

25th
ANNUAL REPORT
2011 - 2012



VIJAY GROWTH FINANCIAL SERVICES LIMITED



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**BOARD OF DIRECTORS:**

| | | |
|------------------------|---|-------------------------------------|
| Mr. D S SANDEEP | : | Promoter and Non-Executive Director |
| Mr. SANTOSH KUMAR SAHU | : | Whole-Time Director |
| Mr. S H V RATNAM | : | Independent Director |
| Mr. A VENKATARAMANA | : | Independent Director |

| | | |
|---------------------|---|-------------------------|
| Mr. VATTEM V SASTRY | : | Chief Financial Officer |
|---------------------|---|-------------------------|

AUDIT COMMITTEE:

| | | |
|------------------------|---|----------|
| Mr. A VENKATARAMANA | : | Chairman |
| Mr. S H V RATNAM | : | Member |
| Mr. SANTOSH KUMAR SAHU | : | Member |

INVESTOR GRIEVANCE COMMITTEE:

| | | |
|------------------------|---|----------|
| Mr. SANTOSH KUMAR SAHU | : | Chairman |
| Mr. A VENKATARAMANA | : | Member |
| Mr. S H V RATNAM | : | Member |

REGISTERED OFFICE:

502, Maheswari Chambers,
Somajiguda, Hyderabad-500082, AP

AUDITORS:

P S Nagaraju & Co.,
Chartered Accountants,
Plot No: 15, Sai Prabha, Arunodaya Colony,
Near Karnataka Bank (Madhapur Branch),
Silicon Valley, Madhapur, Hyderabad-500081

BANKERS:

UCO Bank

LISTED AT:

BSE Limited
Ahmedabad Stock Exchange Limited
Madras Stock Exchange Limited
Calcutta Stock Exchange Limited

REGISTRARS & SHARE TRANSFER AGENT:

Venture Capital and Corporate
Investments Pvt Ltd
12-10-167, Bharat Nagar,
Hyderabad- 500018.
Phones: 040-23818475 / 476
Fax: 040-23868024
Email: info@vccilindia.com
Website: www.vccilindia.com



NOTICE

Notice is hereby given that the 25th **ANNUAL GENERAL MEETING of the Members of Vijay Growth Financial Services Limited** will be held on Saturday, the 29th day of September, 2012 at 10.30 A.M at 6-3-650, 502, Maheswari Chambers, Somajiguda Main Road, Hyderabad – 500082, AP to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Profit & Loss Account for the financial year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Santosh Kumar Sahu, who retires by rotation and being eligible, offers himself for appointment.
3. To appoint Statutory Auditors and fix their remuneration.

For and on behalf of the Board

Hyderabad
August 14, 2012

**Sd/-
Santosh Kumar Sahu
Whole-time Director**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the company's registered office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books will remain closed from Thursday, 27th September 2012 to Saturday, 29th September 2012 (both days inclusive).
3. Members are requested to quote their Folio No. in their correspondence to avoid delay in communication.
4. Members / Proxies are requested to bring their copies of Annual Report and the attendance slip duly filed in for attending the meeting. Copies of the Annual Reports will not be provided at the Meeting.
5. The Company has designated an exclusive e-mail ID called info@vgfsl.com for Redressal of shareholders' complaints/grievances



ANNEXURE TO THE NOTICE

(In Pursuance of Clause 49 (IV) (G) (i) of the Listing Agreement)

Details of Directors seeking re-appointment at the forthcoming AGM:

| Particulars | Mr. Santosh Kumar Sahu |
|---|---|
| Date of Birth | June 20, 1980 |
| Date of Appointment | November 29, 2003 |
| Expertise in specific functional areas | 8 years of experience in the areas of Capital Markets, Financial Services, Corporate Laws and Taxation Matters. |
| Qualifications | B.Com., LLB |
| No. of Shares held as on March 31, 2012 | NIL |
| Directorships held in other companies (excluding private limited and foreign companies) | 1. Seetharam Cements Limited |
| Positions held in mandatory committees in other companies | Member 1. Audit Committee 2. Share Holders Grievances committee |



DIRECTORS' REPORT

To, The Members,

Your Directors have the pleasure of presenting this 25th Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the Financial Year ended 31st March, 2012.

FINANCIAL PERFORMANCE:

During the year under review, your Company has recorded a gross total income of Rs. 9,97,000/- from commercial operations and recorded a net loss of Rs.5,65,090/-.

REVOCATION OF SUSPENSION IN TRADING OF EQUITY SHARES:

The Board of Directors of your Company pleasure to inform you that the BSE Limited has revoked the suspension in trading of equity shares of the Company with effect from June 12, 2012.

DIVIDEND:

Your Directors do not recommend any dividend for the financial year due to accumulated losses.

DIRECTORS:

During the year Mr. Santosh Kumar Sahu retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends for his reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm

- (i) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) That the directors had 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.
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors had prepared the annual accounts on the going concern basis.

FIXED DEPOSITS:

During the Financial year, company has not accepted any deposits falling with the preview of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

**AUDITORS:**

M/s. P.S. Nagaraju & Co., Chartered Accountants, Hyderabad the Statutory Auditors of the Company who retires at the conclusion of the ensuing Annual General Meeting and being eligible, expressed their willingness for re-appointment. The board recommends their re-appointment.

RTA Change:

During the year under review, Board of Directors of the Company in its meeting held on February 09, 2012 has appointed M/s Venture Capital and Corporate Investments Private Limited, having its registered office at 12-10-167, Bharat Nagar, Hyderabad -500 018 as Registrar and Share Transfer Agent in place of M/s Sathguru Management Consultants Private Limited, Hyderabad.

PARTICULARS OF EMPLOYEES:

No employee was in receipt of remuneration exceeding the limits as specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO:

We firmly believe that technology is the genesis of innovative business practices, which in turn enable the organization to carry out business effectively and efficiently. We intend to make investments in innovative techniques for this regard.

Energy: The business in which the Company is operating does not require large quantities of energy. However, wherever possible energy saving efforts are made.

Foreign Exchange Earning & Outgo:

Foreign Exchange Earning : Nil ; Foreign Exchange Outgo : Nil

CORPORATE GOVERNANCE:

A report on Corporate Governance, in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges is set out separately for the information of the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis is set out separately for the information of the shareholders.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to record their appreciation for the continuous support and co-operation extended by the customers and bankers. The Directors also acknowledge the confidence reposed by the investors and shareholders in the Company.

Hyderabad
August 14, 2012

For and on behalf of the Board

**Sd/-
Santosh Kumar Sahu
Chairman**



MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

Industry Structure and Developments:

The financial services sector has been giving a great momentum to the Indian economy, as it accounts for 60% of the gross domestic product (GDP) wherein the financial services segment has been a major contributor. Financial services industry mainly includes banking, financial services (like broking, mutual funds) and insurance and hence, is majorly referred as the BFSI industry.

The Indian Banking, Financial Services and Insurance (BFSI) industry has retained global investor confidence with due diligence even in the toughest of international climate; thanks to its conventional approach and strong fundamentals. Regulators such as the Reserve Bank of India (RBI), the Insurance Regulatory and Development Authority (IRDA), Association of Mutual Funds in India (AMFI) and the Securities and Exchange Board of India (SEBI) formulate policies which are well in alignment with the Government regulations and objectives.

Segment Wise Analysis of the Industry:

Financial services: The financial system of a country is of immense importance as it portrays the stability as well as sustainability of the country. The volume and growth of the capital in the country depends greatly upon the efficiency and intensity of the operations and activities in its financial markets. It is expected to spend Rs 37,700 crore on IT products and services in 2012, an increase of 17.4 per cent over 2011.

Banking Services: The Rs 64 trillion (US\$ 1.16 trillion)-Indian Banking industry is governed by the Banking Regulation Act of India, 1949 and is closely monitored by RBI. According to the RBI's 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks', December 2011, Nationalized Banks, as a group, accounted for 52.1 per cent of the aggregate deposits, while State Bank of India (SBI) and its associates accounted for 21.9 per cent.

Mutual Funds: The Rs 6.70 trillion (US\$ 121.25 billion) Indian mutual funds (MF) industry has 44 asset management companies (AMCs). Recent data released by AMFI indicated that average assets under management (AUM) rose by 4 per cent during the first quarter of 2011-12 wherein the industry added over Rs 27,389 crore (US\$ 4.96 billion) to mark the asset base at Rs 6,92,180 crore (US\$ 125.28 billion).

Mergers & Acquisition: The competitive and regulatory pressures for consolidation are leading to a rapid increase in M&A activity, with more than \$36.5 billion worth of deals announced till March 2012 end. Such activity is likely to accelerate still further as international groups seek to establish foothold. The deals have been pouring in India this year and the ones which help companies merge, acquire, raise capital and restructure are naturally in great demand. Senior Indian deal-makers are being snapped up by foreign investment banks with a speed and alacrity that is usually reserved for actual corporate deals.