

**VLS SECURITIES LIMITED**

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

Director's Report

To

The Members of **VLS Securities Limited**

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

Financial Summary

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

Dividend

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

Reserves

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

Operations

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

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

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

Future Outlook

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

Directors/Key Managerial Personnel**Directors**

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

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

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

Key Managerial Personnel

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

Internal Financial Control Systems

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

Meetings of Board of Directors

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

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

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

Audit Committee

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

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

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

Nomination and Remuneration Committee

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

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

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

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

Independent Directors

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

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

Annual Return Extract

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

Related Party

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

**Form No. AOC-2**

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

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

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

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

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

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

Directors' Responsibility Statement

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

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

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

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

Anti-sexual harassment mechanism

The detailed mechanism may be accessed at www.vlssecurities.com

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

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

Risk Management Policy

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

Nomination and Remuneration Policy**Title:**

This Policy shall be called **VLS_SEC_Nomination and Remuneration Policy.**

Objective:

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

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

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

Definitions:

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

Company means **VLS Securities Limited.**

Committee means Nomination and Remuneration Committee of Board of Directors

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

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

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

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

HR Department means the Human Resource Department of the Company.

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

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

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

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

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

Contents of the policy:

This Policy contains following:

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

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

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

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

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

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

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

(II) Qualifications, experience and positive attributes of Directors

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

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

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

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

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

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

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

(V) **Training of Independent Directors**

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

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

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

Interpretation:

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

Amendments:

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

Auditors

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

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

Auditors Report

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

Deposits

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

Subsidiary

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

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

Green Initiative in Corporate Governance:

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

Statutory Disclosures

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

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

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



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

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

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

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

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

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

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

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

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

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

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

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

Other Disclosures

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

Human Resources

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place : New Delhi

S.K. Agarwal

K.K. Soni

Date : 25/05/2016

Managing Director

Director

DIN: 00106763

DIN: 00106037

Annexure-A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

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


(ii) Shareholding of Promoters

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

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

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

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

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

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

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

(v) Shareholding of Directors & KMP

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

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

V INDEBTEDNESS

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

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

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

B. Remuneration to other directors:

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



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

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

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

appears from our examination of those books.

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

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

**D. C. Maheshwari
Partner**

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

Membership No. 009883

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

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

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

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

D. C. Maheshwari
Partner

Place : New Delhi
Date : 25th May, 2016

Membership No. 009883

Annexure – 'B' to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

D. C. Maheshwari
Partner

Place : New Delhi
Date : 25th May, 2016

Membership No. 009883


BALANCE SHEET AS AT 31ST, MARCH, 2016

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

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

As per our report of even date

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

For and on behalf of the Board

| | | | | |
|--|--|---|--|---|
| D.C. Maheshwari Partner Membership No. 009883 Place : New Delhi Date : 25/05/2016 | S.K. Agarwal Managing Director DIN : 00106763 | K.K.Soni Director DIN : 00106037 | Anurag Bhatnagar Chief Financial Officer PAN : AAJPB6607R | Surbhi Jain Company Secretary M.No. : A35217 |
|--|--|---|--|---|

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

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

As per our report of even date

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

For and on behalf of the Board

| | | | | |
|--|--|---|--|---|
| D.C. Maheshwari Partner Membership No. 009883 Place : New Delhi Date : 25/05/2016 | S.K. Agarwal Managing Director DIN : 00106763 | K.K.Soni Director DIN : 00106037 | Anurag Bhatnagar Chief Financial Officer PAN : AAJPB6607R | Surbhi Jain Company Secretary M.No. : A35217 |
|--|--|---|--|---|

NOTES FORMING PART OF FINANCIAL STATEMENTS
Note 1
Corporate Overview

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

Note 2
Significant Accounting Policies
a) Method of Accounting

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

b) Revenue Recognition

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

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

a) Fixed assets

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

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

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

c) Provision for Retirement Benefits
i. Defined Contribution Plans

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

ii. Defined Benefit Plans

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

iii. Short Term Employees Benefits

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

d) Investments

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

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

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

e) Taxation

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

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



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

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

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

b. Terms/rights attached to equity shares

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

c. Shares held by holding company

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

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

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

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

Fixed assets - Tangible Assets

Note -9 (i)

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

Note 4

Reserves & Surplus

SURPLUS IN STATEMENT OF PROFIT AND LOSS

As per Last Balance Sheet

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

Note 5

Long Term Provisions

| | | |
|---------------------------------|-----------------|-----------------|
| Provision for Employee Benefits | 4,19,812 | 3,05,324 |
| Total | 4,19,812 | 3,05,324 |

Note 6

Trade Payables

Related Party

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

Note 7

Other Current Liabilities

| | | |
|-----------------------|------------------|-----------------|
| Statutory Liabilities | 2,00,647 | 96,227 |
| Others Payables | 10,96,195 | 6,28,619 |
| Total | 12,96,842 | 7,24,846 |

Note 8

Short- Term Provisions

| | | |
|---------------------------------|---------------|--------------|
| Provision for Employee Benefits | 13,390 | 8,072 |
| Total | 13,390 | 8,072 |


NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

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

Note - 10

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

Note 11

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

Note 12

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

Note 13

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

Note 14

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

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

Note 15

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

Note 16

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

Note 17

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

Note 18

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

Note 19

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

Note 20

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

Note 21

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



NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)

- 22. Commitments:-**
Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous Year Rs. Nil).
- 23. Contingent Liabilities: - Nil**
- 24.** There is no amount due and payable to any enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006, at the end of the financial Year.
- 25.** Employee Benefits: In accordance with AS-15 - 'Accounting for Retirement Benefits', actuarial valuation was done in respect of defined benefit plan of gratuity and leave encashment.

i) Defined Contribution Plans:-

Amount of Rs.5,62,231/-(Previous Year Rs. 4,16,975/-) contributed to provident funds is recognised as an expense and included in Contribution to Provident & Other Funds under Employee Cost in the Statement of Profit and Loss.

ii) Defined Benefit Plans:-

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

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

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

26. Related Party Disclosure

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

Transactions during the year with the related parties: -

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

27. Calculation of Earning per share :-

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

28. Expenditure in Foreign Exchange:-

(Amount in Rs.)

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

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

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

As per our report of even date

For Agiwal & Associates

For and on behalf of the Board

(F. R. N. 000181N)

Chartered Accountants

| | | | | |
|--|--|---|--|---|
| D.C. Maheshwari Partner Membership No. 009883 Place : New Delhi Date : 25/05/2016 | S.K. Agarwal Managing Director DIN : 00106763 | K.K.Soni Director DIN : 00106037 | Anurag Bhatnagar Chief Financial Officer PAN : AAJPB6607R | Surbhi Jain Company Secretary M.No. : A35217 |
|--|--|---|--|---|

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

Amount (in Rs.)

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

As per our report of even date

For Agiwal & Associates

For and on behalf of the Board

(F. R. N. 000181N)

Chartered Accountants

| | | | | |
|---|--|---|--|---|
| D. C. Maheshwari Partner Membership No. 009883 Place : New Delhi Date : 25/05/2016 | S.K. Agarwal Managing Director DIN : 00106763 | K.K.Soni Director DIN : 00106037 | Anurag Bhatnagar Chief Financial Officer PAN : AAJPB6607R | Surbhi Jain Company Secretary M.No. : A35217 |
|---|--|---|--|---|