

# VISAGAR FINANCIAL SERVICES LIMITED

20TH

ANNUAL REPORT

2012 – 2013

**VISAGAR FINANCIAL SERVICES LIMITED**  
**ANNUAL REPORT 2012 – 2013**

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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS :**

Shri Pramod N Goenka	:	Director
Shri Tilokchand M Kothari	:	Director
Shri Arvind G Desai	:	Independent Director
Shri Suranjan Upadhyay	:	Independent Director

**AUDITORS :**

M/S Sudhir M. Desai & Co.  
Chartered Accountants.  
Mumbai

**REGISTERED OFFICE :**

907-908, Dev Plaza, 9<sup>th</sup> Floor, Opp. Andheri Fire Station,  
S. V. Road, Andheri (W), Mumbai – 400 058.  
**[www.vfsl.org](http://www.vfsl.org)**

**REGISTRAR:**

Adroit Corporate Services (P) Ltd.  
19/20 , Jafferbhoy Industrial Estate, 1<sup>st</sup> floor, Makwana Road,  
Marol Naka, Andheri (East), Mumbai – 400 059.  
Tel.No. 2859 6060/2850 3748  
**[www.adroitcorporate.com](http://www.adroitcorporate.com)**

**ISIN NO. :**

**INE309H01012**

# **VISAGAR FINANCIAL SERVICES LIMITED**

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### **NOTICE**

**NOTICE** is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of VISAGAR FINANCIAL SERVICES LIMITED will be held at 1008/1009, Gold Crest Business Centre, L T Road, Borivali (W), Mumbai – 400092 on Monday the 30<sup>th</sup> September, 2013 at 10.30 a.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit & Loss Account of the Company for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suranjan Upadhyay who retires by rotation and being eligible, offers himself for re-appointments.
3. To appoint M/s. Sudhir M Desai & Co., Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors.

By Order of the Board  
For Visagar Financial Services Limited  
Sd/-  
**Arvind Desai**  
Director

Place : Mumbai  
Date : 14.08.2013

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#### **NOTES**

- 1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself, and proxy so appointed need not be a member of the company. In order to be effective, proxy form must be lodged with the company not less than 48 hours before the commencement of the meeting.**
- 2 The register of members and the share transfer books of the Company will remain closed from 26.09.2013 to 30.09.2013 (both days inclusive).
- 3 Members are requested to bring their copy of the Annual Report along with them as copies of the same will not be distributed at the meeting.
- 4 Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
- 5 Members/Proxies are requested to produce the Attendance Slip at the entrance of the Hall.
- 6 Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.
- 7 Your Company has implemented the Green Initiative as per the Ministry of Corporate Affairs ("MCA") Circular Nos. 17/2011 and 18/2011 dated April 21,2011 and April 29,2011, respectively, which allows the Company to serve all notices/ documents and annual reports to its shareholders through an electronic mode. Henceforth, the email addresses registered by the shareholders : (a) in respect of shareholding in demat mode - with the respective Depository Participant which will be periodically downloaded from NSDL / CDSL, and (b) in respect of physical holding - through a written request letter to the Registrar and Transfer Agent of the Company M/s. Adroit Corporate Services Private Limited; will be deemed to be the registered email address for serving all notices / documents including those covered under Section 219 read with Section 53 of the Companies Act. Members are therefore requested to keep their email addresses updated in case of electronic holding with their respective Depository Participant and in case of physical holding with the Registrar and Transfer Agent of the Company. The Annual Report of your Company for the Financial Year 2012-13 is displayed on the website of the Company i.e. [www.vfsl.org](http://www.vfsl.org). As a member of the Company you will be entitled to be furnished, free of cost, an Annual Report of the Company upon receipt of a written request from you at anytime.

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- 8 At the ensuing Annual General Meeting Shri Suranjan Upadhyay, is proposed to be appointed as a Director the detail as required under Clause 49 of the Listing Agreement is given as below:

Name	Age	Educational Qualification	Experience	No. of shares held
Shri SuranjanUpadhyay	47	Chartered Financial Analyst , Company Secretary, Cost and Works Accountant, Post Graduate from Lucknow.	Very vast experience in the field of Financial Management, Secretarial Functions, Taxation, Accounts and Administration. He is also specialized in Strategic planning and Merger & Amalgamation	NIL

By Order of the Board  
For Visagar Financial Services Limited  
Sd/-  
**Arvind Desai**  
Director

Place : Mumbai  
Date : 14.08.2013

# **VISAGAR FINANCIAL SERVICES LIMITED**

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### **DIRECTORS REPORT**

To,  
THE MEMBERS,  
**VISAGAR FINANCIAL SERVICES LIMITED.**

### **FINANCIAL RESULTS**

The financial highlights of the Company, for the year ended are summarized below.

(Rs. in Lac)

	For the year ended	
	31st March, 2013	31st March, 2012
Total Revenue	41.60	29.38
Less: Total Expenses	25.32	20.00
Profit/ (loss) before tax	16.27	9.38
Deferred Tax Liability/(Assets)	0.05	0.04
Less: Income Tax / Provision	4.72	3.27
Profit/ (loss) after Tax	11.51	6.07
Brought forward loss from previous year	35.94	29.87
Surplus/(deficit) carried to Balance sheet	47.45	35.94

### **OPERATIONS**

During the year under review your company has earned a gross income of Rs. 41.60 Lacs for the financial year 2012-13, as compared to Rs.29.38 Lacs in the previous year, recoding a increase of Rs. 12.22 Lacs. After considering total expenses of the company has managed profit before tax of Rs. 16.27 Lacs and the Company has managed profit after tax for the current year is Rs. 11.51 Lacs, which is 89.62% more compare to previous year. In coming year company is confident to implement its dream project.

### **PUBLIC DEPOSITS**

Your Company has not accepted any Deposits within the meaning of Section 58A of Companies Act, 1956 and Rules made there under.

### **DIRECTORS**

In accordance with the requirements of the Companies Act 1956, Shri Suranjan Upadhyay will retire by rotation and, being eligible offered himself for re-appointment, which is proposed in the Notice of the ensuring Annual General Meeting.

### **AUDITORS**

Mr. Sudhir M Desai., Chartered Accountant, the Auditor of the Company, will retire at the conclusion of the ensuing Annual General Meeting and, being eligible; offer themselves for re-appointment to hold the office till the conclusion of the next Annual General Meeting.

The company has received the letter from auditor to the effect that their appointment would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

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### **DEMATERIALIZATION OF SHARES**

Your Company has connectivity with the National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) for dematerialization of its Equity Shares. The ISIN No. INE309H01012 has been allotted for the Company Shares. Therefore, the members and/or investors may keep their shareholdings in the electronic mode with their Depository Participant.

### **LISTING OF SHARES**

Equity shares of the Company are listed with The Ahmedabad Stock Exchange (Regional) and The Bombay Stock Exchange Limited, Mumbai. The Listing fees for Ahmedabad Stock Exchange Limited is pending.

### **PARTICULARS OF EMPLOYEES**

None of the employees are paid remuneration exceeding the limit laid down under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your directors hereby confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31.3.2013 and of the Profit or Loss of the Company for that period;
- (iii) That to the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That they have prepared the annual accounts on a going concern basis.

### **CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO**

Information as per section 217(1)(e) read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are not applicable to the Company.

There are no transaction involving any foreign exchange earning & outgo.

### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORTS**

As required by the clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange, a detailed Report on the Corporate Governance, along with the certificate of Auditor on its compliance, is attached in this Annual Report elsewhere.

The Company is in full compliance with the requirements and disclosures that have to be made in this regard.

The Management Discussion and Analysis Report are also appearing in this Annual Report elsewhere and both the aforesaid Reports are incorporated as reference herein.

The Board of Directors of the Company adopted a Code of Conduct and posted the same on Web site. The Directors and Senior Management Personnel have affirmed their compliance with the said code.

### **AUDIT COMMITTEE**

The Audit Committee has been constituted by the Company pursuant to section 292(A) of the Companies Act, 1956 and under Clause 49 of the Listing Agreement.

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#### **ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Banks, Government Authorities, Suppliers, Customers and all the local authorities.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the employee of the company.

For and on behalf of the Board of Directors

Sd/-

**(Arvind Desai)**

Director

Place: - Mumbai

Dated: - 14.08.2013



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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **VISAGAR FINANCIAL IN 2012-2013 – BUSINESS & FINANCIAL PERFORMANCE**

##### **Visagar Financial services Limited (VFSL)**

The Parent Company being a registered NBFC with RBI has been primarily engaged in the business of investing in securities of listed and unlisted companies. The investment portfolio of your Company is diversified across various sectors such as Financial Services, Education, Real Estate, among others.

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Act. The management has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit / loss for the year.

The following discussions on our financial condition and result of operations should be read together with our audited financial statements and the notes to these statements included in the Annual Report.

##### **Macroeconomic Overview**

###### **Indian Economic Environment**

Economic activities in India in 2012-13 remained weak due to both domestic and global factors. The slowdown in the global growth along with continued recession in the Euro zone hurt sentiment. However, steady monetary easing, aided by fiscal austerity measures in developed economies helped to revive global growth towards the end of the year. India's GDP (Gross Domestic Product) growth decelerated continuously and steeply, moving from 9.2 per cent in the fourth quarter of 2010-11 to 4.5 per cent in third quarter of 2012-13, its slowest pace in four years.

###### **GDP Growth**

The GDP growth in the first nine months of 2012-13 was 5 per cent as compared to 6.6 per cent in the corresponding period in previous year. The slowdown in growth was broadbased across sectors. The manufacturing sector production fell from 3.6 per cent to 1.2 per cent. The growth slowdown was primarily due to the weakness in industrial activity aggravated by domestic supply bottlenecks, slowdown in the services sector reflecting weak external demand, high interest rates and low level of capital investments due to drop in overall demand. RBI expects a modest improvement in growth at 5.7 per cent in 2013-14 with a pick-up likely only in the second half of the year.

###### **Industrial Production**

In 2012-13, the Index of Industrial Production (IIP) grew at 0.9 per cent compared to 3.5 per cent in 2011-12 due to supply constraints (particularly in infrastructure), rising input costs and lower external and domestic demand.

Current Account Deficit (CAD) Imbalance in the external accounts was one of the primary concerns for investors and regulators alike, in 2012-13. CAD to GDP ratio widened to an all-time high of 6.7 per cent in the third quarter of 2012-13.

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Although, non-oil and non-gold imports have moderated in the last few months and decline in the global prices of gold and oil provided temporary relief in the last quarter, structural impediments still remain. The government has already taken a range of initiatives to attract capital flows into the country to finance the large CAD, including liberalisation of FDI limit in various sectors, policy reforms to attract inflows from foreign investors, relaxation of FII debt limit, sharp cut in withholding tax to 5 per cent from 20 per cent on investments in domestic debt etc.

#### **Inflation and Interest Rate**

The headline wholesale price index (WPI) inflation moderated to an average of 7.3 per cent in 2012-13 from 8.9 per cent in 2011-12. WPI inflation of 6.0 per cent in March 2013 was the lowest in the last three years - much lower than RBI's expectation of 6.5 per cent. A combination of factors such as correction in the global commodity prices including oil and gold, range bound exchange rate and erosion of pricing power helped ease inflation pressure in last quarter of 2012-13. But fuel inflation averaged in double digits in 2012-13, largely due to upward revisions and deregulation of administered prices and the pass through of high international crude prices.

The retail inflation (CPI) still persists in double digits and remains a key concern. RBI expects the inflation to ease in the first half of the year on subdued pricing power of domestic producers and expected lower global commodity prices. However, upside risks to inflation in the near term are still significant in view of sectoral demand supply imbalances, the ongoing correction in diesel prices, incorporation of high coal, electricity prices and pressures from increases in minimum support prices. Inflation could inch upwards in the second half partly due to base effects and a reduction in the output gap. RBI expects WPI to be rangebound around 5.5 per cent during 2013-14. RBI will endeavour to bring inflation to a level of 5.0 per cent by March 2014.

RBI reduced policy interest rate and the statutory liquidity ratio (SLR) by 100 basis points in 2012-13. Also, the cash reserve ratio (CRR) was decreased by 75 basis points. The calibrated reduction in the policy rates and other liquidity easing measures were aimed at stemming the slowdown in growth, restraining inflationary pressures and stimulating demand. Muted growth and softening inflation provided the space for RBI for a third consecutive rate cut in May. However, in its forward guidance, RBI remained cautious and indicated that there is little space for further monetary easing.

#### **About Visagar Financial Services Limited**

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#### **Regulatory risk**

As a non-deposit taking NBFC, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Also, as the Company operates in various lines of businesses, it is governed by different Indian regulators across these businesses. Their laws and regulations impose numerous requirements on the Company, including asset classifications and prescribed levels of capital adequacy, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

#### **Economic risk**

Any slowdown in economic growth in India could cause the business of the Company to suffer. Recently, the growth in industrial production has been variable. Any slowdown in the Indian economy, and in particular in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. VFSL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.