

24th
ANNUAL REPORT
2010 - 2011



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

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

AUDITORS:

P. S. NAGARAJU & Co.,
Chartered Accountants,
6-3-596/65, II Floor, Aadarsh Villa,
Naveen Nagar, Khairatabad,
Hyderabad - 500 004, A.P

BANKERS:

UCO Bank

LISTED AT:

Bombay Stock Exchange Limited
Ahmedabad Stock Exchange Limited
Madras Stock Exchange Limited
Calcutta Stock Exchange Limited

REGISTRARS & SHARE TRANSFER AGENT:

Sathguru Management Consultants Pvt Ltd
Plot No. 15, Hindi Nagar,
Panjagutta, Hyderabad – 500 034
Phone: 040- 23316426, 23316912
Fax: 040 2335 4042
Email: info@sathguru.com
Website: www.sathguru.com



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NOTICE

Notice is hereby given that the 24th **Annual General Meeting** of the Members of **VIJAY GROWTH FINANCIAL SERVICES LIMITED** will be held on Friday, the 30th day of September 2011 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 2011 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. A Venkata Ramana, 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
For Vijay Growth Financial Services Ltd**

Hyderabad
August 11, 2011

**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 Wednesday, 28th September 2011 to Friday, 30th September 2011 (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. A Venkat a Ramana |
|---|---|
| Date of Birth | February 16, 1979 |
| Date of Appointment | November 29, 2003 |
| Expertise in specific functional areas | 8 years of experience in the areas of Information Technology , Accounting, Taxation and Capital Markets |
| Qualifications | B Com |
| No. of Shares held as on March 31, 2011 | NIL |
| Directorships held in other companies (excluding private limited and foreign companies) | 1) K2 Systems Ltd. 2) Knowledgeware Technologies Ltd. 3) Frontier Life Sciences Ltd. |
| Positions held in mandatory committees in other companies | 04 |



DIRECTORS' REPORT

To
The Members,

Your Directors have the pleasure of presenting this 24th Annual Report along with the Audited Financial Statements and the Auditor's Report thereon for the Financial Year ended 31st March 2011.

FINANCIAL PERFORMANCE:

During the year under review, your Company has recorded a gross total income of Rs. 3,08,400/- from commercial operations and recorded a profit after tax of Rs. 12,900/-.

DIVIDEND:

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

DIRECTORS:

During the year Mr. Mr. A Venkata Ramana retires by rotation at the ensuing Annual General Meeting and being eligible offer 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.

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.

**For And On Behalf Of The Board
For Vijay Growth Financial Services Ltd**

Hyderabad
August 11, 2011

**Sd/-
Santosh Kumar Sahu
Chairman**



MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

Industry Structure and Developments:

The Indian financial services industry is in a process of rapid transformation. Reforms are continuing as part of the overall structural reforms aimed at improving the productivity and efficiency of the economy. The role of an integrated financial infrastructure is to stimulate and sustain economic growth.

Overall, the US\$28 billion Indian financial sector has grown at around 15 percent and has displayed stability for the last several years, even when other markets in the Asian region were facing a crisis, according to Ministry of External Affairs, Government of India. This stability was ensured through the resilience that has been built into the system over time. The financial Services sector has kept pace with the growing needs of corporate and other borrowers. Banks, capital market participants and insurers have developed a wide range of products and services to suit varied customer requirements.

Segment Wise Analysis of the Industry:

India's financial services sector will enjoy generally strong growth during coming years, driven by rising personal incomes, corporate restructuring, financial sector liberalization and the growth of a more consumer-oriented, credit-oriented culture. This should lead to increasing demand for financial products, including consumer loans (especially for cars and homes), as well as for insurance and pension products. India's financial services sector is expected to enjoy generally strong growth during coming years, driven by rising personal incomes, corporate restructuring, financial sector liberalization and the growth of a more consumer-oriented, credit-oriented culture. This is expected to lead to increasing demand for financial products, including consumer loans (especially for cars and homes), as well as for insurance and pension products.

Opportunities:

Statistics indicate the low penetration levels in the Financial Services industry: "Only 37% of bank branches of Scheduled Commercial Banks are present in rural areas, with only around 40% of the population holding a bank account. Moreover, out of the 600,000 habitations in the country, only about 30,000 have a commercial bank branch."

Infrastructure financing is a key pillar of growth, with the banking sector playing an increasing role in building the growth momentum, the role of the private sector towards funding infrastructure development, apart from strengthening the corporate bond market and increased participation from pension funds and insurance companies.

Outlook:

With a population of more than a billion, a mere 1% of the population participates in capital markets, and of that only a fraction is active. Emerging markets like India have exhibited a strong growth momentum, driven by a robust demand, consumption and savings rate. A study by World Bank supports this by forecasting that the share of the five big emerging economies India, China, Indonesia, Brazil and Russia in 2010 will double to 16.1% from 7.8% in 1992.

**Challenges, Risks and Concerns:**

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 Assets 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, 2011 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 30-04-2010, 14-06-2010, 17-07-2010, 11-08-2010, 31-10-2010, 31-01-2011, and 31-03-2011. 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 * |
|------------------------|---------------------------------|--|--------------------------|---------------------------|-------------------------------|
| Mr. D S Sandeep | Non Executive Promoter Director | 7 | 5 | NO | 01 |
| Mr. Santosh Kumar Sahu | Whole Time Director | 7 | 7 | YES | - |
| Mr. S H V Ratnam | Independent Director | 7 | 7 | YES | - |
| Mr. 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, 2011.



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

30-04-2010, 31-07-2010, 11-08-2010, 31-10-2010, and 31-01-2011

IV. REMUNERATION COITTEE:

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.

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 |
|---------|------------|---|-----------|
| 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 |
| 2007-08 | 30.09.2008 | 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- **However, the Company has not complied with the provisions of the listing agreement for last 5 years.**

VIII. GENERAL SHAREHOLDER INFORMATION:

AGM

The 24th Annual General Meeting will be held on Friday, 30th September, 2011 at 10.30 A.M at 6-3-650, 502, Maheswari Chambers, Somajiguda Main Road, Hyderabad – 500082, AP.



FINANCIAL CALENDAR

| Event | Dates |
|--|----------------------------|
| Financial Reporting for the 1 st quarter ending | Last Week of July, 2011 |
| Financial Reporting for the 2 nd quarter ending | Last Week of October, 2011 |
| Financial Reporting for the 3 rd quarter ending | Last Week of January, 2012 |
| Financial Reporting for the year ending | Last Week of April, 2012 |

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:

Wednesday, 28th September to 2011 to Friday, 30th September 2011 (both days inclusive).

Listing:

The shares of the Company are listed at Bombay Stock Exchange 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.

Market Price Data:

The Trading in equity shares are suspended by BSE due to penal reasons with effect from May 19, 2004.

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

Registrar and Transfer Agents:

M/s Sathguru Management Consultants Pvt Ltd
Plot No. 15, Hindi Nagar,
Panjagutta, Hyderabad – 500 034
Phone : 040- 23316426, 23316912
Fax: +91 40 2335 4042
Email: info@sathguru.com,
Website: www.sathguru.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, 2011:

| 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 | 40,05,202 | 80.10 |
| NRIs / OCBs | 35,200 | 0.70 |
| Foreign Nationals | 0 | 0.00 |
| Any other (Clearing Member) | 1,000 | 0.02 |
| Total | 50,00,000 | 100.00 |

Distribution of Shareholding as on 31st March, 2011:

| Nominal Value of Shares in Rupees | No. of Shareholders | % of Shareholders | No. of Shares | % to Total |
|-----------------------------------|---------------------|-------------------|------------------|---------------|
| (1) | (2) | (3) | (4) | (5) |
| Up to 500 | 5,475 | 81.02 | 12,31,661 | 24.63 |
| 501 1000 | 749 | 11.08 | 6,02,076 | 12.04 |
| 1001 2000 | 310 | 4.59 | 4,70,381 | 9.40 |
| 2001 3000 | 77 | 1.14 | 1,97,806 | 3.95 |
| 3001 4000 | 31 | 0.46 | 1,08,270 | 2.16 |
| 4001 5000 | 25 | 0.37 | 1,14,108 | 2.28 |
| 5001 10000 | 55 | 0.81 | 4,08,930 | 8.17 |
| 10001 and above | 36 | 0.53 | 18,66,768 | 37.33 |
| Total | 6758 | 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). 19,35,180 equity shares are in Dematerialized form as on March 31, 2011 which represents 38.70% 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:

M/s Sathguru Management Consultants Pvt Limited
Plot No. 15, Hindi Nagar, Panjagutta, Hyderabad – 500 034
Phone : 040- 23316426, 23316912, Fax: +91 40 2335 4042
Email: info@sathguru.com, Website: www.sathguru.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 11-08-2011.

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 with the Bombay Stock Exchange Limited, all Board members and Senior Management personnel have affirmed the compliance with Vijay Growth Financial Services Ltd Code of Conduct for the year ended 31st March, 2011.

Hyderabad
August 11, 2011

**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, 2011 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; an
 - (ii) There are no instances of fraud involving the management or an employee.

Hyderabad
August 11, 2011

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

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:

To
The Members
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 2011 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 not 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 11, 2011

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

**Sd/-
P S Nagaraju
Partner**



AUDITORS' REPORT

To,
The Members,
VIJAY GROWTH FINANCIAL SERVICES LIMITED

We have audited the attached Balance Sheet of M/s. Vijay Growth Financial Services Limited as at 31st March, 2011 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.

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.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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 the Profit & 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 written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 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,
Firm Registration No: 011447S

Hyderabad
August 11, 2011

Sd/-
CA P. S. Nagaraju
Partner
Membership No: 210268



ANNEXURE TO AUDITORS' REPORT

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

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets have been physically verified by the management during the year as per a programme of verification having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. According to the information and explanations given to us, the Company has not taken any loans from the Companies, firms or other parties listed in the register maintained under Section 301 and 372A(5) of the Companies Act, 1956.
4. The Company has not granted any loans, secured or unsecured to the Companies, firms or other parties listed in the register maintained under Section 301 and 372A(5) of the Companies Act, 1956.
5. In respect of loans and advances and hire money due on stock on hire under hire purchase transactions entered into by the ordinary course of business, where the instalments are over due, we are of the opinion that reasonable steps have been taken by the company for the recovery of the same.
6. 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 purchase of plant and machinery, equipment and other assets.
7. The Company has not accepted any deposits from the public covered by the provisions of the Section 58A of the Companies Act, 1956.
8. In our opinion, according to the information and explanations given to us, the company has an internal audit system commensurate with the size and its nature of business.



9. The provisions of the Provident Fund Act are applicable to this company and is not regular in depositing the same with the appropriate authorities. The provisions of Employees State Insurance Act are not applicable to the Company.
10. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Customs Duty, Sales Tax and Excise Duty were outstanding as on 31st March, 2011 for a period of more than six months from the date they become payable
11. The Company is not a sick industrial company within meaning of clause (o) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).
12. 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 therein.
13. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. Item No.4(A), ii, iv, v, vi, xii, xvi and 4(D) iii of the said order are not applicable to this Company.

For P. S. Nagaraju & Co.,
Chartered Accountants,
Firm Registration No: 011447S

Hyderabad
August 11, 2011

Sd/-
CA P. S. Nagaraju
Partner
Membership No: 210268



BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in Rs.)

| PARTICULARS | Schedule | AS ON MARCH 31,2011 | AS ON MARCH 31,2010 |
|--|----------|------------------------|------------------------|
| <u>SOURCES OF FUNDS:</u> | | | |
| Share Capital | A | 50,000,000 | 50,000,000 |
| Reserves&Surplus | B | 178,500 | 178,500 |
| TOTAL | | 50,178,500 | 50,178,500 |
| <u>APPLICATION OF FUNDS:</u> | | | |
| CURRENT ASSETS, LOANS AND ADVANCES | C | 5,452,502 | 5,439,602 |
| LESS: CURRENT LIABILITIES AND PROVISIONS | D | 1,405,040 | 1,405,040 |
| NET CURRENT ASSETS | | 4,047,462 | 4,034,562 |
| Profit and Loss A/C | | 46,131,038 | 46,143,938 |
| TOTAL | | 50,178,500 | 50,178,500 |

NOTES ON ACCOUNTS

G

AS PER REPORT OF EVEN DATE

For P.S. Nagaraju & Co.,

Chartered Accountants

Firm Reg No.011447S

Sd/-

P.S. Nagaraju

Partner

Membership No.210268

Hyderabad

August 11, 2011

For and on behalf of the Board

Sd/-

Santosh Kumar Sahu

Whole-Time Director

Sd/-

Santosh Kumar Sahu

Whole-Time Director

Sd/-

Vattem V Sastry

Chief Financial Officer



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in Rs.)

| PARTICULARS | Schedule | Year Ended MARCH 31,2011 | Year Ended MARCH 31,2010 |
|---|----------|-----------------------------|-----------------------------|
| INCOME | E | | |
| Income from Operations | | 308,400 | 300,000 |
| TOTAL | | 308,400 | 300,000 |
| EXPENDITURE | F | | |
| Administration and other expenses | | 295,500 | 290,000 |
| TOTAL | | 295,500 | 290,000 |
| Profit/Loss Before Taxation | | 12,900 | 10,000 |
| Provision for Income Tax | | 0.00 | 0.00 |
| Profit/Loss After Tax | | 12,900 | 10,000 |
| Add:Balance loss brought forward | | (46,143,938) | (46,153,938) |
| Balance Profit/Loss to Balance Sheet | | (46,131,038) | (46,143,938) |

NOTES ON ACCOUNTS

G

AS PER REPORT OF EVEN DATE

For and on behalf of the Board

For P.S. Nagaraju & Co.,
Chartered Accountants
Firm Reg No.011447S

Sd/-
Santosh Kumar Sahu
Whole-Time Director

Sd/-
A Venkata Ramana
Director

Sd/-
P.S. Nagaraju
Partner
Membership No.210268
Hyderabad
August 11, 2011

Sd/-
Vattem V Sastry
Chief Financial Officer



SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rs.)

| PARTICULARS | AS ON MARCH 31,2011 | AS ON MARCH 31,2010 |
|--|------------------------|------------------------|
| SCHEDULE - A | | |
| Share Capital: | | |
| Authorized Share Capital | 50,000,000 | 50,000,000 |
| Issued, Subscribed & Paid Up Capital | | |
| 50,00000 Equity Shares of Rs.10 each | 50,000,000 | 50,000,000 |
| TOTAL | 50,000,000 | 50,000,000 |
| SCHEDULE - B | | |
| RESERVES & SURPLUS | | |
| General Reserve | 178,500 | 178,500 |
| TOTALI | 178,500 | 178,500 |
| SCHEDULE - C | | |
| CURRENT ASSETS, LOANS & ADVANCES & STOCK IN TRADE | | |
| Cash in hand | 84,296 | 71,396 |
| With Schedule Banks-On Current Accounts | 129,142 | 129,142 |
| Sundry Debtors | 2,321,929 | 2,321,929 |
| Hyderabad Stock Exchange Ltd | 2,801,000 | 2,801,000 |
| Loans and Advances | 116,135 | 116,135 |
| TOTAL | 5,452,502 | 5,439,602 |
| SCHEDULE - D | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| Amount payable to Clients | 1,405,040 | 1,405,040 |
| TOTAL | 1,405,040 | 1,405,040 |



SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT

(Amount in Rs.)

| PARTICULARS | YEAR ENDED MARCH 31,2011 | YEAR ENDED MARCH 31,2010 |
|---------------------------------|-------------------------------------|-------------------------------------|
| <u>SCHEDULE - E</u> | | |
| Income | | |
| Income from Operations | 308,400 | 300,000 |
| TOTAL | 308,400 | 300,000 |
| <u>SCHEDULE - F</u> | | |
| ADMINISTRATIVE EXPENSES | | |
| Salaries-Executives and Staffs | 124,500 | 120,000 |
| Printing & stationary | 71,200 | 70,000 |
| Office Maintainance | 41,700 | 40,000 |
| Postage & Communication Charges | 57,300 | 59,000 |
| Bank Charges | 800 | 1,000 |
| TOTAL | 295,500 | 290,000 |



SCHEDULE - G

NOTES ON ACCOUNTS :

1 DISCLOSURE OF ACCOUNTING POLICIES :

a) General :

The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b) Fixed Assets :

All fixed assets are stated at cost of acquisition and any attributable cost for bringing the asset to working condition.

c) Foreign Exchange Transactions :

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

d) Income recognition

i) Income and Expenditure are accounted on accrual basis except as stated below :

ii) 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.

e) Valuation of Stock in Trade

Quoted Shares/Securities are valued at cost or market value whichever is lower (as per the market quotations available as on the date of Balance Sheet)

f) Depreciation

Depreciation on fixed assets is provided on Straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

2 Miscellaneous Expenditure :

The Company is amortizing Miscellaneous Expenditure representing Public Issue Expenditure over a period of 10 years.

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

4 Balances of Loans, Advances and Other Balances are subject to confirmation with the respective parties.



5 There were no contingent liabilities in the Company.

| | | | |
|----|---|---------------------|----------------------|
| 6 | Auditors Remuneration As Auditors | Current Year Nil | Previous Year Nil |
| 7 | Managerial Remuneration - Managing Director Salary Contribution to PF | Nil Nil | Nil Nil |
| 8 | Expenditure in Foreign Currency Travelling Expenses | Nil | Nil |
| 9 | Earnings in Foreign Currency Service Charges Received | Nil | Nil |
| 10 | In compliance with the Accounting Standards - AS-22 relating to "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India the company has not recognised the Deferred Tax Liability (Net) for the year ended on 31 st March 2011. | | |

11 Earnings per Share

The numerators and denominators used for calculation of EPS

| | | Year Ended 31.03.2011 | Year Ended 31.03.2010 |
|----|--|--------------------------|--------------------------|
| | | Rs. | Rs. |
| a) | Loss / Profit as per Profit & Loss A/c.(A) | 12900 | 10000 |
| b) | No. of Equity Shares (B) | 5000000 | 5000000 |
| c) | Nominal value of Share | 10 | 10 |
| d) | Earning per Share | 0.0026 | 0.0020 |

12 Paise have been rounded off to the nearest rupee.

13 Previous year figures were regrouped wherever necessary.

Note : Schedules and statement on accounting policies form an integral part of the balance sheet and profit and loss account.

Vide our Report of even date

For P. S. Nagaraju & Co.

Chartered Accountants
Firm Registration No: 011447S

**Sd/-
P. S. Nagaraju**
Partner
Membership No. 210268

Hyderabad
August 11, 2011

For and on behalf of the Board

**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 31ST MARCH, 2011

(Amt.in Rs)

| Particulars | 31.03.2011 | 31.03.2010 |
|--|----------------|------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax and Extraordinary Items | 12,900 | 10,000 |
| Adjustments for : | | |
| Depreciation | - | - |
| Miscellaneous Expenses Written Off | - | - |
| Provision for Bad Debts | - | - |
| Loss on Sale of Fixed Assets | - | - |
| Deferred tax Expense | - | - |
| | 12,900 | 10,000 |
| Other Income | - | - |
| Operating Profit before Working Capital Changes | 12,900 | 10,000 |
| Adjustments for : | | |
| Loans | - | - |
| Current Assets 1 | - | - |
| Current Liabilities 2 | - | - |
| Net Current Assets (1-2) | - | - |
| Net Cash Flow From Operating Activities (A) | 12,900 | 10,000 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | - | - |
| Sale of Fixed Assets | - | - |
| Sale of Investments | - | - |
| Dividend Received | - | - |
| Net Cash used in Investing Activities (B) | - | - |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Shares | - | - |
| Proceeds from Long Term Borrowings | - | - |
| Repayment of Finance Lease Liabilities | - | - |
| Dividends Paid | - | - |
| Net Cash used in Financing Activities (C) | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 12,900 | 10,000 |
| Opening Cash and Cash Equivalents | 200,538 | 190,829 |
| Closing Cash and Cash Equivalents | 213,438 | 200,538 |

For and on behalf of the Board

Hyderabad
August 11, 2011

Sd/-
Santosh Kumar Sahu
Whole-Time Director

Sd/-
A Venkata Ramana
Director

Sd/-
Vattem V Sastry
Chief Financial Officer

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Vijay Growth Financial Services Limited for the year ended March, 2011. The Statement has been prepared by the Company in accordance and in agreement with corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 11th August, 2011 to the members of the Company.

Hyderabad
August 11, 2011

Sd/-
For P. S. Nagaraju & Co.
Chartered Accountants
Firm Registration No: 011447S

Sd/-
P. S. Nagaraju
Partner
Membership No.210268



**STATEMENT PURSUANT TO PART IV OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS :

Registration No. : 7120
State Code : 1
Balance Sheet Date : 31.03.2011

II. CAPITAL RAISED DURING THE YEAR : (Rs. In 000's)

Public Issue : Nil Bonus Issue : Nil
Private Placement : Nil Rights Issue : Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Rs. In 000's)

Total Liabilities : 50178 Total Assets : 50178

IV. PERFORMANCE OF COMPANY (Amt. in Lakhs)

Total Income : 3.08 Profit after Tax : 0.13
Total Expenditure : 2.96 Earnings Per Share (Rs.) : 0.0026

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY
(AS PER MONETARY TERMS)

Product Description : Share Broking and Investment Banking Activities

Vide our Report of even date

For and on behalf of the Board

For P.S. Nagaraju & Co.,
Chartered Accountants
Firm Reg No.011447S

Sd/-
P.S. Nagaraju
Partner
Membership No.210268

Hyderabad
August 11, 2011

Sd/-
Santosh Kumar Sahu
Whole-Time Director

Sd/-
Santosh Kumar Sahu
Whole-Time 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

Regd. Folio No. : _____

No. of Shares Held : _____

Name of the Shareholder/Proxy Present: _____

I hereby record my presence at the 24th Annual General Meeting of the Members to be held on Friday, the 30th day of September 2011 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.

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VIJAY GROWTH FINANCIAL SERVICES LTD

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

PROXY FORM

Regd. Folio 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 24th Annual General Meeting of the Members to be held on Friday, the 30th day of September 2011 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 2011.

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