

**26<sup>th</sup>**  
**ANNUAL REPORT**  
**2012 - 2013**



**VIJAY GROWTH FINANCIAL SERVICES LIMITED**

**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
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**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](mailto:info@vccilindia.com)  
Website: [www.vccilindia.com](http://www.vccilindia.com)



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## **NOTICE**

Notice is hereby given that the **26<sup>th</sup> Annual General Meeting** of the Members of '**Vijay Growth Financial Services Limited**' will be held on Monday, the 30<sup>th</sup> day of September, 2013 at 4.30 P.M at the Registered Office of the Company situated at 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 31<sup>st</sup> March 2013 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. S H V Ratnam, 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, 2013

**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 Saturday, 21<sup>st</sup> September 2013 to Monday, 30<sup>th</sup> September 2013 (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](mailto: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:**

<b>Particulars</b>	<b>Mr. S H V Ratnam</b>
Date of Birth	November 07, 1980
Date of Appointment	November 29, 2003
Expertise in specific functional areas	9 years of experience in the areas of Information Technology, Enterprise Resource Planning, Accounting and Capital Markets.
Qualifications	BCA, M.Sc.(IS)
No. of Shares held as on March 31, 2013	NIL
Directorships held in other companies (excluding private limited and foreign companies)	NIL
Positions held in mandatory committees in other companies	NIL



## **DIRECTORS' REPORT**

To  
The Members,

Your Directors have the pleasure of presenting this 26<sup>th</sup> Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the Financial Year ended 31<sup>st</sup> March, 2013.

### **FINANCIAL PERFORMANCE:**

During the year under review, your Company has recorded a gross total income of Rs.8,59,000/- from commercial operations and recorded a net loss of Rs.12,030/-.

### **DIVIDEND:**

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

### **DIRECTORS:**

During the year Mr. S H V Ratnam, 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.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained written confirmation from the auditors proposed to be re-appointed to the effect that their re-appointment, if made, at the ensuing Annual general meeting will be within the limits specified in section 224(1B) of the Companies Act, 1956.

### **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.

Information as per The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to the disclosure of particulars regarding Conservation of Energy, Research and Development, Technology Absorption are not applicable to the Company.

**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

**AUDITOR'S REPORT:**

The observations of the Auditors in their Report, read with notes annexed to the accounts, are self explanatory.

**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.

Your Company has complied with Corporate Governance requirement as per clause 49 of the Listing Agreement with the Stock Exchanges. Auditors Certificate on Corporate Governance forms part of Corporate Governance Report.

**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.

**For and on behalf of the Board**

Hyderabad  
August 14, 2013

**Sd/-  
Santosh Kumar Sahu  
Chairman.**



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## **MANAGEMENT DISCUSSION AND ANALYSIS**

(Forming part of Directors' Report)

### **Economy Overview**

The FY 2012-13 was, on the whole, a mixed year for the Indian economy. All the statistics and other key indicators of economic health, point to this dual truth – that the Indian economy in the short term to medium term is suffering from adverse conditions, while on the other hand, its economic fundamentals continues to remain robust and unaffected. This paradox is due to a confluence of different factors acting together. While the domestic market on whole remains healthy and demand remains firm, there are increasing supply side constraints that distort the normal functioning of the economy. Policy paralysis by the Central Government, uncomfortably high inflation, worries about the burgeoning current account deficit etc, have created significant headwinds for the economy reducing economic growth in the last year to a mere 5%. There are however, more recently, signs that a recovery may be in the offing. Inflation has eased to 6% (March 2013), very close to the RBI's tolerance threshold. This allows scope for more monetary easing. There are also signs that the Central Government has belatedly recognized the need to restart the growth engines. It may not then be unrealistic to expect some new piecemeal reform process to begin soon. In many quarters there is even a nascent consensus that the growth deceleration may have bottomed out and a deeper recovery process will begin soon.

### **Industry overview**

The equity markets performed comparably better this year than the broader economy. The huge pools of liquidity generated abroad by Quantitative Easing (QE) and the lack of attractive investment options in those countries, has meant that India become the unintended beneficiary of these developments. FII's inflows have surged to a record high of ` 1.4 Lakh Crores in this year and there are no indications of a waning appetite among foreign investors for Indian equities. As this class of Investors continue to outweigh domestic Investors, their continuous demand has led to increased valuations, propelling markets to hit all time highs. Meanwhile, to further strengthen the markets, the Central Government continues to implement measures to attract more domestic investors to the capital markets, in particular the Rajiv Gandhi Equity Saving Scheme (RGESS) which is expected to be a game changer for the Industry.

### **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. Demand for financial services in India is taking off rapidly. International financial institutions are playing an increasing role in the expansion of India's large corporations. A vast SME market remains largely untapped.

### **Opportunities:**

The Indian financial sector is in for an overhaul. Financial sector reforms have long been regarded as an integral part of the overall policy reforms in India. India has recognized that these reforms are imperative for increasing the efficiency of resource mobilization and allocation in the real economy and for the overall macroeconomic stability.

The reforms have been driven by a thrust towards liberalization and several initiatives such as liberalization in the interest rate and reserve requirements have been taken on this front. At the same time, the government has emphasized on stronger regulation aimed at strengthening prudential norms, transparency and supervision to mitigate the prospects of systemic risks.

Today the Indian financial structure is inherently strong, functionally diverse, efficient and globally competitive. During the last fifteen years, the Indian financial system has been incrementally deregulated and exposed to international financial markets along with the introduction of new instruments and products.



**Outlook:**

The forecast for the coming year is one of an improving economic climate. The global economy has shown meaningful improvement in the last year, with the US economy gaining significant traction in the last many months and the Euro Zone financial crisis showing signs of stabilizing. The economic woes of the last year might finally compel the central government to implement measures aimed to boost growth in the coming months. The recent reforms with regard to FDI in retail and airline sector seem to point the way in this regard. Similarly, circumstances also seem to have prompted the Central Government to get its fiscal house in order and manage the current account deficit better. With regard to inflation, the RBI has already declared that if inflation falls below 5%, i.e below its tolerance threshold, then it may be comfortable with more monetary easing.

**Challenges, Risks and Concerns:**

Indian financial services sector is going great. The sector was one of the foremost contributors to help the country to overcome the global economic recession. But the question arises whether the financial services sector is just a sector of financial activities or has helped the country to achieve inclusive growth.

Another big challenge to the financial services sector is to provide fool-proof service to its customers. A huge challenge for financial institutions today is functioning and retaining their efficiency in such uncertain times. Business models are undergoing a structural change to accommodate the changing regulations and foster growth. There needs to be a well-defined framework which will withstand disruptions and lead the financial markets towards growth and progression.

**Human Resources Development and Industrial Relations:**

Vijay Growth Financial Services Ltd firmly believes that the Human intellectuals are more critical than physical and financial assets as they are the ones who manage and sustain the growth of physical and financial assets of the company. The Company is well on its way in establishing an integrated system of workforce, which endeavors to develop the capability of its employees that clearly aligns with the business objectives and performance.

Further, we also encourage individual and team awards to sustain and institutionalize the various workforce practices. This helped in giving lots of encouragement to the workforce who have been striving hard to achieve various goals.

**Cautionary Statement:**

Statement in this Management Discussion and Analysis describing the Company's objective, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Certain observations made on the industry and other players also reflect on opinion by the management and the management accepts no liability on such opinions. Actual results might differ materially from those either expressed or implied.