Investment in Shares	3,21,000	-
Interest Income	92,863	-
Miscellaneous Income	27,174	19,058
Mise Provisions written back	51	39,379
<b>Total</b>	<b>47,23,695</b>	<b>54,29,577</b>

	As at 31.03.2015	As at 31.03.2014
<b>Note 19</b>		
<b>Operating Expenditure</b>		
SEBI Fees	3,33,610	3,56,152
V-Sat Charges	28,949	8,257
Transaction and Other NSE Charges	36,53,127	3,56,853
<b>Total</b>	<b>40,15,686</b>	<b>7,21,262</b>

	As at 31.03.2015	As at 31.03.2014
<b>Note 20</b>		
<b>Employee Benefit Expenses</b>		
Salaries and Wages	33,28,047	35,38,444
Staff Welfare Expenses	690	581
Contribution to Provident and other Funds	6,47,243	4,74,162
<b>Total</b>	<b>39,75,980</b>	<b>40,13,187</b>

	As at 31.03.2015	As at 31.03.2014
<b>Note 21</b>		
<b>Other Expenses</b>		
Rent	60,000	60,000
Rates & Taxes	96,959	1,04,988
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and professional Charges	9,29,170	1,20,800
Repair & Maintenance	5,376	24,481
Travelling and Conveyance	4,02,488	4,41,769
Insurance	4,788	4,391
Miscellaneous Expenses	15,758	14,701
Business Promotion	1,05,363	1,53,830
News Papers, Books & Periodicals	84,042	1,12,879
Communication Expenses	1,04,889	1,31,180
Printing & Stationery	8,648	2,679
Directors Sitting Fee	14,000	8,000
Auditors Remuneration		
- Statutory Audit fees	16,854	16,854
- Tax audit fees	5,618	5,618
- Certification fees	-	2,200
- Out of pocket expenses	20,000	20,000
<b>Total</b>	<b>19,33,953</b>	<b>12,84,370</b>

**22. Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous Year Rs. Nil).

**23. Contingent Liabilities: - Nil**

24. There is no amount due and payable to any enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, at the end of the financial Year.

25. Employee Benefits: In accordance with AS-15 - 'Accounting for Retirement Benefits', actuarial valuation was done in respect of defined benefit plan of gratuity and leave encashment.

**i) Defined Contribution Plans:**

Amount of Rs.4,16,975/- (Previous Year Rs.3,57,932/-) contributed to provident funds is recognised as an expense and included in Contribution to Provident & Other Funds under Employee Cost in the Statement of Profit and Loss.

**ii) Defined Benefit Plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service subject to a maximum payment of Rs. 10 lakhs. The gratuity plan is funded.

**Long Term Compensated Absences as per actuarial valuation as on 31.03.2015**

Actuarial Assumptions	Gratuity As at 31.03.2015	Gratuity As at 31.03.2014	(Amount in Rs.)	
			Leave Encashment As at 31.03.2015	Leave Encashment As at 31.03.2014
Discount rate (per annum)	8%	9%	8%	9%
Salary Growth Rate	5%	5%	5%	5%
Expected rate of return	9%	8.75%	NA	NA
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
<b>I. Expenses recognized in statement of profit and loss</b>				
Interest cost	1,54,287	1,36,250	19,907	21,053
Current service cost	96,285	97,387	16,752	14,084
Expected return on plan assets	(1,74,814)	(1,48,091)	-	-
Net actuarial loss/ (gain) recognized in the year	(2,70,265)	1,81,054	27,898	(20,216)
<b>Net expenses recognized</b>	<b>(1,94,507)</b>	<b>2,66,600</b>	<b>64,557</b>	<b>14,921</b>
<b>II. Net liability/(assets) recognized in the balance sheet at the year end</b>				
Present value of obligation at the end of period	19,08,890	19,28,583	3,13,396	2,48,839
Fair value of the plan asset at the end of period	22,15,809	18,79,177	-	-
Funded status [(surplus)/(deficit)]	(3,06,919)	49,406	(3,13,396)	(2,48,839)
<b>Net asset/(liability) as at 31.03.2015</b>	<b>3,06,919</b>	<b>(49,406)</b>	<b>(3,13,396)</b>	<b>(2,48,839)</b>
<b>III. Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of period	19,28,583	15,13,892	2,48,839	2,33,918
Interest cost	1,54,287	1,36,250	19,907	21,053
Current service cost	96,285	97,387	16,752	14,084
Benefits paid	-	-	-	-
Actuarial loss/ (gain) on obligations	(2,70,265)	1,81,054	27,898	(20,216)
<b>Present value of obligation at the year end</b>	<b>19,08,890</b>	<b>19,28,583</b>	<b>3,13,396</b>	<b>2,48,839</b>
<b>IV. Change in present value of fair value of plan assets</b>				
Fair value of plan assets as at the beginning of period	18,79,177	16,86,474	-	-
Expected return on plan assets	1,74,814	1,48,091	-	-
Contributions	1,61,818	44,612	-	-
Benefits paid	-	-	-	-
Actuarial loss/ (gain)	-	-	-	-
<b>Fair value of plan assets at the year end</b>	<b>22,15,809</b>	<b>18,79,177</b>	<b>-</b>	<b>-</b>

**26. Related Party Disclosure**

Followings are the related parties: -

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

Transactions during the year with the related parties: -

Nature of Transactions	Holding Company		Other Related Parties	
	As at 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
Remuneration to KMP	-	-	14,32,000/-	11,97,724/-
Brokerage earned	52,29,710/-	26,38,005/-	Nil	Nil
Reimbursement amount claimed	34,21,510/-	15,06,285/-	Nil	Nil
Rent and other charges paid	1,20,000/-	1,20,000/-	Nil	Nil
Payable to Holding Company at the year end	15,31,39,600/-	11,84,86,287/-	Nil	Nil

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

## 27. Calculation of Earning per share

Particulars	Equivalent No. of Shares Year ended 31.03.2015	Equivalent No. of Shares Year ended 31.03.2014
<b>Basic and diluted</b>		
Total Shares outstanding	1,50,00,000	1,50,00,000
Weighted Average of Shares	1,50,00,000	1,50,00,000
Profits after taxes	13,58,033/-	23,05,777/-
EPS (In Rs.)	0.09	0.15

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

As per our report of even date

**For Agiwal & Associates**

(F. R. N. 000181N)

Chartered Accountants

For and on behalf of the Board

<b>P.C. Agiwal</b> Partner Membership No. 080475 Place : New Delhi Date : 23/05/2015	<b>S.K. Agarwal</b> Managing Director DIN : 00106763	<b>K.K.Soni</b> Director DIN : 00106037	<b>Anurag Bhatnagar</b> Chief Financial Officer PAN : AAJPB6607R	<b>Surbhi Jain</b> Company Secretary M.No. : A35217
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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

	Amount in (Rs.)	
	As at 31.03.2015	As at 31.03.2014
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax	13,04,477	25,85,588
Adjustments for:-		
Dividend Income	(2,039,388)	(1,630,033)
Depreciation	1,03,168	20,656
Profit from sale of Fixed Assets	(321,000)	-
Gain on Sale of Investments	-	-
Provision for Leave Encashment	64,557	14,921
	<b>(2,192,663)</b>	<b>(1,594,456)</b>
<b>Operating Profit before Working Capital Changes</b>	<b>(888,186)</b>	<b>9,91,132</b>
Adjusted for:		
Trade Payables	2,42,94,204	15,22,73,986
Trade and Other Receivables	(23,882,228)	(128,112)
Short Term Loans and Advances	109,432,291	(124,725,859)
	<b>10,98,44,268</b>	<b>2,74,20,015</b>
<b>Cash Generated from Operations</b>	<b>10,89,56,082</b>	<b>2,84,11,147</b>
Less: Tax Payment	-	(287,153)
<b>Cash Flow from Operating Activities</b>	<b>10,89,56,082</b>	<b>2,81,23,994</b>
Prior Period Items	-	-
<b>Net Cash from Operating Activities</b>	<b>10,89,56,082</b>	<b>2,81,23,994</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Investments	(109,000,000)	(25,650,000)
Sale of Investments	321,000	0
Additions in Fixed Assets	(593,169)	(9,200)
Long Term Loans and Advances	(2,965,861)	(14,948,405)
Proceeds from Sale of Fixed Assets	-	-
Dividend Income	20,39,388	16,30,033
<b>Net Cash (used in)/ Generated from Investing Activities</b>	<b>(110,198,641)</b>	<b>(38,977,572)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share	-	-
Interest paid	-	-
<b>Net Cash (used in)/ Generated from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,242,559)</b>	<b>(10,853,578)</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>27,94,594</b>	<b>1,36,48,172</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>15,52,034</b>	<b>27,94,594</b>

As per our report of even date

**For Agiwal & Associates**

(F. R. N. 000181N)

Chartered Accountants

For and on behalf of the Board

<b>P.C. Agiwal</b> Partner Membership No. 080475 Place : New Delhi Date : 23/05/2015	<b>S.K. Agarwal</b> Managing Director DIN : 00106763	<b>K.K.Soni</b> Director DIN : 00106037	<b>Anurag Bhatnagar</b> Chief Financial Officer PAN : AAJPB6607R	<b>Surbhi Jain</b> Company Secretary M.No. : A35217
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**VLS ASSET MANAGEMENT LTD.**

REGD. OFF : 2nd FLOOR, 13, SANT NAGAR, EAST OF KAILASH,

NEW DELHI-110065, Ph: 011-46656666, FAX: 011-46656699

CIN: U74899DL1995PLC065812, email: vaml@vlsfinance.com

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors present the 20<sup>th</sup> Annual Report of your Company together with the Balance Sheet as at 31<sup>st</sup> March, 2015 and the Statement of Profit & Loss for the year ended on that date.

**Financial Results**

The Company has incurred a loss of Rs. 4385/- on account of administrative expenses incurred. No income was generated during the year under review. The accumulated losses of the Company, during the year under review, have exceeded 50% of its net worth. The Board has been advised that the Company, not being an Industrial Company, no reference to BIFR or other authorities is required to be made. The Company did not undertake any activity during the year under review. However, the Board is continuing efforts to identify suitable activity for operation keeping in view the means available. Accordingly the Company is being viewed as a going concern and the accounts have been prepared on the basis of the going concern assumption.

**Board Meetings**

During the year ended 31/03/2015, 4 (Four) Board Meetings were held with one meeting in every quarter on 21/05/2014, 23/08/2014, 08/12/2014, and 21/03/2015.

**Internal Financial Control Systems**

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

**Risk Management**

We encompass practices relating to identification, assessment, monitoring and mitigation of strategic, operational and external environment risks to achieve our key business objectives. We seek to minimize the adverse impact of risks to our business objectives and enable the Company to leverage market opportunities effectively.

**Dividend/Reserves**

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

**Directors**

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

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

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

**Contracts With Related Party**

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