

VIJAY GROWTH FINANCIAL SERVICES



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15th
ANNUAL REPORT 2001 - 02

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

Mr. D.B. Reddy
Mr. P.V. Bhide, I.A.S.
Mr. Sarath Naru
Mr. M.S. Rama Krishna
Mr. D.S. Sandeep
Mr. S. Srinivasa Rao

Managing Director
APIDC Nominee Director
Director
Director
Director
Alternate Director
(from 24-08-2001 to 28-06-2002)

AUDIT COMMITTEE

Mr. Sarath Naru
Mr. P.V. Bhide, I.A.S.
Mr. M.S. Rama Krishna

Chairman
Director
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: 040-3322028

SHARE REGISTRARS**(Depository Transfer Agents)**

M/s. Sathguru Management Consultants Pvt. Limited
Plot No. 15, Hindi Nagar,
Panjagutta, 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 **Fifteenth Annual General Meeting** of the members of the Company will be held on Monday the 30th September, 2002 at 11.00 a.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, 2002 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. Sarath Naru, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

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 28th September, 2002 to 30th September, 2002 (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.

Additional Information on Director Retiring and Seeking Re-appointment

Mr. Sarath Naru: B. Tech (IIT) and M.B.A. from University of Chicago. Presently with APIDC Venture Capital Limited in the capacity of Managing Director. He is also on the Boards of M/s. Inteq Software Limited, M/s. Dynam Venture East Private Limited, M/s. Ocean Sparkle Limited, and M/s. Naras Leathers Private Limited. He has vast experience in the fields of Venture Capitals, Investment Banking, Manufacturing and Marketing of Leather Products and Engineering components.

By order of the Board

Registered Office

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

Dated: 28th June, 2002

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



DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in placing before you their Fifteenth Annual Report and Accounts for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

Particulars	2001-2002	2000-2001
Total Income	51.36	112.37
Total Expenditure	49.91	69.18
Profit before Interest and Depreciation	1.45	43.19
Interest	0.67	26.72
Depreciation	13.91	15.96
Profit /(Loss) after Interest and Depreciation	(13.13)	0.51
Net Profit/(Loss)	(13.13)	0.51

REVIEW OF OPERATIONS

During the year under review the operations of the company have been affected very badly due to bearish conditions prevalent in the Indian and Overseas Bourses. As you are aware that the company is mainly concentrating on Stock Market activities, the operations and incomes directly reflect the performance of the Stock Markets. Further there were no lease transactions during the year, all accounts were closed during the previous year on account of the same there is no income from that activities. However, there was one Hire Purchase transaction which was closed during year. With the above, all transactions of Fund Based Activities came to an end, henceforth there will not be any transaction of such nature.

FUTURE PROSPECTS

As per the available information the economic recovery is around the corner, and recovery of taxes is an indication of the recovery path. Indirect tax collection picked up substantially by 22.54% during April, 2002 to May 15, 2002. The total indirect tax growth at 22.54% is higher than the targeted rate of 21.36%. Further, according to the Asian Development Bank the growth will be around 6% in the year 2002 and 6.5% in the year 2003. On the top of it, globally all the economies are expected to do well. In the given background the bourses nationally and internationally are going to perform satisfactorily. Hence, your Directors are confident that in the coming years the performance of the company will be better.

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 continue 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. During the year Company has not made any provision towards Non Performing Assets as there is no asset is left for provisioning.

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 Non Fund Based Activities the particulars do not arise.

DIRECTORS

Mr. Sarath Naru, 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. During the year Mr. S. Srinivasa Rao was appointed as an alternate director to Mr. D.S. Sandeep, however, he tendered resignation on personal grounds. Your Directors place on record their appreciation for the services rendered by him during the period.

AUDIT OBSERVATIONS

Point No. 10 of the Annexure to the Auditors' Report: There are some delays in depositing Provident Fund contributions due to unavoidable circumstances. The management is making efforts to regularize the same.

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 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 as at 31st March 2002 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 place on record their appreciation for the valuable services rendered by all levels of employees.

For and on behalf of the Board

Place : Hyderabad
Dated : 28th June, 2002

D.B. Reddy
Managing Director

P.V. Bhide
Director



CORPORATE GOVERNANCE REPORT

Company's Philosophy on Code of Governance :

Vijay Growth Financial Services Ltd, wishes to practice the principles of corporate governance with a view to make available all the necessary information to its shareholders.

1. Composition of the Board of Directors and Category

Name of the Director	Executive/Non-executive/Independent	No. of other Directorships in Public Limited Companies	No. of other Board Committees of which Members/Chairman
D B Reddy	Executive – Managing Director Promoter	3	NIL
P V Bhide, IAS	Non-executive Nominee of APIDC Independent	2	NIL
M S Ramakrishna	Non-executive Independent	6	NIL
Sarath Naru	Non-executive Independent	4	NIL
D.S. Sandeep	Non-executive Non-Independent	NIL	NIL

2. Board Meetings :

During the Financial Year 2001-2002 the Board of Directors met 4 times on the following dates:

28th April, 2001, 24th August, 2001, 13th November, 2001 and 29th January, 2002

The Attendance of Directors at these Board Meetings and at the previous Annual General Meeting was under:

Name of the Directors	No. of Meetings attended during the period 01.04.2001 to 31.03.2002	Whether present at the previous AGM
Mr. D B Reddy	4	Yes
Mr. P V Bhide	4	No
Mr. M S Ramakrishna	3	Yes
Mr. Sarath Naru	2	No
Mr. D.S. Sandeep	2	No

3. Audit Committee :

The Audit Committee was formed by the Board of Directors on 28th April , 2001. Brief Description of terms of reference are;

Vijay Growth Financial Services Limited

1. To look into the adequacy and compliance of internal control systems
2. To review the quarterly, half yearly and annual financial statements before submission to the Board.
3. To interact actively with the External Auditors from time to time and discuss about finalization of annual financial statements
4. To look into any other matter which may be referred to it by the Board

Composition, name of Members and Chairman:

1. Mr. Sarath Naru : Chairman
2. Mr. P.V. Bhide (APIDC Nominee) : Member
3. Mr. M.S. Rama Krishna : Member

Meetings and attendance during the year

Name of the Member	No. of Meetings held	Attendance
Mr. Sarath Naru	2	1
Mr. P V Bhide	2	2
Mr. M S Ramakrishna	2	2

Details of Complaints received and redressed during the year

S.No.	Particulars	Received	Redressed	Pending as on 31.03.2002
1.	Non-receipt of shares sent for Transfer	3	3	Nil

5. Share Transfer Details :

i)	No. of Transfers (Physical)	:	369
ii)	Average No. of Transfers per month (Physical)	:	31
iii)	No. of shares transferred (Physical)	:	4,04,200
iv)	Average No. of Shares transferred per month (Physical)	:	33,700
v)	No. of Transfers (Demat)	:	471
vi)	Average No. of Transfers per month (Demat)	:	39
vii)	No. of Shares Transferred (Demat)	:	3,15,600
viii)	Average No. of Shares transferred per month (Demat)	:	26,300
ix)	No. of pending Share Transfers	:	Nil

6. Investors Grievances:

Investors' grievances are looked after by Mr. K.Rajamohan Setty, General Manager (Fin) & Company Secretary.

**7. Information on General Body Meetings :**

The last 3 Annual General Meetings were held as under :

Date	Time	Venue
28.09.2001	03.00 PM	Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad-500033
29.09.2000	11.00 AM	Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad-500033
30.09.1999	11.00 AM	Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad-500033

Whether special resolutions were put through postal ballot last year, details of voting pattern:

The Company has so far not passed any Resolution by Postal Ballot.

8. Disclosures :

- i) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or their relatives etc. that may have potential conflicts with the interest of the company at large: NIL
- ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years: NIL

9. Means of Communication:

- i) Half-yearly Report is not being sent to each household of shareholders as shareholders are intimated through the press.
- ii) The Quarterly and Half-Yearly results are published in the Andhra Prabha and Business Standard.
- iii) Information released to the press at the time of declaration of results is also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors.

10. General Shareholder Information:**i) Annual General Meeting**

Date	:	30-09-2002
Time	:	11.00 A.M.
Venue	:	Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad-500033

ii) Financial Calendar :

Normally the Financial Year of the Company is for a period of 12 months from 1st April to 31st March.