

**VLS SECURITIES LIMITED**

**Regd. Off : 2nd Floor, 13 Sant Nagar, East of Kailash,  
New Delhi-110065, Ph: 011-46656666, FAX: 011-46656699  
CIN: U74899DL1994PLC062123**

**email: [vlsec@vlsecurities.com](mailto:vlsec@vlsecurities.com), website: [www.vlsecurities.com](http://www.vlsecurities.com)**

**Director's Report**

To

The Members of **VLS Securities Limited**

Your Directors are pleased to present the 23<sup>rd</sup> annual report of your Company together with audited annual accounts for the year ended on 31<sup>st</sup> March, 2017.

**Financial Summary**

During the year under review, your Company generated revenue from operations of Rs. 79.46 lacs as against Rs. 31.46 lacs in the previous year. However, the other income has gone down to Rs. 54.84 lacs for the year under review as against Rs. 78.21 lacs in the previous year. The profit before tax of the Company stood at Rs. 2.89 lacs for the year under review as against the figure of Rs. 13.01 lacs in the preceding year. The Tax liability of Rs. 27.56 lacs for the current year has been arrived at based on applicable tax laws.

**Dividend /Reserves**

In view of loss incurred and in order to conserve resources, no dividend has been recommended and no amount has been proposed to be transferred to General Reserve.

**Operations**

Your Company earned brokerage of Rs. 29.40 lacs during the year under review, as compared to Rs. 31.46 lacs earned during the previous year. The Company is continuing its efforts to increase its retail broking business.

The Company is a Trading and Clearing Member in cash segment of The National Stock Exchange of India Ltd. ('NSE') besides being registered as Merchant Banker with Securities and Exchange Board of India (SEBI). It is also doing business in Future & Options segment as a Trading Member of NSE. The Company through its letter dated 9<sup>th</sup> March, 2016 had applied to SEBI for surrendering its Portfolio Management License, which has been accepted to by the SEBI and your Company's Portfolio Management registration is cancelled w.e.f. 17<sup>th</sup> May, 2016.

During the year, your Company has issued 1,50,00,000 equity shares of Rs. 10/- per share for cash at par on right's basis in the ratio of 1:1, the approval for which was taken in the Extraordinary General Meeting held on 25/06/2015. The in-principle approval for allotment of the aforesaid shares was obtained on 13/06/2016 from National Stock Exchange of India Ltd. ('NSE') in terms of Exchange's by laws for Stock Brokers. The allotment of shares was made in the Board meeting held on 19/07/2016 and the share certificates were issued on 08/09/2016. The other procedural formalities including payment of stamp duty to Delhi Government was completed by 16/03/2017. The present paid up capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores only).

**Future Outlook**

The global situation of financial markets has improved and the Indian economy has shown robust vigour. The Company is optimistic for the current financial year and is looking for new possibilities. The Merchant Banking Division of the Company is continuing to explore possibilities of making inroads on consultancy and similar fee based services.

**Directors/Key Managerial Personnel****Directors**

During the year under review, the Board of Directors on the recommendation of Nomination and Remuneration Committee had appointed Shri Vikas Mehrotra (DIN: 06476150) and Ms. Divya Mehrotra (DIN: 00006494) as Additional Directors and their tenure as Director of the Company is upto the ensuing Annual General Meeting. The proposal for their appointment will be considered at ensuing Annual General Meeting and details thereof have been set out in the notice of Annual General Meeting. Your Directors recommend appointment of Shri Vikas Mehrotra and Ms. Divya Mehrotra as Directors in order to have their continued guidance.

Shri K. K. Soni – 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.

**Key Managerial Personnel**

Ms. Surbhi Jain- Company Secretary & Compliance Officer has resigned w.e.f. 27/01/2017 and the Board, on the recommendation of the Nomination and Remuneration Committee in its meeting held on 8<sup>th</sup> March, 2017, has appointed Shri Iqbaljeet Singh Aujla, a qualified Company Secretary, having

membership no. A34144, as Secretary of the Company. Shri IJS Aujla is positioned as Group Member (Secretarial) in VLS Finance Ltd., the holding Company. Further, the Board also appointed Shri Ramesh Chandra Pandey as Compliance Officer of the Company in the same meeting w.e.f. 8<sup>th</sup> March, 2017 for the purpose of compliance under Regulations applicable to Stock Brokers and Merchant Bankers. Shri Ramesh Chandra Pandey is a law graduate and is working as Group Head- Secretarial in VLS Finance Ltd., the holding company.

**Internal Financial Control Systems**

The Company has in place proper and adequate systems 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 25/05/2016, 19/07/2016, 12/11/2016 and 08/03/2017 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. 2016-17
1	Shri P.K. Sharan	Elected as Chairman in all the meetings	4
2	Shri K.K. Goswami	Member	4
3	Shri K. K. Soni	Member	4
4	Shri T.B. Gupta	Member	3
5	Shri S.K. Agarwal	Member	4

**Audit Committee**

During the year, 2 meetings of the Audit Committee were held on 25/05/2016 and 12/11/2016 respectively. 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 members in the relevant period are as below:

S. No.	Name of Director	Whether Chairman/ Member	No. of meetings attended during F.Y. 2016-17
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, 3 meetings of the Nomination and Remuneration Committee were held on 25/05/2016, 12/11/2016 and 08/03/2017 respectively. The Nomination and Remuneration Committee consists of Shri P. K. Sharan, Shri R. K. Goswami and Shri K. K. Soni. Shri K. K. Soni is the Chairman of the Committee. 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. 2016-17
1	Shri K. K. Soni	Chairman	3
2	Shri R.K. Goswami	Member	3
3	Shri P.K. Sharan	Member	3

As per the provisions of section 178(2) of Companies Act, 2013, the nomination and remuneration committee carried out annual evaluation of each director's performance in its meeting held on 08<sup>th</sup> March, 2017.

**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, the chairman and the Board as a whole in its meeting held on 08<sup>th</sup> March, 2017 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 31<sup>st</sup> March 2017, 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 loss 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 31<sup>st</sup> March, 2017 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](http://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 or otherwise during the year under review and no complaints were pending as on 31/03/2017.

**Risk Management Policy**

The Company has developed and implemented a risk management policy for identification therein of elements of risk which in the opinion of the 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 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 provision or replace this Policy entirely with a new Policy."

**Auditors**

The term of the Statutory Auditors, M/s. Agiwal & Associates- Chartered Accountants (FRN: 000181N), will end at the forthcoming annual general meeting. Being subjected to compulsory retirement in terms of Section 139 of the Companies Act, 2013, the present Statutory Auditors would not be eligible for reappointment. M/s. Anil Pariek & Garg- Chartered Accountants, (FRN: 0676C) have given 'in principle consent to act as statutory auditors of the Company and have furnished a certificate that they are qualified under Section 139 of the Companies Act, 2013 ('Act') to act as Auditors of the Company, if appointed. In terms of Section 139 read with Companies (Audit and Auditors) Rules, 2014 the appointment of M/s Anil Pariek & Garg- Chartered Accountants as Statutory Auditors will be for a period of 5 years subject to their appointment being ratified by the members every year and other applicable compliances. Upon appointment, the tenure of Statutory Auditors will be from conclusion of this Annual General Meeting to the conclusion of 28<sup>th</sup> Annual General Meeting of the Company. Concurring to the recommendation of the Audit Committee, the Board of Directors have recommended their appointment. The Board may also be authorised 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**

The VLS International DMCC, the wholly owned subsidiary ("WOS") has been dissolved w.e.f. 24/06/2016. The Company does not have any other subsidiary

**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 31<sup>st</sup> March, 2017.

**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. 48,833.37

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, investing in securities and merchant banking; 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 Board's report has been made. (S.131(1))

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

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 Directors in its meeting held on

08<sup>th</sup> March, 2017.

There has been no change in the nature of business of Company during the year under review excepting that the Company had surrendered its registration for Portfolio Management Services.

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.

#### 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 as on 31/03/2017.

#### 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 : 28/07/2017**

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

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

### Annexure-A

#### FORM NO. MGT 9

#### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	600	600	0.004%	0	600	600	0.002%	-0.002%
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	29899400	29899400	99.665%	0.002%
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	14950000	14950000	99.667%	0	29900000	29900000	99.667%	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	14950000	14950000	99.667%	0	29900000	29900000	99.667%	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%
<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	50000	50000	0.333%	0	100000	100000	0.333%	0.000%
ii) Overseas	0	0	0	0.000%	0	0	0	0.00%	0.000%
b) Individuals	0	0	0	0.000%	0	0	0	0.00%	0.000%
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	0.000%	0	0	0	0.00%	0.000%
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	50000	50000	0.333%	0	100000	100000	0.333%	1.000%
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	0	50000	50000	0.333%	0	100000	100000	0.333%	1.000%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.000%	0	0	0	0.000%	0.000%
<b>Grand Total (A+B+C)</b>	0	15000000	15000000	100.000%	0	30000000	30000000	100.000%	1.000%


**(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	0.0007%	0.00	100	0.0003%	0.00	-0.0003%
3	Ms. Divya Mehrotra*	100	0.0007%	0.00	100	0.0003%	0.00	-0.0003%
5	Shri Harsh Consul*	100	0.0007%	0.00	100	0.0003%	0.00	-0.0003%
6	Shri Vikas Mehrotra*	100	0.0007%	0.00	100	0.0003%	0.00	-0.0003%
7	Shri Ramji Mehrotra*	100	0.0007%	0.00	100	0.0003%	0.00	-0.0003%
9	Shri K. K. Soni*	100	0.0007%	0.00	100	0.0003%	0.00	-0.0003%
10	VLS Finance Ltd.	14949400	99.6627%	0.00	29899400	99.6647%	0.00	0.0020%
	<b>Total</b>	14950000	99.6667%	0.00	29900000.00	99.6667%	0.00	0.0000%

\* 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
	VLS Finance Ltd.					
	At the beginning of the year	01/04/2016	14949400	99.663%	14949400	99.663%
1	At the end of the year	19/07/2016	14950000	99.667%	29899400	99.665%
		31/03/2017	29899400	99.665%	29899400	99.665%

There is no change in shareholding of other constituents of promoter group except as 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
1.	VLS Capital Ltd.					
	At the beginning of the year	01/04/2016	50000	0.333%	50000	0.1667%
		19/07/2016	50000	0.333%	50000	0.1667%
	At the end of the year	31/03/2017	100000	0.3333%	100000	0.3333%

**(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
	Shri K. K. Soni*					
	At the beginning of the year	01/04/2016	100	0.003%	100	0.003%
	At the end of the year	31/03/2017	100	0.003%	100	0.003%

\* 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
<b>Indebtness at the beginning of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	0	0	0.00	0.00
<b>Change in Indebtedness during the financial year</b>				
Additions	0	13,00,00,000	0.00	13,00,00,000
Reduction	0	-13,00,00,000	0.00	-13,00,00,000
<b>Net Change</b>	0	0	0.00	0.00
<b>Indebtedness at the end of the financial year</b>				
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
<b>Total (i+ii+iii)</b>	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	<b>Gross salary</b>	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
	<b>Total (A)</b>	0.00	0.00
	<b>Ceiling as per the Act per annum</b>	8400000.00	8400000.00

**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	16000.00	16000.00		32000.00
	(b) Commission	0.00	0.00		0.00
	(c) Others, please specify	0.00	0.00		0.00
	<b>Total (1)</b>	16000.00	16000.00		32000.00
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
	<b>Total (2)</b>	0.00	0.00	0.00	0.00
	<b>Total (B)=(1+2)</b>	16000.00	16000.00		32000.00
	<b>Total Managerial Remuneration</b>	N.A.	N.A.		
	<b>Overall Ceiling as per the Act. per meeting per Director</b>	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*	Shri IJS Aujla**	Shri Anurag Bhatnagar	Total
1	<b>Gross Salary</b>		<b>Company Secretary</b>	<b>Company Secretary</b>	<b>CFO</b>	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	N. A.	0.00	0.00	1673200.00	1673200.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	N. A.	0.00	15000.00	15000.00	15000.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	N. A.	0.00	0.00	0.00	0.00
2	Stock Option	N. A.	0.00	0.00	0.00	0.00
3	Sweat Equity	N. A.	0.00	0.00	0.00	0.00
4	Commission	N. A.	0.00	0.00	0.00	0.00
	as % of profit	N. A.	0.00	0.00	0.00	0.00
	others, specify	N. A.	0.00	0.00	0.00	0.00
5	Others, please specify	N. A.	0.00	0.00	1688200.00	1688200.00
	<b>Total</b>	N. A.	0	0.00	1688200.00	1688200.00

\* Till 27/01/2017

\*\* w.e.f. 08/03/2017

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

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

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

**INDEPENDENT AUDITOR'S 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, 2017, 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, 2017 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 (1) 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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, 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 31<sup>st</sup> March, 2017 on its financial position in its financial statements.
  - ii. The Company has made provision as at 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017.
  - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Financial Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 38 to the financial statements.

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

**P C. Agiwal  
Partner**

**Place : New Delhi  
Date : 3rd May, 2017**

**Membership No. 080475**

**ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT  
REFERRED TO IN OUR REPORT OF EVEN DATE**

**RE: VLS SECURITIES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

- 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 31.03.2017 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 31.03.2017.
- 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 any non-cash transactions with the directors or persons connected with him.
- xvi. The Company is not required to be registered under 45-IA of the Reserve Bank of India Act 1934.

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

**P C. Agiwal  
Partner**

**Place : New Delhi  
Date : 3rd May, 2017**

**Membership No. 080475**

#### **Annexure – 'B' to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **VLS SECURITIES LIMITED** ("the Company") as of 31 March 2017 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 2017, 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)**

**P C. Agiwal  
Partner**

**Place : New Delhi  
Date : 3rd May, 2017**

**Membership No. 080475**



## BALANCE SHEET AS AT 31ST, MARCH, 2017

Particulars	Note No	Amount (in Rs.)	
		As at 31.03.2017	As at 31.03.2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	30,00,00,000	15,00,00,000
(b) Reserves and Surplus	4	1,02,65,323	1,26,95,927
<b>Total 1</b>		<b>31,02,65,323</b>	<b>16,26,95,927</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Provisions	5	4,56,269	4,19,812
<b>Total 2</b>		<b>4,56,269</b>	<b>4,19,812</b>
<b>(3) Current Liabilities</b>			
(a) Trade Payables	6	2,18,00,221	7,05,00,822
(b) Other Current Liabilities	7	11,37,764	12,96,842
(c) Short-Term Provision	8	14,012	13,390
<b>Total 3</b>		<b>2,29,51,997</b>	<b>7,18,11,054</b>
<b>Total (1+2+3)</b>		<b>33,36,73,589</b>	<b>23,49,26,793</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
Tangible Assets	9 (i)	2,13,093	3,33,601
Intangible Assets	9 (ii)	1	1
(b) Non-Current Investments	10	21,32,17,231	12,30,55,058
(c) Deferred Tax Assets (Net)	11	2,03,190	1,66,774
(d) Long-Term Loans and Advances	12	89,35,615	2,00,48,307
<b>Total 4</b>		<b>22,25,69,130</b>	<b>14,36,03,741</b>
<b>(2) Current Assets</b>			
(a) Trade Receivables	13	-	9,15,924
(b) Cash and Cash Equivalents	14	6,81,09,373	21,98,732
(c) Short-Term Loans and Advances	15	4,20,59,005	8,74,84,968
(d) Other Current Assets	16	9,36,081	7,23,428
<b>Total 5</b>		<b>11,11,04,459</b>	<b>9,13,23,052</b>
<b>Total (4+5)</b>		<b>33,36,73,589</b>	<b>23,49,26,793</b>

Significant Accounting Policies and Notes forming part of accounts

1 to 31

As per our report of even date

For Agiwal & Associates

(F. R. N. 000181N)

Chartered Accountants

For and on behalf of the Board

P. C. Agiwal

S.K. Agarwal

K.K.Soni

Anurag Bhatnagar

IJS Aujla

Partner

Managing Director

Director

Chief Financial Officer

Company Secretary

Membership No. 080475

DIN : 00106763

DIN : 00106037

PAN : AAJPB6607R

M.No. : A34144

Place : New Delhi

Date : 03/05/2017

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No	For the	
		Year Ended 31.03.2017	Year Ended 31.03.2016
<b>I. Revenue from Operations</b>	17	<b>79,46,338</b>	<b>31,46,012</b>
<b>II. Other Income</b>	18	<b>54,84,013</b>	<b>78,21,473</b>
<b>III. Total Revenue (I+II)</b>		<b>1,34,30,351</b>	<b>1,09,67,485</b>
<b>IV. Expenses:</b>			
Purchase of Shares/Securities		5,000,000	-
Operating Expenses	19	6,91,431	12,76,512
Employee Benefit Expense	20	43,61,822	46,73,621
Depreciation and Amortization Expense		1,60,408	1,56,403
Finance Cost		15,14,521	-
Other Expenses	21	14,13,189	35,59,575
<b>Total Expenses (IV)</b>		<b>1,31,41,371</b>	<b>96,66,111</b>
<b>V. Profit/(Loss) before tax (III-IV)</b>		<b>2,88,980</b>	<b>13,01,374</b>
<b>VI. Less: Tax Expenses</b>			
(1) MAT/Current Tax		27,56,000	-
(2) Deferred Tax		(36,416)	(43,363)
(3) Earlier Year Adjustments		-	-
<b>VII. Profit After Tax</b>		<b>(24,30,604)</b>	<b>13,44,737</b>
Less: Adjustment of Tax Provision of Earlier Year		-	-
<b>VIII. Profit/(Loss) For The Year (V-VI)</b>		<b>(24,30,604)</b>	<b>13,44,737</b>
<b>VIII. Earning Per Equity Share (of Rs.10/- each)</b>			
Basic and Diluted		(0.08)	0.09

Significant Accounting Policies and Notes forming part of accounts

1 to 31

As per our report of even date

For Agiwal & Associates

(F. R. N. 000181N)

Chartered Accountants

For and on behalf of the Board

P. C. Agiwal

S.K. Agarwal

K.K.Soni

Anurag Bhatnagar

IJS Aujla

Partner

Managing Director

Director

Chief Financial Officer

Company Secretary

Membership No. 080475

DIN : 00106763

DIN : 00106037

PAN : AAJPB6607R

M.No. : A34144

Place : New Delhi

Date : 03/05/2017

## 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 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:**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

**2.1 Basis of preparation of financial statements**

The financial statements are prepared and presented under the historical cost convention except otherwise stated, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 ('the Act'), and the accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounts) Rules, 2014 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

**2.2 Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**2.3 Fixed assets and depreciation/amortization**

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 31.03.2017.

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

**2.4 Investments**

The investments of the Company in trade account or others, quoted or unquoted are long-term investments and valued at cost/book value. The Company has adopted the policy to recognize the permanent decline in the value of investments and provide accordingly. The Company follows "FIFO Method" for calculating the cost of each investment sold by the Company for arriving at the profit/loss.

**2.5 Inventories**

Inventories of shares are valued at cost or net realisable value whichever is lower. Cost includes all charges incurred for bringing the inventories to their present condition and location.

**2.6 Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are treated as direct cost and are considered as part of cost of such assets.

A qualifying asset is an asset that necessarily requires a substantial

period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed beyond reasonable time due to other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

## 2.7 Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the year end exchange rates. Exchange gains/losses are recognized in the profit and loss account. Exchange difference arising on settlement of Capital Liabilities is adjusted with Capital Assets.

Forward exchange contracts outstanding as at the period end on account of firm commitment/highly probable forecast transaction are marked to market and the resultant gain/loss is dealt in the statement of profit and loss.

## 2.8 Employee benefits:

### (a) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefit. These benefits include salaries and wages. The undiscounted amount of short term employee benefits to be paid in exchange for employee services are recognized as an expense as the related service is rendered by employees.

### (b) Post-employment benefits

#### Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The company makes specified monthly contributions towards provident fund. The Company's contribution is recognized as an expense in the statement of profit and loss during the period in which employee renders the related service.

#### Defined benefit plan:

The Company's gratuity benefit scheme is a defined benefit plan. This is funded with LIC. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

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

### (c) Long term employment benefits

The Company's net obligation in respect of long-term employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The

obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

### (d) Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of the assumption that such benefits are payable to the employees at the end of the accounting year.

## 2.9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

## 2.10 Taxation

Income tax expense comprises current income tax and deferred tax charge or credit. Current tax provision is made annually based on the tax liability computed in accordance with the provisions of the Income Tax Act, 1961.

The deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

## 2.11 Earnings per share (EPS)

The Basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

## 2.12 Provisions and contingent liabilities

Provisions are recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of amount of obligation.

Contingent liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company.

Accounting policies not specifically referred to are consistent with the accepted accounting practices.



	As at 31.03.2017	As at 31.03.2016
Amount (in Rs.)		
<b>Note 3</b>		
<b>Share Capital</b>		
Authorised	30,00,00,000	30,00,00,000
3,00,00,000 Equity Shares (Previous Year 3,00,00,000 Equity Shares) of Rs.10/- each	30,00,00,000	30,00,00,000
Issued, Subscribed & Paid up	30,00,00,000	15,00,00,000
3,00,00,000 Equity shares (Previous Year 1,50,00,000 Equity Shares) of Rs.10/- each, fully paid up in cash	30,00,00,000	15,00,00,000

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

Equity Shares	As at 31.03.2017		As at 31.03.2016	
	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	1,50,00,000	15,00,00,000	-	-
Outstanding at the end of the year	3,00,00,000	30,00,00,000	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 31.03.2017	As at 31.03.2016
VLS Finance Ltd. (including 600 shares held through its nominees)	2,99,00,000	1,49,50,000

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

	As at 31.03.2017		As at 31.03.2016	
	No. of shares	% of holding	No. of shares	% of holding
VLS Finance Ltd. (including 600 shares held through its nominees)	2,99,00,000	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 2015	38,81,079	2,88,205	71,112	579,099	48,19,495
Additions	-	-	-	-	-
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>38,81,079</b>	<b>2,88,205</b>	<b>71,112</b>	<b>579,099</b>	<b>48,19,495</b>
Balance as at 01 April 2016	38,81,079	2,88,205	71,112	5,79,099	48,19,495
Additions	39,900	-	-	-	39,900
Deduction	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>39,20,979</b>	<b>2,88,205</b>	<b>71,112</b>	<b>5,79,099</b>	<b>48,59,395</b>
<b>Depreciation</b>					
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	-	-	149,766	156,403
adjustment on account of transition effect	-	-	-	-	-
<b>Balance as at 31 March 2016</b>	<b>38,77,206</b>	<b>2,88,204</b>	<b>71,111</b>	<b>2,49,373</b>	<b>44,85,894</b>
Balance as at 01 April 2016	38,77,206	2,88,204	71,111	249,373	44,85,894
Depreciation for the year	10,642	-	-	1,49,766	1,60,408
adjustment on account of transition effect	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>38,87,848</b>	<b>2,88,204</b>	<b>71,111</b>	<b>3,99,139</b>	<b>46,46,302</b>
<b>Fixed assets (Continued)</b>					
Description	Computers	Office equipment	Furniture & fixtures	Vehicle	Total
<b>Net block</b>					
As at 31 March 2016	3,873	1	1	3,29,726	3,33,601
As at 31st March 2017	33,131	1	1	1,79,960	2,13,093

**Note 4**

**Reserves & Surplus**

**SURPLUS IN STATEMENT OF PROFIT AND LOSS**

**As per Last Balance Sheet**

		Amount (in Rs.)
Opening Balance	1,26,95,927	11,351,190
Less: Depreciation Transition Impact	-	-
Add: Profit for the year	(2,430,604)	13,44,737
<b>Total</b>	<b>1,02,65,323</b>	<b>12,695,927</b>

**Note 5**

**Long Term Provisions**

Provision for Employee Benefits	4,56,269	4,19,812
<b>Total</b>	<b>4,56,269</b>	<b>4,19,812</b>

**Note 6**

**Trade Payables**

**Related Party**

Holding Company	8,15,942	6,04,46,791
Others Payables	2,09,84,279	1,00,54,031
<b>Total</b>	<b>2,18,00,221</b>	<b>7,05,00,822</b>

**Note 7**

**Other Current Liabilities**

Statutory Liabilities	1,79,945	2,00,647
Others Payables	9,57,819	10,96,195
<b>Total</b>	<b>11,37,764</b>	<b>12,96,842</b>

**Note 8**

**Short- Term Provisions**

Provision for Employee Benefits	14,012	13,390
<b>Total</b>	<b>14,012</b>	<b>13,390</b>


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

<b>Fixed assets - Intangible Assets</b>		
<b>Note -9 (ii)</b>		
	<b>Amount (in Rs.)</b>	
<b>Description</b>	<b>Software</b>	<b>Total</b>
Balance as at 01 April 2015	1,04,000	1,04,000
Additions	-	-
Deduction	-	-
<b>Balance as at 31 March 2016</b>	<b>1,04,000</b>	<b>1,04,000</b>
Balance as at 01 April 2016	1,04,000	1,04,000
Additions	-	-
Deduction	-	-
<b>Balance as at 31 March 2017</b>	<b>1,04,000</b>	<b>1,04,000</b>
<b>Depreciation</b>		
Balance as at 01 April 2015	96,595	96,595
Depreciation for the year	-	-
adjustment on account of transition effect	7,404	7,404
<b>Balance as at 31 March 2016</b>	<b>1,03,999</b>	<b>1,03,999</b>
Balance as at 01 April 2016	1,03,999	1,03,999
Depreciation for the year	-	-
adjustment on account of transition effect	-	-
<b>Balance as at 31 March 2017</b>	<b>1,03,999</b>	<b>1,03,999</b>
<b>Fixed assets (Continued)</b>		
<b>Description</b>	<b>Computer</b>	<b>Total</b>
<b>Net block</b>		
As at 31 March 2016	1	1
As at 31st March 2017	1	1

**Note - 10**

<b>PARTICULARS</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
	<b>Rs</b>	<b>Rs</b>
<b>Non-Current Investments</b>		
<b>Non trade -At cost-Fully paid up (QUOTED)</b>		
<b>Investment in Equity Instruments of Other entities</b>		
81,50,000 (P.Y.81,50,000) 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. 5) Equity Shares of Rs.2/- 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. 4,50,000) Equity Shares of Rs.10/- Surana Industries Limited.	-	2,56,50,000
8,90,000 Equity Shares of Rs.2/- JK Tyre & Industries Limited	7,63,62,000	-
38,478 Equity Shares of Rs.10/- Visaka Industries Limited	53,46,518	-
3,00,000 Equity Shares of Rs.5/- Balasore Alloys Ltd.	55,65,000	-
23,000 Equity Shares of Rs.2/- Bombay Burmah Trading Corporation Limited	88,09,000	-
4,05,000 Equity Shares of Rs.10/- MBL Infrastructures Limited	1,97,29,655	-
<b>Total Non-Current Investment</b>	<b>21,32,17,231</b>	<b>12,30,55,058</b>
Aggregate amount of quoted investments	21,32,17,231	12,30,55,058
Aggregate market value of quoted investments	4,25,14,12,657	2,78,25,08,008

<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
-----------------------------	-----------------------------

**Note 11**

<b>Deferred Tax</b>	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
a. Deferred Tax Liabilities	-	-
b. Deferred Tax Assets		
Depreciation on Fixed Assets	57,873	32,915
Employee Benefits	1,45,317	1,33,859
<b>Net Deferred Tax Assets</b>	<b>2,03,190</b>	<b>1,66,774</b>

**Note 12**

<b>Long-Term Loans and Advances (Unsecured, considered good)</b>		
Deposits with Others	77,00,000	1,78,00,000
Advance Income Tax and Tax Deducted as source	7,09,353	14,10,979
Staff Loan and Advances	5,14,963	8,25,957
Advances recoverable in cash or kind or for value to be received	11,299	11,371
<b>Total</b>	<b>89,35,615</b>	<b>2,00,48,307</b>

**Note 13**

<b>Trade Receivables (Unsecured, considered good)</b>		
Debts outstanding for a year exceeding 6 months from the date they are due for payment	-	-
Others	-	9,15,924
<b>Total</b>	<b>-</b>	<b>9,15,924</b>

**Note 14**

<b>Cash &amp; Cash Equivalents</b>		
	<b>As at 31.03.2017</b>	<b>As at 31.03.2016</b>
Cash on Hand	31,095	5,142
Balance with Banks		
- Current Account	2,50,78,278	11,93,590
- Fixed Deposit with Banks*	4,30,00,000	1,000,000
<b>Total</b>	<b>6,81,09,373</b>	<b>21,98,732</b>

\* Fixed deposit with bank include deposits of Rs.3,10,00,0000 Lacs (Previous Year Rs. 10,00,000/-) with maturity of less than 12 months

**Note 15**

<b>Short Term Loans &amp; Advances (Unsecured, considered good)</b>		
Margin Deposit	4,08,00,000	8,58,00,000
Prepaid Expenses	6,31,040	9,55,039
Staff Loan and Advances	6,02,221	7,29,929
Advances recoverable in cash or kind or for value to be received	25,744	-
<b>Total</b>	<b>4,20,59,005</b>	<b>8,74,84,968</b>

**Note 16**

<b>Other Current Assets</b>		
Interest Accrued but not due	9,11,563	7,08,012
Others	24,518	15,416
<b>Total</b>	<b>9,36,081</b>	<b>7,23,428</b>

**Note 17**

<b>Revenue From Operations</b>		
Sale of Shares/Securities	5,006,205	-
Income from Brokerage	29,40,133	31,46,012
<b>Total</b>	<b>79,46,338</b>	<b>31,46,012</b>

**Note 18**

<b>Other Income</b>		
Interest on Fixed Deposit	46,99,580	21,40,603
Dividend Income	80,66,862	40,75,016
Loss on Sale of Investment in Shares	(7,737,682)	1,500,000
Interest Income	54,835	84,653
Miscellaneous Income	4,00,418	21,201
<b>Total</b>	<b>54,84,013</b>	<b>78,21,473</b>

**Note 19**

<b>Operating Expenditure</b>		
SEBI Fees	3,22,814	3,42,662
V-Sat Charges	23,950	1,14,731
Transaction and Other NSE Charges	3,44,667	8,19,119
<b>Total</b>	<b>6,91,431</b>	<b>12,76,512</b>

**Note 20**

<b>Employee Benefit Expenses</b>		
Salaries and Wages	36,78,700	37,28,500
Staff Welfare Expenses	440	565
Contribution to Provident and other Funds	6,82,682	9,44,556
<b>Total</b>	<b>43,61,822</b>	<b>46,73,621</b>

**Note 21**

<b>Other Expenses</b>		
Rent	60,000	60,000
Rates & Taxes	2,65,639	13,79,666
Electricity Charges	36,000	36,000
Office Maintenance	24,000	24,000
Legal and professional Charges	2,24,333	11,44,487
Repair & Maintenance	6,000	7,233
Travelling and Conveyance	2,82,996	3,93,067
Insurance	19,081	12,586
Miscellaneous Expenses	32,566	55,067
Business Promotion	1,35,161	1,12,888
News Papers, Books & Periodicals	1,11,007	1,24,723
Communication Expenses	1,33,942	1,35,079
Printing & Stationery	1,714	4,154
Directors Sitting Fee	32,000	22,000
Auditors Remuneration		
- Statutory Audit fees	23,000	22,900
- Tax audit fees	5,750	5,725
- Out of pocket expenses	20,000	20,000
<b>Total</b>	<b>14,13,189</b>	<b>35,59,575</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd..)**
**22. Commitments:-**

Estimated amount of contract s 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.6,02,656/- (Previous Year Rs. 6,03,824/-) 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 get s 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 31.03.2017**

(Amount in Rs.)

Actuarial Assumptions	Gratuity As at 31st March, 2017	Gratuity As at 31st March, 2016	Leave Encashment As at 31st March, 2017	Leave Encashment As at 31st March, 2016
Discount rate (per annum)	7.5%	8%	7.5%	8%
Salary Growth Rate	5%	5%	5%	5%
Expected rate of return	7.5%	8%	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	1,76,199	1,52,711	32,490	25,072
Current service cost	72,194	1,14,216	22,696	21,552
Expected return on plan assets	(2,01,760)	(1,96,218)	—	—
Net actuarial loss/ (gain) recognized in the year	7,373	1,81,540	(18,107)	73,182
<b>Net expenses recognized</b>	<b>54,006</b>	<b>2,52,249</b>	<b>37,079</b>	<b>1,19,806</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	26,25,264	23,49,322	4,70,281	4,33,202
Fair value of the plan asset at the end of period	29,12,066	26,90,130	—	—
Funded status [(surplus/(deficit))]	2,86,802	3,40,808	(4,70,281)	(4,33,202)
<b>Net asset/(liability) as at 31.03.2017</b>	<b>2,86,802</b>	<b>3,40,808</b>	<b>(4,70,281)</b>	<b>(4,33,202)</b>
<b>III. Change in present value of obligation during the year</b>				
Present value of obligation at the beginning of period	23,49,322	19,08,890	4,33,202	3,13,396
Interest cost	1,76,199	1,52,711	32,490	25,072
Current service cost	72,194	1,14,216	22,696	21,552
Benefits paid	—	—	—	—
Actuarial loss/ (gain) on obligations	27,549	1,73,505	(18,107)	73,182
<b>Present value of obligation at the year end</b>	<b>26,25,264</b>	<b>23,49,322</b>	<b>4,70,281</b>	<b>4,33,202</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	26,90,130	22,15,309	—	—
Expected return on plan assets	2,01,760	1,96,218	—	—
Contributions	—	2,86,638	—	—
Benefits paid	—	—	—	—
Actuarial loss/ (gain)	20,176	(8,035)	—	—
<b>Fair value of plan assets at the year end</b>	<b>29,12,066</b>	<b>26,90,130</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 Bhatnagar, Chief Financial Officer  
 : Ms. Surbhi Jain, Company Secretary ceased w.e.f. 27.01.2017  
 : Mr. IJS Aujla, Company Secretary w.e.f. 08.03.2017

Transactions during the year with the related parties: -

Nature of Transactions	Holding Company		Other Related Parties	
	As at 31st March 2017	As at 31st March, 2016	As at 31st March 2017	As at 31st March, 2016
Remuneration to KMP	-	-	16,88,200/-	17,73,095/-
Brokerage earned	23,63,763/-	30,15,348/-	Nil	Nil
Reimbursement amount claimed	49,19,145/-	46,55,552/-	Nil	Nil
Rent and other charges paid	1,38,000/-	1,37,100/-	Nil	Nil
Loan	13,00,000/-*	Nil	Nil	Nil
Payable to Holding Company at the year end	8,15,942/-	6,04,46,791/-	Nil	Nil

\*The outstanding loan was nil on 19/07/2016.

27. Calculation of Earning per share :-

Particulars	Equivalent No. of Shares	
	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Basic and diluted</b>		
Total Shares outstanding	3,00,00,000	1,50,00,000
Weighted Average of Shares	—	1,50,00,000
Profits after taxes	(24,30,604/-)	13,44,737/-
EPS (In Rs.)	(0.08)	0.09

28. Expenditure in Foreign Exchange:- (Amount in Rs.)

S No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Payment of Fees to Consultant	48,833.37	48,983.58
2	Payment of Registration Fees	—	1,61,273.31
3	Payment of Flexi Desk Fees (for office space)	—	3,08,303.33
	<b>Total</b>	<b>48,833.37</b>	<b>5,18,560.22</b>

29. The Expenses under the head 'Legal and Professional Charges' and 'Rates and Taxes' shown in Note no. 21 'Other Expenses' includes Rs.48,833.37 (Previous Year Rs. 9,47,286.91) & Rs. Nil (Previous Year Rs. 1,61,273.31) 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. The Income under the head 'Other Income' shown in Note no. 18 includes writing back of Unspent liabilities/ Unclaimed balance amounting to Rs.3,73,093/- (Previous Year Rs. Nil)

31. Details of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 as provided in the Table Below:

Particulars	Formula	Specified Bank Notes (SBNs)*	Other Denomination Notes **	Total
				Q
Closing Cash in hand as on 08/11/2016.	A	—	1,470	1,470
(+) Permitted Receipts:	B	—	1,40,000	1,40,000
(-) Permitted Payment :	C	—	15,050	15,050
(-) Amounts deposited in Banks	D	—	—	—
Closing Cash in Hand as on 30/12/2016.	E=A+B-C-D	—	1,26,420	1,26,420

\*Specified Bank Notes (Old Currency Note of Rs.1000 & Rs.500)

\*\* Other Denomination Notes (Rs.2000/Rs.500/Rs.100/Rs.10)

31. 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 : 03/05/2017	<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>IJS Aujla</b> Company Secretary M.No. : A34144
---	--	---	--	---



**Cash Flow Statement for the Year ended 31st March, 2017****Amount (In Rupees )**

	For the Year ended 31/03/2017		For the Year ended 31/03/2016	
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit before Tax		<b>2,88,980</b>		13,01,374
Adjustments for:-				
Dividend Income	<b>(80,66,862)</b>		(40,75,016)	
Depreciation	<b>1,60,408</b>		1,56,403	
Loss (Gain) on Sale of Investments	<b>77,37,682</b>		(15,00,000)	
Provision for Leave Encashment	<b>37,079</b>		1,19,806	
Finance Cost	<b>15,14,521</b>		-	
Interest on FD	<b>(47,54,414)</b>		(22,25,256)	
		<b>(33,71,586)</b>		(75,24,063)
<b>Operating Profit before Working Capital Changes</b>		<b>(30,82,606)</b>		(62,22,689)
<i>Adjusted for:</i>				
Trade Payables	<b>(4,88,59,679)</b>		(10,71,57,922)	
Trade and Other Receivables	<b>7,03,272</b>		2,50,30,284	
Short Term Loans and Advances	<b>4,54,25,962</b>	<b>(27,30,446)</b>	(3,57,14,994)	(11,78,42,632)
<b>Cash Generated from Operations</b>		<b>(58,13,052)</b>		(12,40,65,321)
Less: Tax Payment		<b>(27,56,000)</b>		-
<b>Cash Flow from Operating Activities</b>		<b>(85,69,052)</b>		(12,40,65,321)
Prior Period Items		-		-
<b>Net Cash from Operating Activities</b>		<b>(85,69,052)</b>		(12,40,65,321)
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Investments		<b>(14,89,23,849)</b>		-
Sale of Investments		<b>5,10,23,995</b>		11,05,00,000
Additions in Fixed Assets		<b>(39,900)</b>		-
Long Term Loans and Advances		<b>1,11,12,692</b>		<b>79,11,747</b>
Proceeds from Sale of Fixed Assets		-		-
Dividend Income		<b>80,66,862</b>		40,75,016
Interest on FD		<b>47,54,414</b>		22,25,256
<b>Net Cash (used in)/ Generated from Investing Activities</b>		<b>(7,40,05,786)</b>		<b>12,47,12,019</b>
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from Issue of Share		<b>15,00,00,000</b>		-
Interest paid		<b>(15,14,521)</b>		-
<b>Net Cash (used in)/ Generated from Financing Activities</b>		<b>14,84,85,479</b>		-
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>6,59,10,641</b>		<b>6,46,698</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>		<b>21,98,732</b>		15,52,034
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>6,81,09,373</b>		21,98,732

As per our report of even date.

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

**P.C.Agiwal**  
Partner  
Membership No.80475  
Place : New Delhi  
Date : 03/05/2017

For and behalf of the Board

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

**Anurag Bhatnagar**  
Chief Financial Officer  
PAN : AAJPB6607R

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

**IJS Auja**  
Company Secretary  
M.No. : A34144