

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.



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.

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.



REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report)

The Company committed to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent.

I. BOARD OF DIRECTORS:

Composition of Board:

As on March 31, 2012 Board consists of 4 Members of whom 2 are Independent Directors.

II. BOARD MEETINGS:

The Board of Directors met 7 times during the year on 30-04-2011, 31-07-2011, 11-08-2011, 30-09-2011, 31-10-2011, 31-01-2012, and 09-02-2012. The Company has held at least one Board meeting in every three months. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name of the Director	Category	No. of meetings held during the Tenure	No. of meetings Attended	Whether Attended Last AGM	No. of other directors hips *
D S Sandeep	Non Executive Promoter Director	7	2	NO	NIL
Santosh Kumar Sahu	Whole Time Director	7	7	YES	01
S H V Ratnam	Independent Director	7	7	YES	NIL
A Venkata Ramana	Independent Director	7	7	YES	03

* excluding private, foreign and companies registered under Section 25 of the Companies Act, 1956.

The Board has adopted Code of Conduct for all its Directors and members of Senior Management. The same has been displayed on the Company's website.

All the Directors and members of Senior Management have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2012.



III. AUDIT COMMITTEE:

► Brief description of terms of reference

The terms of reference as per Clause 49 of the Listing Agreement are as follows:

- a. To review the results announcement and the report and accounts at the end of a quarter, half year and the full year before submission to the board, focusing particularly on:
 - (i) any changes in accounting policies and practices.
 - (ii) Compliance with accepted accounting standards.
 - (iii) Major Judgmental Decisions; etc.
- b. To consider appointment of Statutory Auditors, internal auditors and to fix their remuneration and any matter of resignation and dismissal.
- c. To discuss with the statutory Auditor before the audit commences the nature and scope of the Audit.
- d. To review the effectiveness of the system of internal financial control and discuss the same periodically with the statutory auditors.
- e. To discuss problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss.
- f. To consider other topics as may be delegated by the board from time to time.

► Composition

The committee comprises two Non Executive Independent Directors under the Chairmanship of Mr. A Venkata Ramana an Independent Director:

Name of Member	Category	Designation	No. of Meetings Attended
Mr. A Venkata Ramana	Independent	Chairman	5
Mr. S H V Ratnam	Independent	Member	5
Mr. Santosh Kumar Sahu	WTD	Member	5

► Meetings during the financial year

During the Financial year, the Audit Committee met 5 times on 30-04-2011, 31-07-2011, 11-08-2011, 31-10-2011, and 31-01-2012



IV. REMUNERATION COMMITTEE:

Terms of Reference:

The terms of reference as per Clause 49 of the Listing Agreement are as follows
Determine and review the remuneration, performance, and related bonus of Directors.

► Composition

Remuneration Committee of the Company consists of following directors, which are as follows:

Name of the member	Category	Designation
Mr. A Venkata Ramana	Independent	Chairman
Mr. S H V Ratnam	Independent	Member
Mr. Santosh Kumar Sahu	WTD	Member

► Remuneration paid to directors during the financial year

No Remuneration paid to Directors during the financial year. Further, none of the non-executive Directors holds any shares in the company.

V. INVESTORS GRIEVANCE COMMITTEE:

► Brief description of terms of reference:

To look into various affairs relating to the shareholders with regard to redressal of complaints in relation to transfer of shares, non-receipt of share certificates, balance sheets, dividends etc.,

► Composition

The said Committee comprises of the following members:

Name of the member	Category	Designation
Mr. Santosh Kumar Sahu	WTD	Chairman
Mr. S H V Ratnam	Independent	Member
Mr. A Venkata Ramana	Independent	Member

► Name and designation of Compliance officer:

Name : Mr. Santosh Kumar Sahu

Designation : Whole Time Director

No. of shareholders complaints received during the financial year : Nil

No. of complaints solved to the satisfaction of the share holders : Nil

No. of pending Complaints : Nil



VI. GENERAL BODY MEETINGS:

► Location and time where the last three AGMs held:

Year	Date	Location	Time
2010-11	30.09.2011	6-3-650, 502, Maheswari Chambers, Somajiguda Main Road, Hyderabad – 500 082	10.30 A.M
2009-10	30.09.2010	Skill Skylight Apts, Behind Sridhar Function Hall, Anand Nagar, Khairtabad, Hyderabad – 500 004	10.30 A.M
2008-09	30.09.2009	Skill Skylight Apts, Behind Sridhar Function Hall, Anand Nagar, Khairtabad, Hyderabad – 500 004	10.30 A.M

No Special Resolutions were passed in the previous three Annual General Meetings.
No Ballots papers were used for voting at above meetings.
No Special Resolutions passed last year through postal ballot (under Section 192A).
No special resolution is proposed to be passed through postal ballot at the ensuing AGM.

VII. DISCLOSURES:

Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large. – **NIL** -

Details on non-compliance by the company, penalties and strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. - **NIL** - . Further, the Company has not complied with the provisions of the listing agreement for last 6 years entered with the regional stock exchanges.

VIII. GENERAL SHAREHOLDER INFORMATION:

AGM:

The 25th Annual General Meeting will be held on Friday, 29th September, 2012 at 10.30 A.M at 6-3-650, 502, Maheswari Chambers, Somajiguda Main Road, Hyderabad – 500 082, AP.

Financial Year and Calendar 2012-2013:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared within the time specified as per the provisions of Listing Agreement.

Means of Communication:

The un-audited quarterly results and audited results for the year are generally published in one English newspaper (Financial Express) and at least one vernacular newspaper (Andhra Prabha) shortly after its submission to the Stock Exchanges.

**Book Closure:**

Thursday, 27th September, 2012 to Saturday, 29th September, 2012 (both days inclusive).

Listing:

The shares of the Company are listed at BSE Limited, Ahmadabad Stock Exchange Limited, Calcutta Stock Exchange Limited and Madras Stock Exchange and the Listing Fees is due for payment from FY 2004 – 2005 to all stock exchanges **except to BSE Limited**.

Market Price Data:

The suspension of Trading in equity shares of the Company has been revoked with effect from June 12, 2012 by the BSE Limited.

Stock Code: **BSE: 511539** ; **ASE: 65299** ; **CSE: 32151**

Registrar and Transfer Agents:

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

Share Transfer System:

The Company is taking care to ensure that the Share Transfer work gets completed within the stipulated time of one month. The Board of Directors have delegated the power of approving transfer of Shares severally to Managing Director and one Director. The Board has also constituted a Share Transfer Committee which has been assigned the task of approving splitting of Shares, Issue of duplicate Share Certificates, consolidation of Share Certificates, change of status of a shareholder and other allied matters.

Shareholding Pattern as on 31st March, 2012:

Category	No. of Shares held	Percentage
Promoters	6,13,300	12.27
Mutual Funds & UTI	0	0.00
Banks, Financial Institutions, Insurance Companies & FII	2,50,000	5.00
Private Corporate Bodies	95,298	1.91
Indian Public	40,09,502	80.19
NRIs / OCBs	30,900	0.61
Foreign Nationals	0	0.00
Any other (clearing members)	1,000	0.02
Total	50,00,000	100.00



Distribution of Shareholding as on 31st March, 2012:

Number of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% to Total
(1)	(2)	(3)	(4)	(5)
Up to 500	5,466	81.01	12,31,361	24.62
501 1000	748	11.08	6,02,276	12.04
1001 2000	309	4.58	4,66,781	9.33
2001 3000	77	1.14	1,97,806	3.95
3001 4000	32	0.47	1,12,270	2.24
4001 5000	25	0.37	1,14,108	2.28
5001 10000	55	0.81	5,08,930	10.18
10001 and above	35	0.51	19,51,768	39.04
Total	6747	100.00	50,00,000	100.00

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / Warrants / any convertible instruments.

Dematerialization of Equity Shares:

The Company's shares are available for dematerialization on both the Depositories viz., National Securities Depository Limited (NSDL) and Central Securities Depository Limited (CDSL). 21,13,580 equity shares are in Dematerialized form as on March 31, 2012 which represents 42.27% of the total equity share capital.

ISIN for equity shares:

INE533B01010

Address for Investors Correspondence:

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer requests and other related matters to the Company's Registrar and Share Transfer Agents and/or to the Company at the following address:

RTA:

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

**Company:**

502, Maheswari Chambers,
Somajiguda, Hyderabad-500082, AP
Tel/Fax: 040-23320728
Email: info@vgfsl.com
Website: www.vgfsl.com

CEO/CFO Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO/CFO was placed before the Board of Directors at their meeting held on 14-08-2012.

Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT:

As provided under Clause 49 of the Listing Agreement, all board members and senior management personnel have affirmed the compliance with the Company's Code of Conduct for the year ended 31st March, 2012.

Hyderabad
August 14, 2012

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



CERTIFICATE BY CEO / CFO:

We have reviewed the financial statements, read with the cash flow statement of Vijay Growth Financial Services Ltd for the year ended March 31, 2012 and that to the best of our knowledge and belief, we state that:

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
(ii) These statements present true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b) These are, to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluating the effectiveness of internal control systems of the company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the auditors and audit committee:
 - (i) Significant changes in accounting policies made during the year and that the same haven disclosed suitably in the notes to the financial statements; and
 - (ii) There are no instances of fraud involving the management or an employee.

Hyderabad
August 14, 2012

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

**Sd/-
Vattem V Sastry
Chief Financial Officer**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:

To
The Members of Vijay Growth Financial Services Ltd

We have examined the compliance of conditions of corporate governance by Vijay Growth Financial Services Ltd for the year ended on 31st March 2012 as stipulated in clause 49 of the listing agreement of the said company with concerned Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management, our examination has been limited a review of the procedures and implementation thereof adopted by the company for ensuring the compliance the conditions of corporate governance. It is neither an audit nor expression of opinion on the financial statements of the company

In our opinion and best of our information and according to the explanation given to us and the representations made the Directors and Management, we certify that the company has complied with the conditions of corporate governance as stipulated in the aforesaid listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Hyderabad
August 14, 2012

**For, P S Nagaraju & Co
Chartered Accountants**

**Sd/-
P S Nagaraju
Partner**



AUDITORS' REPORT

To

The Members of **VIJAY GROWTH FINANCIAL SERVICES LIMITED**

1. We have audited the attached Balance Sheet of M/s. VIJAY GROWTH FINANCIAL SERVICES LIMITED, as at 31st March, 2012 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our Audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March 2012 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2012 and
 - (b) In the case of profit and loss account, of the Loss for the year ended on that date.

For P.S. Nagaraju & Co
Chartered Accountants

Hyderabad
August 14, 2012

Sd/-
CA P.S. NAGARAJU
Partner
Membership No: 210268
Firm Regn.No.011447S



ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

1. Company is not having any fixed assets; hence the comment on the fixed assets does not arise.
2. The Company does not have any inventory as it is dealing with financial services. Hence the comment on the inventory does not arise.
3. (a) The company has not granted any loans, secured / unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) The company has not taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act 1956.

(c) Since the company has not been charged for interest on secured loans taken from the related parties, in our opinion, the norms of the loan is not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of Plant and machinery, equipment and other fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. Based on the examination of the books of accounts and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from public during the year within the meaning of Section 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from public during the current financial year.
7. In our opinion, according to the information and explanations given to us, the company has an internal audit system commensurate with size and its nature of business.
8. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the products of the company.
9. (a). The company is regular in depositing undisputed statutory dues with appropriate authorities including provident fund, Employees State insurance, Income Tax, Wealth Tax, Service tax, Custom duty, Excise duty, cess and other material dues applicable to it.

(b). There are no undisputed statutory dues outstanding as on 31st March, 2012 for a period of more than six months from the date they become payable.
10. The Company has its accumulated losses as on 31st March, 2012 exceeding 50% of its net worth. The Company has not incurred cash losses in the current and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to any financial institutions or bank or debenture holders, as at the balance sheet date.



12. In our opinion the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi/mutual benefit fund/ society and therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company has maintained proper records of the transactions in respect of dealing in trading of shares, Securities, Debentures and timely entries have been made there in.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by other from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, Short terms loans are not utilized by the Company for the purposes repayment of Long term loans.
17. In our opinion and according to the information and explanations given to us, the funds raised on short term basis were not utilized for long term investment purpose.
18. According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. In our opinion and according to information and explanations given to us, the Company has not issued any secured debentures during the period covered by the report. Accordingly, Clause 19 of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
20. During the period covered by our audit report, the Company has not raised any money by public issues.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended on 31st March, 2012.

For P.S. Nagaraju & Co
Chartered Accountants

Hyderabad
August 14, 2012

Sd/-
CA P.S. NAGARAJU
Partner
Membership No: 210268
Firm Regn.No.011447S



Balance sheet as at 31st March 2012

(Amount in Rs)

S.No	Particulars	Note No	As at 31.03.2012	As at 31.03.2011
I.	EQUITY AND LIABILITIES:			
1)	Shareholders' funds			
	a) Share Capital	A	50,000,000	50,000,000
	b) Reserves and Surplus	B	(46,517,628)	(45,952,538)
2)	Current liabilities			
	a) Trade payable	C	114,415	1,405,040
	b) Other Current Liabilities	D	28,090	-
	Total		3,624,877	5,452,502
II.	ASSETS:			
1)	Current assets			
	a) Trade receivables	E	2,941,929	2,321,929
	b) Cash and cash equivalents	F	345,550	213,438
	c) Short-term loans and advances	G	337,398	116,135
	d) Other current assets	H	-	2,801,000
	Total		3,624,877	5,452,502
<i>See accompanying notes forming part of the financial statements</i>				
In terms of our report attached.				
For P S Nagaraju & Co. Chartered Accountants		For and on behalf of the Board of Directors		
Sd/- CA P S NAGARAJU Partner Membership No: 210268 Firm Regn.No.011447S Hyderabad August 14, 2012	Sd/- Santosh Kumar Sahu Whole-Time Director	Sd/- A Venkata Ramana Director		
		Sd/- Vattem V Sastry Chief Financial Officer		



Profit and Loss Account for the Year ended 31st March 2012

(Amount in Rs)

S.No	Particulars	Note No	For the yearended 31.03.2012	For the yearended 31.03.2011
I.	Revenue from Operations		-	-
II	Other Income	I	997,000	308,400
III.	Total Revenue(I+II)		997,000	308,400
IV.	Expenses:			
	Employee Benefits Expense	J	157,000	124,500
	Finance Costs			
	Depreciation and Amortization Expense		-	-
	Other Expenses	K	604,090	171,000
	Total Expenses		761,090	295,500
V.	Profit/(Loss) Before Exceptional and Extraordinary items and tax		235,910	12,900
VI.	Exceptional Items		801,000	-
VII.	Profit/(Loss) Before Extraordinary items and tax (V-VI)		(565,090)	12,900
VIII.	Extraordinary items		-	-
IX.	Profit/(Loss) before tax (VII - VIII)		(565,090)	12,900
X.	Tax Expenses			
	1) Current tax		-	-
	2)Deferred tax		-	-
XI.	Profit/(Loss) for the period		(565,090)	12,900
XII.	Earning per equity share:			
	1) Basic		(0.11)	0.003
	2) Diluted		-	-

See accompanying notes forming part of the financial statements

In terms of our report attached.

For P S Nagaraju & Co.
Chartered Accountants

Sd/-
CA P S NAGARAJU
Partner
Membership No: 210268
Firm Regn.No.011447S

Hyderabad
August 14, 2012

For and on behalf of the Board of Directors

Sd/-
Santosh Kumar Sahu
Whole-Time Director

Sd/-
A Venkata Ramana
Director

Sd/-
Vattem V Sastry
Chief Financial Officer



Cash Flow Statement for the year ended 31.03.2012 (Amount in Rs)

S.No	Particulars	Amount in Rs	As at 31.03.2012	As at 31.03.2011
A	From Operating Activities			
	Cash Receipts From Customers	155,737		308,400
	Cash Paid For:			
	Amount paid to clients	1,290,625		-
	General Operating & Adiministration Exp	576,000		295,500
	Wages Expenses	157,000		-
	Interest	-		-
	Income Taxes	-		-
	Net Cash Flow From Operations		(1,867,888)	12,900
B	Investing Activities			
	Cash Receipts From			
	Sale Of Property & Equipments.	-		-
	Collection of Principle on Loans	-		-
	Sale of Investment Securities	2,000,000		-
	Cash Paid For			
	Purchase of Property and Equipment	-		-
	Making Loans to Other Entities	-		-
	Purchase of Investment Securities	-		-
	Net Cash Flow From Investing Activities		2,000,000	-
C	Financing Activities			
	Cash Receipts From			
	Issuance of share Capital	-		-
	Borrowings	-		-
	Cash Paid For			
	Repayment of Loans	-		-
	Dividends	-		-
	Net Cash Flow From Financiong Activities		-	-
	Total Cash Flow (A+B+C)		132,112	12,900
	Opening Balance Of Cash & Cash Equivalents			
	Opening Balance of Cash		84,296	71396
	Opening Balance of Cash Equivalent		129,142	129142
	Closing Balance of Cash & Cash Equivalents		345,550	213,438

Additional information:

Figures in brackets represent outflows.

In terms of our report attached.

For P S Nagaraju & Co.
Chartered Accountants

Sd/-
CA P S NAGARAJU
Partner
Membership No: 210268
Firm Regn.No.011447S
Hyderabad
August 14, 2012

For and on behalf of the Board of Directors

Sd/-
Santosh Kumar Sahu
Whole-Time Director

Sd/-
A Venkata Ramana
Director

Sd/-
Vattem V Sastry
Chief Financial Officer



Notes to Accounts:

A. Share Capital

i) Details relating to Authorized, Issued, Subscribed and Paid up capital:

(Amount in Rs)

Particulars	As on 31.03.2012	As on 31.03.2011
Authorized Share Capital; 5,00,0000 Equity shares at Rs. 10 each	50,000,000	50,000,000
Issued, Subscribed and Fully paid Shares; 5,00,0000 Equity shares at Rs. 10 each	50,000,000	50,000,000
Total	50,000,000	50,000,000

ii) Reconciliation Statement:

Particulars	No. of Shares
Number of shares outstanding as on 01.04.2011	5,000,000
Add; Additions to share capital on account of Fresh issue or bonus issue etc.,	-
Ded; Deductions from share capital on account of Shares bought back, redemption and etc.,	-
Number of shares outstanding as on 31.03.2012	5,000,000

iii) Details of shareholders holding more than 5% of the aggregate shares in the

Particulars	As at 31.03.2012 No of Shares	% No. of Shares held	As at 31.03.2012 of Shares	%No. of Shares held
D. VEDA REDDY	559,500	11.19	559,500	11.19
APIDC LTD	250,000	5.00	250,000	5.00
Total	809,500	16.19	809,500	16.19

B. Reserves & surplus

Particulars	As at 31.03.2011	Additions	Deletions	As at 31.03.2012
Reserves	178,500	-	-	178,500
Profit & Loss account	(46,131,038)	(565,090)	-	(46,696,128)
Total	(45,952,538)	(565,090)	-	(46,517,628)

C. Trade Payables

Particulars	As at 31.03.2012	As at 31.03.2011
Amount Payable to Clients	114,415	1,405,040
Total	114,415	1,405,040

D. Other Current Liabilities

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for audit fee	28,090	-
Total	28,090	-

E. Trade Receivables

Particulars	As at 31.03.2012	As at 31.03.2011
Sundry Debtors	2,941,929	2,321,929
Total	2,941,929	2,321,929


F . Cash and Cash Equivalents

(Amount in Rs)

Particulars	As at 31.3.2012	As at 31.3.2011
Cash in Hand	215,796	84,296
<u>Balances in Current Accounts with Scheduled Banks:</u>		
Bank Current A/c	129,142	129,142
UCO Bank A/c	612	-
Total	345,550	213,438

G.Short term Loans and Advances

Particulars	As at 31.3.2012	As at 31.3.2011
loans And advances	337,398	116,135
Total	337,398	116,135

H. Other Current Assets

Particulars	As at 31.3.2012	As at 31.3.2011
Stock Exchange membership fee	-	2,801,000
Total	-	2,801,000

I. Other Income

Particulars	As at 31.3.2012	As at 31.3.2011
Other Income	997,000	308,400
Total	997,000	308,400

J . Employee Benefit Expenses

Particulars	As at 31.3.2012	As at 31.3.2011
Staff Salaries	157,000	124,500
Total	157,000	124,500

K. Other Expenses

Particulars	As at 31.3.2012	As at 31.3.2011
Bank Charges	3,625	800
Printing & Stationary	101,000	71,200
Office Maintenance	68,000	41,700
Postage & Communication Charges	88,500	57,300
Travelling Expenses	135,200	-
Office Rent	179,675	-
Audit Fee	28,090	-
Total	604,090	171,000



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012.

1. SIGNIFICANT ACCOUNTING POLICIES:

The accounts have been prepared primarily on the historical cost convention and in accordance with the mandatory accounting standards Issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies followed by the company are stated below:

◆ Revenue recognition:

- a. The concern follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except as stated below:
- b. In Pursuance of the Non-Banking Finance Companies, Prudential norms (Reserve Bank) Directions, 1988 the Income on Hire Purchase, Lease and other Loan Accounts which have been classified as Non-Performing Assets has been accounted for on realization basis

◆ Valuation of Stock-in Trade:

- Quoted shares or securities are valued at cost or market value whichever is lower (as per the market quotations available as on the Balance Sheet Date).
2. There is no employee in the company, particulars of whom are required to be furnished under section 217(2A), of the Companies Act, 1956.
 3. Balances of Loans, Advances and other balances are subject to confirmation with the respective parties.
 4. There were no Contingent liabilities in the Company.
 5. Remuneration to Auditors : Audit Fee Rs. 28,090/-
 6. Remuneration to Directors : Nil
 7. In Compliance with Accounting Standards –AS-22 relating to accounting for taxes on income issued by the ICAI the company has not recognized the Deferred Tax Liability (Net) for the year ended 31st March, 2012.
 8. Sundry debtors, sundry creditors and loans and advances are subject to confirmation from the parties.
 9. Previous year figures are regrouped and rearranged wherever necessary.
 10. The figures are rounded off to the nearest rupee.

In terms of our report attached.

For P S Nagaraju & Co.
Chartered Accountants

Sd/-
CA P S NAGARAJU
Partner
Membership No: 210268
Firm Regn.No.011447S

Hyderabad
August 14, 2012

For and on behalf of the Board of Directors

Sd/-
Santosh Kumar Sahu
Whole-Time Director

Sd/-
A Venkata Ramana
Director

Sd/-
Vattem V Sastry
Chief Financial Officer



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 (AS AMENDED)**

REGISTRATION DETAILS

Registration Number	007120
State code	01
Balance Sheet Date	31-03-2012

CAPITAL RAISED DURING THE YEAR

	(Rs. in Thousands)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Preferential Issue	Nil

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

	(Rs. in Thousands)
Total Liabilities	3625
Total Assets	3625

SOURCE OF FUNDS

Paid up Capital	50000
Reserves & Surplus	-46518
Secured Loans	Nil
Unsecured Loans	Nil

APPLICATION OF FUNDS

Net fixed Assets	Nil
Investment	Nil
Net current Assets	3482
Miscellaneous Expenditure	Nil
Accumulated Loss	46518

PERFORMANCE OF COMPANY

	(Rs. in Thousands)
Turnover includes other Income	997
Total Expenditure	761
Profit Before Tax	-565
Profit after Tax	-565
Earning Per Share	-0.11
Dividend Rate (%)	Nil

In terms of our report attached.

For P S Nagaraju & Co.

Chartered Accountants

Sd/-

CA P S NAGARAJU

Partner

Membership No: 210268

Firm Regn.No.011447S

Hyderabad

August 14, 2012

For and on behalf of the Board of Directors

Sd/-

Santosh Kumar Sahu

Whole-Time Director

Sd/-

A Venkata Ramana

Director

Sd/-

Vattem V Sastry

Chief Financial Officer

VIJAY GROWTH FINANCIAL SERVICES LTD

Regd. Office: 502, Maheswari Chambers, Somajiguda, Hyderabad-500082, AP, Tel: 040-23320728, E-mail: info@vgfsl.com

ATTENDANCE SLIP

Name of the Shareholder/Proxy Present: _____

DP Id No. : _____ Regd. Folio No. : _____

Client Id No. : _____ No. of Shares held : _____

I hereby record my presence at the 25th Annual General Meeting of the Members to 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.

Shareholders/Proxy's Signature _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.



VIJAY GROWTH FINANCIAL SERVICES LTD

Regd. Office: 502, Maheswari Chambers, Somajiguda, Hyderabad-500082, AP, Tel: 040-23320728, E-mail: info@vgfsl.com

PROXY FORM

DP Id No. : _____ Regd. Folio No. : _____

Client Id No. : _____ No. of Shares held : _____

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 25th Annual General Meeting of the Members to 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 and at any adjourned meeting thereof.

Signed _____ this September of 2012.

Signature of the Shareholder _____

Affix
Re.1/-
Revenue
Stamp.

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

If Undelivered Please Return to:



VIJAY GROWTH FINANCIAL SERVICES LIMITED

Registered Office:

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

Tel/Fax: 040-23320728, Email: info@vgfsl.com

Website: www.vgfsl.com