

VIJAY GROWTH FINANCIAL SERVICES LIMITED



Annual Report

2000 - 2001

31 AUGUST 2001 21:11:56

Vijay Growth Financial Services Limited**BOARD OF DIRECTORS**

| | |
|------------------------|------------------------|
| Mr. D.B. Reddy | Managing Director |
| Mr. P.V. Bhide, I.A.S. | APIDC Nominee Director |
| Mr. Sarath Naru | Director |
| Mr. M.S. Rama Krishna | Director |
| Mr. D.S. Sandeep | Director |

AUDIT COMMITTEE

| | |
|------------------------|----------|
| Mr. Sarath Naru | Chairman |
| Mr. P.V. Bhide, I.A.S. | Director |
| Mr. M.S. Rama Krishna | Director |

GENERAL MANAGER (FIN.) & COMPANY SECRETARY

Mr. K. Rajamohan Setty

REGISTERED OFFICE

302, Classic Court,
Erramanzil Colony,
Somajiguda, Hyderabad - 500 082.
Phone: 040-3321984/988, 3325884/885, Fax: 3322028
E.mail : vijaygrowth@tatanova.com

SHARE REGISTRARS**(Depository Transfer Agents)**

M/s. Sathguru Management Consultants Pvt. Limited
Plot No. 15, Hindi Nagar,
Punjagutta, Hyderabad- 500 034.
Phone: 040-3354042, 3356507, 3350586

AUDITORS

M/s. A.M. Reddy & Co.,
Chartered Accountants,
10-5-6/B, "My Home Plaza",
103, II Floor, Masab Tank,
Hyderabad- 500 028.
Phone: 040-3316426, 3316912

BANKERS

HDFC Bank Limited
ICICI Bank Limited
Bank of Bahrain & Kuwait B.S.C.

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Shareholders are advised that the Company has discontinued the practice of distribution of gifts to the shareholders at the Annual General Meeting.



NOTICE

Notice is hereby given that the **Fourteenth Annual General Meeting** of the members of the Company will be held on Friday the 28th September, 2001 at 3.00 p.m. at Jubilee Hills International Centre, Road No. 14, Jubilee Hills, Hyderabad- 500 033, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the year ended as on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. M. S. Rama Krishna, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the reappointment of Mr. D. B. Reddy, as the Managing Director of the Company for a period of 5 years with effect from 25th September, 2001 upon the terms and conditions as stated in the explanatory statement attached to the notice convening the Annual General Meeting.

By order of the Board

Registered Office

302, Classic Court
Erramanzil Colony,
Hyderabad- 500 082.

K. Rajamohan Setty
G.M. (Fin.) & Co. Secy.

Dated: 24th August, 2001

Vijay Growth Financial Services Limited**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective, should be lodged at the Company's Registered Office at least 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2001 to 28th September, 2001 (both days inclusive)
4. Members seeking any information with regard to accounts are requested to write to the Company immediately so as to enable the management to keep the information ready.
5. Members are once again requested to note that with effect from 29th April, 2001, the Company's shares were placed under Compulsory Electronic Trading List for all class of Investors.
6. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in regard to the business as set out in Item No. 4 above is annexed hereto.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 4:**

The term of Mr. D. B. Reddy as Managing Director of the Company expires on 24th September, 2001 and the Board of Directors have at their meeting held on 24th August, 2001 reappointed him as Managing Director of the Company for a further period of 5 years with effect from 25th September, 2001 subject to the approval of the shareholders at the ensuing Annual General Meeting, pursuant to the Schedule XIII of the Companies Act, 1956.

Mr. D.B. Reddy, Managing Director of the Company, is associated with the Company from the incorporation of the Company and one of the main promoters. He is a Management Graduate (MBA) and a Certified Associate of Indian Institute of Bankers (CAIIB). He has more than 25 years experience in the financial sector. Since he assumed office of the Managing Director he is looking after the day to day affairs of the Company, under the supervision of the Board. He holds Directorships in APIDC Venture Capital Limited, Vijay Apparels Limited, Chola Securities Private Limited, Dynam Venture East Private Limited, CST 2000 India Private Limited, Net e-Solutions India Private Limited and Etiam Softech Private Limited.

The remuneration proposed to be paid to Mr. D. B. Reddy is stated hereunder:

- a. Salary : Rs. 24,000/- (Rupees Twenty Four Thousand only) per month, with liberty to the Board of Directors to increase the salary upto a sum not exceeding Rs. 75,000/- (Rupees Seventy Five Thousand only) per month. However, the salary shall be within the overall limits as set out under Schedule XIII to the Companies Act, 1956 and any amendment thereto.

- b. Perquisites :

Category A :

- i) **Medical Reimbursement** : Medical expenses will be paid by the Company for Mr. D.B. Reddy and his family, viz. Wife, dependent children and dependent parents, subject to a ceiling of one month salary in a year.

Karvy Growth Financial Services Limited

ii) **Club Fees** : Payment of club fees subject to a maximum of two clubs, which will not include admission and life membership fees.

iii) **Personal Accident Insurance** : A policy will be taken by the Company subject to a maximum premium of Rs.5,000/- per annum.

CATEGORY B :

i) **Provident Fund** : Company's contribution to Provident Fund as per the prevailing Rules.

ii) **Gratuity** : Payment of gratuity at half month's salary, for each completed year of service

iii) **Leave Encashment** : Encashment of leave at the end of the tenure as per the rules of the Company

CATEGORY C :

i) **Telephone** : Provision of a telephone at residence for the purpose of Company's business.

ii) **Car** : Provision of car with Driver for use on Company's business.

Minimum remuneration : In the event of loss or inadequacy of profits in any financial year, notwithstanding anything to the contrary herein contained, the appointee shall be paid the above remuneration as Minimum Remuneration subject, however to the overall limits as per provisions contained in Schedule XIII as amended or any statutory modification or re-enactment thereof from time to time.

As per Schedule XIII under the Companies Act, 1956, the appointment / reappointment of Managing Director by the Board shall be approved at the General Meeting of the members of the Company. Hence, the Resolution is being placed before the members for their consideration and approval.

Your Directors recommend that this resolution be passed as an Ordinary Resolution. None of the Directors of the Company is interested or concerned except Mr. D.B. Reddy and Mr. D.S. Sandeep in the said resolution.

By order of the Board

Registered Office

302, Classic Court
Erramanzil Colony,
Hyderabad- 500 082.

K. Rajamohan Setty
G.M. (Fin.) & Co. Secy.

Dated: 24th August, 2001

Additional Information on Director Retiring and Seeking Re-appointment

Mr. Rama Krishna is one of the co-promoters of the Karvy group of companies. M/s. Karvy Consultants Limited, is now the largest and Number One company in Registrars and Share Transfer Agents in the country. He has varied experience in Banking, Stock Broking and allied activities. He holds Directorships in M/s. Karvy Consultants Limited, M/s. Karvy Securities Limited, M/s. Karvy Stock Broking Limited and M/s. East India Petroleum Limited.



DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in placing before you their Fourteenth Annual Report and Accounts for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

| Particulars | 2000-2001 | 1999-2000 |
|---|-----------|-----------|
| Total Income | 112.37 | 224.89 |
| Total Expenditure | 69.18 | 60.08 |
| Profit before Interest and Depreciation | 43.19 | 164.81 |
| Interest | 26.72 | 46.82 |
| Depreciation | 15.96 | 20.69 |
| Profit after Interest and Depreciation | 0.51 | 97.30 |
| Provision for Taxation | 0.00 | 8.32 |
| Net Profit | 0.51 | 88.98 |

REVIEW OF OPERATIONS

During the year under review the operations of the company have been effected by the bearish conditions prevalent in the Indian and Overseas Bourses. The globalization effects were having direct impact on several sectors of the Indian Economy, which is evident in the performance of the various sectors. Especially the U.S. economy slow down had caused major impact on software industry, which is one of the major foreign exchange earners of the country in the recent past. The bull phase, which the world wide markets experienced during 1999- 2000 caused revival of the Indian Bourses after a long time, however, due to various factors bearish conditions taken over the situation and caused major losses to all those who are associated with the Stock Markets. As you are well aware that, your company solely engaged in the bourses, the performance of the company depicts conditions that were prevailing in the Stock Markets.

FUTURE PROSPECTS

As all of you are aware and accept, the stock markets are barometers of the economy, the country can not afford to have gloomy conditions for long time. Several entities are directly or indirectly interested in the Stock Markets, be it Public Sector or Private Sector for fund raising for starting new ventures, expansion of existing business etc., Government for avenues to collect various taxes, opportunity to the investor community to participate in the capital of the corporates and so on and so forth. In the given background your Directors are hopeful that the revival in the capital markets are imminent and future will be bright.

FIXED DEPOSITS

The Company do not have any outstanding deposits as on the date of balance sheet and decided not to accept any deposits from the Public.

RBI PRUDENTIAL NORMS

Though your Company stopped Leasing, Hire-purchase and Bill Discounting activities, your Company continues to follow the norms prescribed for recognition of Income, asset classification and provisioning for the past transactions. Accordingly during the year only realized incomes are taken into account while preparing the financial statements. Further your Company made a provision for doubtful debts to the extent of Rs. 2.27 lakh.

CORPORATE GOVERNANCE

Your Company and its Board of Directors are committed to achieving the standards of Corporate Governance.



The Board constituted an Audit Committee of Directors on 28th April, 2001. The functions of Audit Committee includes overseeing the financial reporting process, ensuring proper disclosure of financial statements, discussing with Auditors of the Company on the scope of audit and adequacy of internal control systems, reviewing financial statements before submission to the Board and also to function as investigating authority on any matter referred by the Board.

The Audit Committee comprises of 3 independent non-executive Directors. Mr. Sarath Naru is the Chairman of the Committee and Mr. P.V. Bhide and Mr. M.S. Rama Krishna are the other Committee Members.

The Audit Committee met on 24th August, 2001 and reviewed financial statements before submitting to the Board without making any remarks.

PARTICULARS OF EMPLOYEES

There is no employee in the Company, particulars of whom are required to be furnished under Section 217(2A) of the Companies Act, 1956.

INFORMATION PURSUANT TO SECTION 217(1) (E) OF THE COMPANIES ACT, 1956, READ WITH (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

Since the Company is engaged in Financial Services activities the particulars do not arise.

DIRECTORS

Mr. M.S. Rama Krishna, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors commend for passing the resolution.

AUDITORS

The Company's Auditors M/s. A.M. Reddy & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2001 and of the profit of the Company for the said period.
- iii) proper and sufficient care has been taken 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.
- iv) The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the valuable support extended by the fellow Members of Stock Exchanges, HDFC Bank Limited, ICICI Bank Limited, Bank of Bahrain and Kuwait B.S.C and APIDC Limited. Your Directors also record their appreciation for the valuable services rendered by all levels of employees.

For and on behalf of the Board

Place : Hyderabad
Dated : 24th August, 2001

D.B. Reddy
Managing Director