

# VICTORY PROJECTS LIMITED

## 17th Annual Report

2007-2008

<b>Board of Directors</b>	Mr. Maruti Ram Praturi	Managing Director
	Mr. T. N. DhanRaj	Director
	Mr. D. Krishna Murthy Rao	Director
	Mr. Ramachandra Murthy	Director
	Ms. P. V. Lakshmi	Director
	Mr. D. Seenu Reddy	Director

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**Company Secretary** Mr. B. Laxman

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**Statutory Auditors** Mr. V. Syam Sunder, Chartered Accountant  
Plot No. 88, Krishna Enclave  
Indira Nagar, Tirumalagiri  
Secunderabad – 500 015

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**Bankers** ICICI Bank Limited  
State Bank of Hyderabad

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**Registered Office** G-1, Parameshwara Apartments  
6-3-626, Anand Nagar, Khairatabad  
Hyderabad – 500 004.  
Telephone: + 91 (40) 23305484  
www.victory-india.com  
Email: cs@victory-india.com

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**Registrars &  
Share Transfer Agent** XL Softtech Systems Limited  
3, Sagar Society, Road No. 2  
Banjara Hills, Hyderabad – 500 034.  
Telephone: + 91 (40) 23545913, 14  
Email: xifield@rediffmail.com

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**Notice of the 17<sup>th</sup> Annual General Meeting**

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Victory Projects Limited will be held on Tuesday, the 30<sup>th</sup> day of September, 2008 at 10.30 a.m., at the registered office of the Company situated at G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad – 500 004 to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2008 and the Profit & Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ramachandra Murthy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. P. Vijaya Lakshmi, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Mr. V. Syam Sunder, Chartered Accountant as Statutory Auditor and to fix remuneration.

**Special Business:**

5. To consider and if thought fit, to pass with or without modifications, if any the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the consent of the members be and is hereby accorded for the re-appointment of Mr. Maruti Ram Praturi, Managing Director of the Company for a further period of 5 years with effective from 1<sup>st</sup> September 2008 on the following terms of remuneration:

1. Salary: Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand) per month.
2. Perquisites and Allowances not exceeding basic salary per month:
  - a) House Rent Allowance: 40% of the Basic Salary.
  - b) Medical Reimbursement: Expenses incurred for self and family subject to the ceiling of Rs.15,000/- per annum.
  - c) Leave Travel Allowance: For Self and family once in a year incurred in accordance with the rules of the Company.
  - d) Club Fees: Fees of clubs subject to a maximum of two clubs excluding admission and life membership fees.
  - e) Personal Accident Insurance: Personal accident Insurance policy for an amount, the annual premium of which shall not exceed Rs.20,000/- per annum.

- f) Contribution to provident fund, Superannuating and Annuity Fund: As per the rules of the Company applicable to other managerial personnel.
- g) Gratuity: As per the rules of the Company applicable to the other managerial personnel.
- h) Leave: Entitled to avail leave with full pay or encashment thereof as per the rules of the Company applicable to the other managerial personnel.

“RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company, the remuneration and perquisites set out in the aforesaid resolution be paid to Mr. Maruti Ram Praturi, Managing Director as minimum remuneration provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the ceiling provided Schedule XIII to the said Act.”

“FURTHER RESOLVED THAT the Board or any committee thereof be and is hereby authorized on behalf of the company to do all such acts, deeds, matters and things as it may be necessary for the purpose of giving effect to this resolution.”

**On behalf of the Board of Directors**

Place: Hyderabad  
Date: 04-09-2008

**Maruti Ram Praturi**  
**Managing Director**

**Notes:**

- (a) A member of the Company entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books will remain closed from 26-09-2008 to 30-09-2008, both days inclusive.
- (c) Members / Proxies are requested to bring annual report along with the attendance slip filled in for attending the meeting.
- (d) XL Sofitech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034 is the Registrar and Share Transfer Agent for the physical shares of the Company and also the depository interface of the Company with both NSDL and CDSL.
- (e) Queries on accounts and operations may please be sent to the Company 5 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
- (f) The relative Explanatory Statement pursuant to Section 173(2) of the Act with regard to the special business set out in item no. 5 is annexed hereto.

**Explanatory Statement, as required under Section 173 of the Companies Act, 1956.**

**Item No. 5:**

The Remuneration Committee as well as the Board of Directors of directors of the company in its meeting held on 4<sup>th</sup> September 2008 recommended re-appointment of Mr. Maruti Ram Praturi as Managing Director of the company for another term of five years with effect from 1<sup>st</sup> September 2008 on the remuneration as set in the resolution

Mr. Maruti Ram is B.E from REC, Warangal and M.B.A from IIM. He is the Promoter director and Managing Director of the Company since a long period. He holds over 25 years of experience in the information technology sector in various countries.

Your directors recommend the resolution as set out in Item No.4 of the notice for approval of the members.

No director other than Mr. Maruti Ram Praturi and Mrs. P. Vijaya Lakshmi is concerned or interested in this Resolution.

The above terms and conditions may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Your Directors recommend acceptance of the proposed Resolution in the best interest of the Company. None of the Directors of the Company has any interest in the proposed Resolution.

**On behalf of the Board of Directors**

Place: Hyderabad  
Date: 04-09-2008

**Maruti Ram Praturi**  
**Managing Director**

**Brief resume of Director retiring by rotation seeking re-appointment at this Annual General Meeting**

<b>Name of the Director</b>	<b>Mr. Ramachandra Murthy</b>	<b>Mrs. P. Vijaya Lakshmi</b>
Date of Birth	07-05-1959	15-09-1964
Date of appointment	03-07-1995	24-01-2002
Qualifications	FCA	M.A. (Economics)
Expertise in specific functional areas	Accounting, Finance, Company Law	Human Resource Management, Administration
Directorships held in other Public Companies (excluding foreign companies)	Nil	Nil
Memberships/ Chairmanships of committees across public companies (excluding foreign companies)	Nil	Nil
Shareholding in the Company	Nil	Nil

## **DIRECTORS' REPORT**

Dear Members,

The Directors present their Seventeenth Annual Report together with the Audited financial statements for the year ended March 31, 2008.

<b>Financial Results</b>	<b>Rs. in Lakhs</b>	
	<b>2007-2008</b>	<b>2006-2007</b>
1 Income from Operations	215.30	66.19
2 Total Expenditure	69.41	36.25
3 Gross Profit/Loss after interest but before Depreciation	145.89	29.95
4 Depreciation	28.39	11.31
5 Provision for Taxation	8.67	Nil
6 Net Profit/Loss	108.83	18.64
7 Reserves excluding Revaluation Reserves	-10.88	-120.47

### **Review of Operations and Future Outlook:**

The company's TeleCanor product line has been accepted by the user community, yielding substantial revenues. It has released new versions of these packages keeping in mind the SME segment. The thrust area was the Interactive Voice Response System product installations, improvements, and acceptance in high volume data critical applications like payment gateways. The company expects to setup a payment gateway on its own, funded by internal accruals, issue of sharewarrants, and other appropriate means depending on the market conditions. This payment gateway will have various features such as Outbound Notification support for Internet, IVR based gateway, SMS payment gateway, POS supplementing devices etc, which will all be built on the company's own software.

### **Fixed Deposits:**

During the year under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under. As such no amount of principle or interest towards deposit was outstanding on the date of the Balance Sheet.

### **Corporate Governance:**

A report on Corporate Governance including Auditor Certificate thereon as per Clause 49 of the Listing Agreement is contained elsewhere in the Annual Report.

**Management Discussions and Analysis:**

Management Discussions and Analysis Report, pursuant to clause 49 of the Listing Agreement, form part of this report and the same is annexed.

**Listing at Stock Exchange:**

The Equity Shares of the Company continue to be listed on The Bombay Stock Exchange Limited and The Hyderabad Stock Exchange Limited. The annual listing fees for the year 2007-2008 have been paid to The Bombay Stock Exchange Limited.

**Directors:**

The Remuneration Committee and the board of directors at their meeting held on 4<sup>th</sup> September 2008 re-appointed Mr. Maruti Ram Praturi as Managing Director of the company for another term of five years with effect from 1<sup>st</sup> September 2008. The Board recommends the same for approval of shareholders.

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr. Ramachandra Murthy and Mrs. P. Vijaya Lakshmi, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

**Auditors:**

Mr. V. Syam Sunder, Chartered Accountant, Hyderabad, the Statutory Auditors of the Company hold office till the conclusion of forthcoming Annual General Meeting. Your directors recommend their appointment at the ensuing Annual General Meeting as Statutory Auditors.

**Information u/s. 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.****Conservation of Energy, Technology Absorption, Foreign Exchange earnings and Outgo:**

- a) Conservation of Energy: The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.
- b) Technology Absorption: Since business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company continues its focus on quality up gradation of product and services development.
- c) Foreign Exchange earnings and outgo: Total foreign exchange earnings during the year were Rs. Nil Lakhs (Previous year Rs. Nil Lakhs) and foreign exchange outgo was Rs. Nil Lakhs (previous year Rs. Nil Lakhs).

**Particulars of Employees:**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not required as none of the employee falls under the category.

**Directors' Responsibility Statement:**

In terms of the provisions of section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm as under:

1. That, in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with the proper explanation relating to material departures;
2. 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 and of the profit or loss of the Company for that period.
3. That, the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That, the Directors had prepared the annual accounts on a going concern basis.

**Acknowledgements:**

The Directors thank the Company's Bankers, Employees and officials of concerned Government Departments for their co-operation and continued support to the Company. Also thank the Members for the confidence they have reposed in your Company and its Management.

**On behalf of the Board of Directors**

Place: Hyderabad  
Date: 04-09-2008

**Maruti Ram Praturi**  
**Managing Director**



**REPORT ON CORPORATE GOVERNANCE**
**1. Company's Philosophy on Corporate Governance**

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. The Company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed here in below:

**2. Board of Directors**
**Composition of the Board:**

The Company has an optimum combination of Executive and Non-Executive Directors. The Chairman is an Executive Director and the number of Independent Non-Executive Directors more than half of the Board's strength at any point of time. All Independent Non-Executive Directors comply with the legal requirements of being "Independent." The composition of the Board of Directors of the Company is as follows:

Name of the Director	Category	Designation	Directorship in other Companies @	Chairmanship in committees of Boards of other Companies \$	Membership in committees of Boards of other Companies \$
Mr. Maruti Ram Praturi	Promoter Director	Managing Director	Nil	Nil	Nil
Mr. D. Krishna Murthy Rao	Independent Non-Executive Director	Director	Nil	Nil	Nil
Mr. Ramachandra Murthy	Independent Non-Executive Director	Director	Nil	Nil	Nil
Smt. P. V. Lakshmi	Promoter Director and Non-Executive	Director	Nil	Nil	Nil
Mr. T. N. Dhanraj	Independent Non-Executive Director	Director	Nil	Nil	Nil
Mr. D. Seenu Reddy	Independent Non-Executive Director	Director	Nil	Nil	Nil

@ Directorships in private and foreign companies are excluded.

\$ Membership/Chairmanship of only Audit Committee and Shareholders Grievance Committee has been considered.

**Details of Board Meetings and Attendance:**

During the financial year 2007-08 Board of Directors of the Company met six times on 30-04-2007, 30-06-2007, 31-07-2007, 31-10-2007, 31-01-2008 and 08-03-2008. The attendance details of the directors at the Board Meetings and last Annual General Meeting is as follows:

Name of the Director	Number of meetings held	Number of meetings attended	Whether attended the last AGM in 2006
Mr. Maruti Ram Praturi	6	6	Yes
Mr. D. Krishna Murthy Rao	6	2	No
Mr. Ramachandra Murthy	6	4	Yes
Smt. P. V. Lakshmi	6	6	Yes
Mr. T. N. Dhanraj	6	1	No
Mr. D. Seenu Reddy	6	5	Yes

**Code of Conduct:**

The Board has laid down a code of conduct for all Board members and senior management of the Company. All the Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

**3. Audit Committee**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956. The terms of reference include:

- a) Overseeing the Company financial reporting process.
- b) Reviewing periodical financial results, financial statements and adequacy of internal control systems.
- c) Approving Internal Audit plans and reviewing efficacy of the function.
- d) Discussion and review of periodic audit reports, and
- d) Discussions with external auditors about the scope of the audit including the observations of the auditors.

**Composition and Attendance:**

There are three members of the audit committee and all the members of the committee are Non-Executive in which two members are Independent Directors. Members of the Audit Committee are Mr. Ramachander Murthy, Mr. T. N. Dhanraj and Ms. P. V. Lakshmi. Mr. Ramachander Murthy is the Chairman of the Audit Committee. The Company Secretary Mr. B. Laxman acts as the Secretary to the Committee.

During the financial year 2007-08 Audit Committee met four times on 30-06-2007 31-07-2007, 31-10-2007 and 31-01-2008. All the members of the Committee attended all the above meetings

Minutes of the Audit Committee are circulated to the members of the Committee and the Board is kept apprised.

**4. Remuneration Committee**

The members of the Remuneration Committee of the Board of Directors of the Company are Mr. Ramachander Murthy, Mr. T. N. Dhanraj and Mr. Krishna Murthy Rao. Mr. Ramachander Murthy is the Chairman of the said Committee.

The terms of reference of the Remuneration Committee are:

- a) To review and approve / recommend the remuneration for the Corporate officers and Managing Director of the Company
- b) To review and recommend to the Board the remuneration policy for the Company.
- c) To approve grant of stock options to the employees and / or directors of the Company and subsidiary.
- d) To discharge such other functions or exercise such powers as may be delegated to the Committee by the Board from time to time.

**Remuneration Policy:**

The Committee has the mandate to review and recommend compensation payable to the Managing Director and Senior Executives of the Company. No director other than Mr. Maruti Ram Praturi is drawing remuneration from Company. Mr. Maruti Ram Praturi is drawing remuneration for the services rendered in the capacity of Managing Director of the Company. The Company is paying a maximum sitting fee of Rs.5000/- to the Non-Executive Directors for attending each board meeting.

The details of remuneration and sitting fees paid or provided to each of the Directors during the year 2007-08 are as follows:

(In Rs.)

Name of the Director	Designation	Salary & Perks	Commission	Sitting Fees	Total
Mr. Maruti Ram Praturi	Managing Director	1200000	0	0	1200000
Mr. D. Krishna Murthy Rao	Director	Nil	Nil	10,000	10,000
Mr. Ramachandra Murthy	Director	Nil	Nil	20,000	20,000
Smt. P. V. Lakshmi	Director	Nil	Nil	30,000	30,000
Mr. T. N. Dhanraj	Director	Nil	Nil	5,000	5,000
Mr. D. Seenu Reddy	Director	Nil	Nil	20,000	20,000

No other benefits, bonuses, stock options, pensions or performance-linked incentives are paid to directors except as mentioned above and there are no pecuniary relationships or transactions by the non-executive directors during the financial year.

**Shareholding details of directors as on March 31, 2008 is as follows:**

Name of the Director	No. of shares held
Mr. Maruti Ram Praturi	458070
Mr. D. Krishna Murthy Rao	Nil
Mr. Ramachandra Murthy	2738
Smt. P. V. Lakshmi	259598
Mr. T. N. Dhanraj	Nil
Mr. D. Seenu Reddy	Nil

None of the Non-executive directors have any material pecuniary relationship or transactions with the Company.

**5. Share Transfers and Shareholders Grievance Committee**

The Share Transfers and Shareholders Grievance Committee comprises of two non-executive directors and one executive director. The Chairman of the Committee is the Independent Director. The members are Mr. Ramachandra Murthy (Chairman), Mr. P. Maruti Ram and Ms. P. V. Lakshmi. Mr B. Lakshman, Company Secretary is the Compliance Officer.

**Scope of the Committee**

The scope of the Shareholders' Share Transfers and Shareholders Grievance Committee is to review and address the grievances of the shareholders in respect of share transfers, transmissions, dematerializations and rematerialisation of shares, dividend, change of address, and other miscellaneous matters.

During the year Company has not received any complaints from the shareholders and there are no pending shareholder complaints or share transfers as on date of this report.

**Meetings and Attendance:**

The Committee generally meets once in a month to approve share transfers, issue of duplicate shares and review matters connected with redressal of shareholders complaints.

**6. Annual General Meetings**

Details of the last three Annual General Meetings (AGM) are as follows:

Year/Period	Day, Date and Time	Location
2004-2005	Friday, 30 <sup>th</sup> September 2005 at 10.30 A.M.	At the Registered office of the Company at G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad, Hyderabad – 500 004.
2005-2006	Friday, 29 <sup>th</sup> September 2006 at 9.30 A.M.	At the Registered office of the Company at G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad, Hyderabad – 500 004.
2006-2007	Saturday, 29 <sup>th</sup> September 2007 at 9.30 A.M.	At the Registered office of the Company at G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad, Hyderabad – 500 004.

No special resolution was passed by the shareholders at the last three Annual General Meetings. No business was transacted through postal ballot at the last three Annual General Meetings. At the forthcoming Annual general Meeting no business is required to be transacted through postal ballot.

#### **7. Disclosures:**

- The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have any potential conflict with the interests of the Company.
- There are no pecuniary relationship or transactions with non-executive directors vis-à-vis the Company, which has potential conflict with the interests of the Company at large.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures has been imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during last three years.
- The Company has complied with all the applicable mandatory requirements of the revised Clause 49 of the Listing Agreement.

#### **Prohibition of Insider Trading**

- In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct for insider trading regulations which is applicable to all the directors, officers and such employee's of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company.

#### **8. Means of Communication**

The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges, immediately after these are taken on record by the Board. These financial results are normally published in Business Standard/Indian Express (English) and Andhra Bhumii/Andhra Prabha/Andhra Jyothi (Telugu) Newspapers and are displayed on the website of the Company [www.victory-india.com](http://www.victory-india.com).

The official news releases and the presentation made to the investors/ analysts are also displayed on the Company's website.

Management Discussion and Analysis Report forms part of the Report of the Directors.

**9. General Shareholders Information:**

Registered Office & address for Correspondence:	G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad, Hyderabad – 500 004. E-mail: <a href="mailto:info@victory-india.com">info@victory-india.com</a> Website: <a href="http://www.victory-india.com">www.victory-india.com</a>
Annual General Meeting: (Date, Time and Venue)	Tuesday, September 30, 2008, 10.30 A.M At G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad, Hyderabad – 500 004.
Financial Year:	April 1, 2007 to 31 <sup>st</sup> March 2008.
Book Closure:	September 26, 2008 to September 30, 2008 (both days inclusive)
Listing of Shares:	The Company shares are listed on The Bombay Stock Exchange Limited and The Hyderabad Stock Exchange Limited. The Company has paid listing fees for the financial year 2007-2008 to The Bombay Stock Exchange Limited.
Stock Code	BSE 530595
ISIN Number for NSDL &CDSL	INE 381G01013
Share Transfer Agent:	XL Softtech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034.
Share Transfer System:	Equity Shares lodged for transfer in physical mode are normally registered within 15 days from the date of receipt. The Share Transfer Agent is handling all the Share Transfers and related transactions.  As on March 31, 2008, no share transfer or complaints were pending.
Details on use of public funds obtained in 3 years	No fund was raised from public during the last three years
Address for Correspondence:	Ms. B. Laxman, Company Secretary, Victory Projects Limited,G-1, 6-3-626, Khairatabad, Hyderabad – 500 004.

**Market Price Data in the last financial year:**

The high/low market price of the shares during the financial year 2007-08 at The Bombay Stock Exchange Limited (BSE) is as given below.

Month	BSE-High	BSE-Low	Month	BSE-High	BSE-Low
April 2007	4.29	3.47	October 2007	9.00	6.00
May 2007	5.59	3.60	November 2007	6.97	5.25
June 2007	5.25	3.80	December 2007	14.49	6.05
July 2007	5.20	4.11	January 2008	19.38	10.85
August 2007	6.25	4.44	February 2008	13.12	9.70
September 2007	9.54	5.78	March 2008	11.64	6.75

**Shareholding Pattern as on March 31, 2008**

Category	No. of Shares	% of Shareholding
Promoters	1340577	24.81
Mutal Funds.	Nil	Nil
Banks /FI	107800	1.99
Private Corporate Bodies	222769	4.12
Public	3207668	59.36
NRI/OCBs	525300	9.72
<b>Total</b>	<b>5404114</b>	<b>100</b>

**Distribution of Shareholding as on March 31, 2008:**

Number of Equity Shares held	Shareholders (Numbers)	Shareholders (Percentage)	Shares (In Rs.)	Shares (Percentage)
1 – 5000	1509	54.36	5204410	9.63
5001 – 10000	725	26.12	6100470	11.29
10001 – 20000	308	11.10	4783620	8.85
20001 – 30000	59	2.13	1547930	2.86
30001 – 40000	37	1.33	1302170	2.41
40001 – 50000	35	1.26	1616180	2.99
50001 – 100000	44	1.59	3477960	6.44
100001 & above	59	2.13	30008400	55.53
<b>Total</b>	<b>2776</b>	<b>100</b>	<b>54041140</b>	<b>100</b>

**Dematerialization of Shares and liquidity:**

The Shares of the Company are in compulsory demat segment and are available for trading in the depository system of both NSDL and CDSL. As on March 31, 2008 1799056 Equity Shares of the Company forming 33.29 % of the Share Capital of the Company, stand dematerialized.

Identification Number of scrip given by NSDL and CDSL is INE381G01013.

**Declaration**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Team have confirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2008.

**On behalf of the Board of Directors**

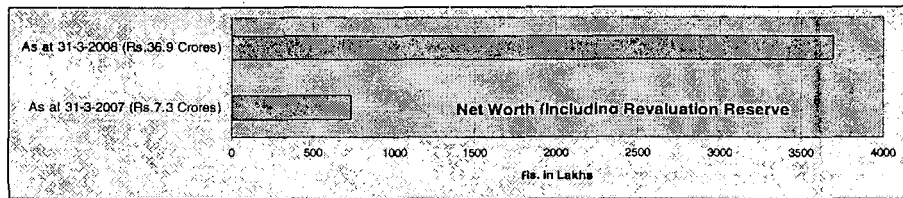
Place: Hyderabad  
Date: 30-06-2008

**Maruti Ram Praturi**  
**Managing Director**

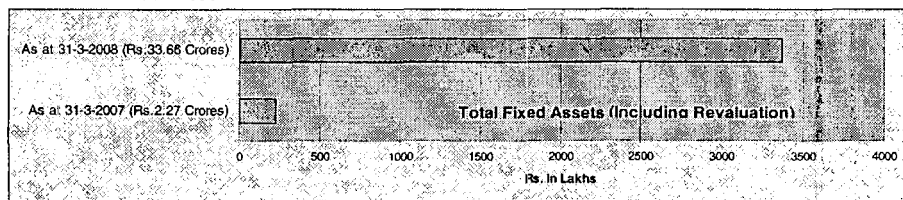
Management Discussion and Analysis

1. Highlights

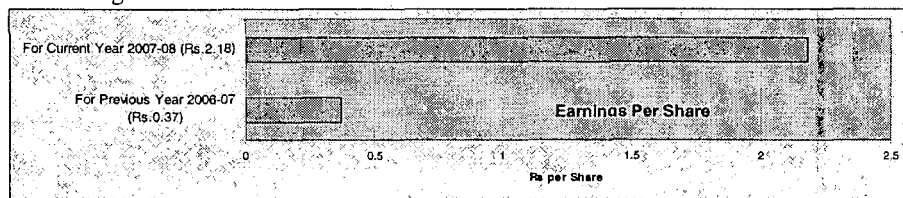
▪ Net Worth



▪ Total Fixed Assets



▪ Earnings Per Share



2. Industry Structure and Developments

a. Overview

During the course of the last few years, company has developed a diversified portfolio of products in the broad nature of multi-channel CRM, ERP for SME segment, banking products for Co-operative banks, Whiteboards for educational content dissemination and Financial Investment Tools for personal planning. It has made substantial inroads into these respective markets. Flagship product TeleCanor IVR system has been an excellent performer with demand from multiple segments.

b. Product wise market developments

Management saw a great potential into forward integration into payment gateway and Value Added Service (VAS) on Mobiles business from its existing line of TeleCanor suite of multi-channel communication application. The company has acquired the necessary first hand expertise to run the payment gateway business. It has recruited personnel in various functionalities with the required skill-set for these lines



c. **Payment gateway overview**

Payment Gateways are safer, more convenient, and quicker means for consumers to pay for goods and services using credit/debit cards either at Point-of-Sale transactions or remotely. This business has tremendous potential and your company is ideally suited to enter this business, since by far it is one of the few companies, which has the technology to operate IVR, SMS and internet payment gateways.

d. **Corporate Developments**

Company is inducting fresh capital for financing its forays into this business and as well as augmenting working capital margin through long-term funds.

### **3. Revaluation of Land**

As you are aware, your company has a large area of land over 75 acres, in addition to another 28 acres 45 Cents as agreements, which was acquired for the purpose of aquaculture in the year 1994-95. During the last 3 years there has been a spectacular growth in industrial activity in the region with the establishment of Achyutapuram SEZ. This SEZ houses several large and medium size industries including HPCL refinery, Pilkington glass factory, Brandix Apparel Park and others. In the meantime Government of AP has issued a GO Ms. No. 373 for formation of SDA to facilitate establishment of a Petroleum, Chemical and Petrochemical Investment Region (PCPIR) region in the area between Achyutapuram, Vizag District, AP and Kakinada, AP for an extent of 603Sq KM with a total capital overlay in the range of Rs.2,50,000 Crores. This region which encompasses our land and surrounding areas is bound to see unprecedented industrial growth including ONGC refinery, 6-lane coastal corridor and a few SEZ's. As a result of the above developments and based on the valuation report submitted by the appointed consultant, the managements' decision to revalue the land resulting in a revaluation of Rs. Rs.29,57 Crores, appears to be on a conservative side.

### **4. Prospects of foray into SEZ development**

Your company is also on the look out for advice from consultants in the field of SEZ development to understand and factor in the resources for foraying into this line with appropriate advantage on collaborations/partnerships with formidable players in this line, subject to approvals. The management will make an announcement and seek approval in this regard at an appropriate time.

### **5. Opportunities and Threats**

Since IVR/SMS based Payment Gateway business, which is the only method of stopping credit card identity thefts, has just begun globally, this business will continue to be a great opportunity, going forward, with more and more variations to the existing scenario. Your company has the right mix of technology, flexibility, and size to exploit this opportunity.

Your company is constantly engaged in identifying and isolating threats to its main business on a pro-active basis, as such it does not expect any threat from competition more than what is built in, while evaluating the project.

**6. Segment-wise performance**

The following table indicates the segment wise functioning of the company

Item /Segment	Rs. in Lakhs		
	IT	Construction	Aqua
Segmental Revenue for the year 2007-08	203.25	8.85	3.20
Segment Result for the year 2007-08	131.58	5.04	(19.12)
Top Line Growth	269%	Not Applicable	-ve
Bottom Line Growth	336%	Not Applicable	-ve

**7. Outlook**

TeleCanor Suite: Since the various components within the suite are built with a flexible architecture, using 4<sup>th</sup> generation programming language, demand for these products is continuously raising. The outlook appears promising with your company's decision to market these products aggressively.

Payment Gateway & IVR Hosting

Payment Gateway Business and IVR Hosting businesses are expected to yield a continuous stream of revenues adding significant weight to the bottom line. Outlook is extremely promising for long term.

**8. Risks and concerns**

The management does not perceive any significant risk in these lines of business

**9. Internal Control System and their adequacy**

Your company has adequate Internal Control System using internal resources for the nature and scale of operations. As such it is continuously striving to improve these systems and appoint external agencies if necessary, as and when the operations grow to the desired level.

**10. Discussion on financial performance with respect to operational performance**

Due to hearty response from user groups, there is a significant 269% growth in the revenues of the main division of the company with a jump of 330% in the bottom line. Due to company's policy of adding value to the product by adding more modules the yields are expected to increase in the existing product lines.

**11. Human Resource Development**

Company provides the necessary environment for a health workplace commensurate with the level of operations.

**12. Disclosures on transactions**

The company has no adverse transactions with any of its directors or members of the board and/or the company. The transactions with related parties appear in the notes to the accounts.

## **AUDITORS REPORT**

The Members

M/s. Victory Projects Limited

1. I have audited the attached Balance Sheet of VICTORY PROJECTS LIMITED, as at March 31, 2008, the Profit & Loss account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on our audit.
2. I have conducted the audit in accordance with the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the management, as well as evaluating the overall financial statement presentation. I believe that my 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 subsection (4A) of Section 227 of the companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to my comments in the Annexure referred to above, I report that:
  - i) I have obtained all the information and explanations, which to the best of our knowledge and belief was necessary for the purposes of my audit ;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books;
  - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv) In my opinion, the balance sheet and profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956 ;
  - v) On the basis of written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as director in terms of clause (g) of Subsection 1 of section 274 of the Companies Act, 1956 ;

- vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts read together with accounting policies and other notes attached thereto 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, 2008
  - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date ; and
  - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For V SYAM SUNDER**  
Chartered Accountant

**V SYAM SUNDER**  
Proprietor

Place : Hyderabad  
Dated : 30-06-2008

**Annexure to Audit Report**

Referred to in paragraph 3 of our report of even date.

- (i) a. The company has maintained records showing full particulars including quantitative details of situation of fixed assets.
- b. The fixed assets were physically verified by the management during the year, and discrepancies noticed on such verification have been properly dealt with in the accounts.
- c. During the year, the company has not disposed/written down any fixed assets
- (ii) a. The management of the company has conducted physical verification of its inventories adequately during the year.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company is maintaining records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company, as per the information and explanations provided, has not accepted or taken loans from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, and hence the matters regarding rate of interest, terms & conditions of loans, repayments and overdue amounts more than Rs. 1 Lakh are not applicable.
- (iv) In my opinion and according to the information and explanations given to me, apart from certain procedures that need strengthening on an ongoing basis, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of my audit, no major weakness has been noticed in internal controls.
- (v) a. According to the information and explanations given to me, I am of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.
- b. In my opinion and according to the information and explanations given to me, the transactions, if any, in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted deposits from the public and hence the provisions of Section 58 A of the Companies Act, 1956 and the rules framed there under are not applicable to the company. In the company's case, no order has been passed by the Company Law Board.
- (vii) The company has not established a formal internal audit system due to paucity of funds and functions with a detailed review of transactions by its audit committee, which is commensurate with the size and nature of its present business.
- (viii) As per the information provided by the Management, that the Company is not covered by the rules made by the Central Government for the maintenance of cost records under Sec 209 (I)(d) of the Companies Act, 1956.
- (ix) (a) As per the information provided by the Company, it is generally regular in depositing with the appropriate authorities undisputed statutory dues for

Income Tax, Wealth Tax, Sales Tax & other statutory dues applicable to it except for a sum of Rs.1.41 Lakhs towards VAT and 1.21 Lakhs for CST. We are informed that the company has no liability towards gratuity and that the provisions of the Provident Fund & ESI Act are not applicable to it.

- (b) There are no dues of sales tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) In my opinion, the accumulated losses of the company are not more than fifty percent of its net worth..
- (xi) In my opinion and according to the information and explanations given to me, the company has no amounts due and hence not defaulted in repayment financial institution, bank or debenture holders.
- (xii) I am of the opinion, and according to the information and explanations given to me that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In my opinion, the company is not a chit fund or a nidhi, mutual benefit, fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In my opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In my opinion and according the information provided and explanations given that the company has not taken any term loans during the year under audit.
- (xvii) According to the information and explanations given to me and on an overall examination of the balance sheet of the company, I report that the no funds raised on short term basis have been used for long-term assets except permanent working capital.
- (xviii) According to the information and explanations given to me, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to me, the company has not issued any debentures during the year under audit or any period prior to it.
- (xx) According to the information given that the company has not made any public issue during the year We have verified the end use of money raised by public issue made earlier as disclosed in the notes to the financial statements.
- (xxi) According to the information and explanations given to me, no fraud on or by the company has been noticed or reported during the course of our audit.

For **V SYAM SUNDER**  
Chartered Accountant

**V SYAM SUNDER**  
Proprietor

Place : Hyderabad  
Dated : 30-06-2008

**Auditor's Certificate on Compliance with Corporate Governance pursuant to Clause 49 of the Listing Agreement.**

The members of  
Victory Projects Limited

1. I have examined the compliance of conditions of Corporate Governance by Victory Projects Limited (the Company) for the year ended March 31, 2008, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. I 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.

Place: Hyderabad  
Date: 04-09-2008

**V. Shyam Sundar**  
**Chartered Accountant**

**Victory Projects Limited**  
**Balance Sheet as at 31st March 2008**

	Schedule	As at 31-03-2008 Rs		As at 31-03-2007 Rs	
<b>Sources of Funds</b>					
Shareholders funds:					
a) Share Capital	1	50,469,515		50,242,265	
b) Reserves & Surplus	2	318,694,840		22,864,375	
Total		<u>369,164,355</u>		<u>73,106,640</u>	
<b>Application of Funds</b>					
Fixed Assets ( Net of depreciation)	3	336,653,846		22,742,784	
Net Current Assets					
a) Current Assets, Loans & Advances	4	20,969,982	24,108,000		
b) Current Liabilities & Provisions	5	12,487,545	8,482,437	8,655,226	15,452,774
Miscellaneous Expenditure	6				
Debit Balance in Profit & Loss Account		24,028,072		34,911,082	
Total		<u>369,164,355</u>		<u>73,106,640</u>	

Accounting Policies and Notes to Accounts Annexed  
for V Syam Sunder for and on behalf of the Board  
Chartered Accountants

V.Syam Sunder  
Proprietor

P.Maruti Ram  
Managing Director

Ramchander Murthy  
Director

Place: Hyderabad  
Date : 30.06.2008



<b>Cash Flow for the year ending</b>		31-3-2008	31-3-2007
		Rs.	Rs.
A	Cash Flow from operation activities		
	Net Profit before interest and taxes	11,749,726	1863727
	Adjustment for depreciation	2,838,609	1130992
	Adjustment for Amotization	0	442355
	Adjustment for Extra-ordinary items	0	0
	Operating Profit before working capital changes	14,588,335	3437074
	(Increase)/Decrease in Fixed Assets	-20,994,956	-7357061
	(Increase)/Decrease in Current Assets	3,241,334	2754467
	Increase/(Decrease) in Loans	0	0
	Increase/(Decrease) in Current Liabilities	2,965,603	1179427
	Income Taxes Paid	0	0
	Net Cash used in operating activities	-199,683	13907
B	Cash Flow from Investing Activities		0
C	Cash Flow From Financing Activities	303,000	0
D	Net Cash outflow/(inflow)	103,317	13907
E	Cash and Cash Equivalents as at Beginning	46,014	32107
	Cash and Cash Equivalents as at Closing	149,331	46014

Per my report of even date  
for V Syam Sunder  
Chartered Accountants

for and on behalf of the Board

V.Syam Sunder  
Proprietor

P.Maruti Ram  
Managing Director

Ramchander Murthy  
Director

Place: Hyderabad  
Date : 30.06.2008

**Victory Projects Limited**  
**Profit & Loss Account for the year ended 31st March 2008**

Particulars	Shedule	Current Year	Previous Year
		31-03-2008 Rs	31-03-2007 Rs
<b>Income</b>			
Income from operations	7	21,529,545	6,619,421
<b>Total</b>		<b>21,529,545</b>	<b>6,619,421</b>
<b>Expenditure</b>			
Cost of materials and labour	8	963,575	207,300
Operating, Administration & other Expenses	9	5,977,635	2,975,048
Depreciation	3	2,838,609	1,130,992
Preliminary and Deferred Revenue Expenses written off	6	0	442,355
<b>Total</b>		<b>9,779,819</b>	<b>4,755,695</b>
Profit Before Tax		11,749,726	1,863,727
FBT		36,716	0
Current Tax		830,000	0
Profit After Tax		10,883,010	1,863,727
Loss account b/f		(34,911,082)	(36,774,808)
Balance carried to Balance sheet		(24,028,072)	(34,911,082)
Diluted EPS		2.18	0.37

Accounting Policies and Notes to Accounts Annexed  
for V Syam Sunder for and on behalf of the Board  
Chartered Accountants

V.Syam Sunder  
Proprietor  
Place: Hyderabad  
Date : 30.06.2008

P.Maruti Ram  
Managing Director

Ramachander Murthy  
Director

**Victory Projects Limited**  
**Schedules to Balance Sheet**

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
<b>Schedule 1 :</b>		
<b>Share Capital</b>		
Authorised Share Capital 6000000 equity shares of Rs 10 each	<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed & paid up 5404114 equity shares of Rs 10 each	54,041,140	54,041,140
<b>Less :</b>		
Share allotment money due	3,571,625	(3,798,875)
<b>Total</b>	<u>50,469,515</u>	<u>50,242,265</u>

**Schedule 2 :**  
**Reserves & Surplus**

General Reserve	350,000		350,000
Share Premium	23,763,000	23,763,000	
Less : Premium due on share Allotment	1,172,875	<u>22,590,125</u>	<u>22,514,375</u>
Revaluation Reserve		295,754,715	
<b>Total</b>	<u>318,694,840</u>		<u>22,864,375</u>

**Schedule 3 :  
Fixed Assets**

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	At 01.04.2007	Additions	Deletions	31.3.2008	01.04.2007	For the year	Deletions	At 31.3.2008	31.3.2008	31.03.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3,711,735	308,275,662		311,987,397	0	0	0	0	311,987,397	3,711,735
Buildings	187,501			187,501	61,375	6,260	0	87,635	119,866	126,126
Aqua Ponds	19,095,808			19,095,808	8,113,581	997,050	0	9,020,631	10,075,177	10,982,227
Plant & machinery	0			0	0	0	0	0	0	0
Furniture & Fixtures	384,675	0	0	384,675	303,399	0	0	303,399	81,276	81,276
Office equipments	321,728	214,298		536,026	117,695	228,258	0	345,953	190,073	204,033
Computers	755,875	540,000		1,295,875	609,994	210,009	0	820,003	475,872	145,881
Software and License Rights	0	2,100,000		2,100,000	0	0	0	0	2,100,000	
Proprietary Software	5,171,611			5,171,611	67,265	1,292,903		1,360,168	3,811,443	5,104,346
<b>Capital work in progress</b>										
Software Product Development	2,387,160	5,619,711	0	8,006,871		194,129	0	194,129	7,812,742	
<b>Total</b>	<b>32,016,093</b>	<b>316,749,671</b>	<b>0</b>	<b>348,765,764</b>	<b>9,273,309</b>	<b>2,838,609</b>	<b>0</b>	<b>12,111,918</b>	<b>336,653,846</b>	<b>20,355,624</b>
<b>Previous Year</b>	<b>24659032</b>	<b>7673937</b>	<b>316876</b>	<b>32016093</b>	<b>8142317</b>	<b>1130992</b>	<b>0</b>	<b>9273309</b>	<b>22742784</b>	<b>16516715</b>

1. Addition of Land including unregistered value of Rs.18,34,850/- comprising of 28Acres 45 Cents

2. Additions consists of Revaluation Reserves of Rs.29,57,54,715/-

	As at 31.03.2008		As at 31.03.2007	
	Rs.		Rs.	
<b>Schedule 4 :</b>				
<b>Current Assets, Loans &amp; Advances</b>				
<b>Inventories :</b>				
Total Work in Progress		0		4,060,874
Finished Goods		0		0
<b>Sundry debtors</b>				
Exceeding 6 months	4,934,960		5,815,258	
Others	<u>9,324,150</u>	14,259,110	<u>3,149,686</u>	8,964,944
Cash and Balances with scheduled banks		149,330		46,014
Advances recoverable in cash or in kind		2,179,023		1,621,715
Deposits		61,096		61,096
Advances for Construction Project Lands		4,321,423		4,446,423
Advance for Farm Land		0		4,906,935
<b>Total</b>		<u><u>20,969,982</u></u>		<u><u>24,108,000</u></u>

<b>Schedule 5 :</b>				
<b>Current Liabilities &amp; Provisions</b>				
Customer advances		0		0
Sundry creditors		2,557,041		2,098,830
Amounts due to directors		6,909,076		5,444,223
Provisions		3,021,428		1,112,174
<b>Total</b>		<u><u>12,487,545</u></u>		<u><u>8,655,226</u></u>

<b>Schedule 6:</b>				
<b>Miscellaneous Expenditure</b>				
<b>Public Issue expense</b>				
Opening	0		442,355	
Written off during the period	<u>0</u>		<u>442,355</u>	
Closing		0		0
<b>Total</b>		<u><u>0</u></u>		<u><u>0</u></u>

<b>Schedule:7</b>				
<b>Income From Operations</b>				
Income from IT Operations		20,324,042		5,508,828
Project Land Sales		0		0
Income from Aqua		320,135		389,825
Income from Construction		885,368		0
<b><u>Other Income</u></b>				
IT		0		262,644
Aqua		0		458,124
<b>Total</b>		<u><u>21,529,545</u></u>		<u><u>6,619,421</u></u>

	<b>As at 31.03.2008 Rs.</b>	<b>As at 31.03.2007 Rs.</b>
<b>Schedule :8</b>		
<b>Cost of materials &amp; labour</b>		
Increase/decrease in inventories		
Opening:		
Work in progress	4,060,874	4,060,874
Purchases	728,810	124,800
Sub Total	4,789,684	4,185,674
Transfer to Land Account	4,060,874	0
Closing:		
Work in progress	0	4,060,874
Sub Total	4,060,874	4,060,874
Material Cost	728,810	124,800
Add: Labour	109,765	82,500
Add: Construction Land	125,000	
<b>Total</b>	<b>963,575</b>	<b>207,300</b>
<b>Schedule:9</b>		
<b>Operating, Administrative &amp; Other Expenses</b>		
Salaries	1,639,568	916,539
Rent and amenities	391,400	120,000
Travel & Conveyance	740,166	357,668
Communication Expenses	356,849	83,608
Computer Maintenance Expenses	430,802	19,905
Legal & Professional Charges	382,367	124,131
Audit Fees	100,000	60,000
Other expenses	718,483	1,091,577
Rates & taxes	18,000	1,620
Directors Remuneration	1,200,000	200,000
<b>Total</b>	<b>5,977,635</b>	<b>2,975,048</b>

**NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2008****A. SIGNIFICANT ACCOUNTING POLICIES:**

1. Method of Accounting
  - a. The financial statements are prepared on a going concern basis with historical costs in accordance with the accounting standards prescribed in Sec 211 (3C) of the Companies Act, 1956.
  - b. The financial statements are prepared following the accrual method of accounting excepting incomes with significant uncertainties.
2. Income Recognition
  - a. In the case of sale agreements, which specify consideration for land and construction separately, Income from the sale of land is recognised at the time of entering into sale agreements. Income from construction activity is recognised as a percentage of agreement values equivalent to the stage of construction.
  - b. In respect of development ventures, the cost of land is arrived at on the basis of estimated cost of construction of such constructed area as is offered as consideration for the development agreement.
  - c. Cost of land comprises that land acquired on outright sale, as agreement holder, or as holder of development right at acquisition cost.
  - d. In respect of income from IT operations, on the basis of stage of contractual entitlements.
  - e. In respect of aquaculture operations, at the point of sale.
3. Fixed Assets

The fixed assets are accounted at acquisition cost, costs incidental to such acquisition and revenue costs, if any, incurred during the construction period. The fixed assets are depreciated at straight line rates prescribed in Schedule XIV to the Companies Act, 1956 excepting in the case of centering equipment which is depreciated over 5 years.
4. Inventories
  - a) Materials at site are valued at cost or market value whichever is lower.
  - b) Construction lands are valued at cost as determined in clause 2 above
  - c) Finished goods are valued at cost of construction
  - d) Work in progress is valued at cost comprising of direct and relevant indirect costs.
5. Gratuity :

Provision for accrued gratuity liability is made if necessary in accordance with AS – 15.
6. Miscellaneous Expenditure:
  - a) Preliminary expenses and public issue expenses are amortised over 10 year
7. Taxes on income

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961. Provisions for Deferred taxes, if necessary, is made in accordance with Accounting standard 22 of the Institute of Chartered Accountants of India.

**B. Other Notes :**

- 1. Segment reporting :** The company has identified three reportable segments, viz. Construction, Information, Technology and Aquaculture, in terms of the requirements of Accounting Standard – 17 of the Institute of Chartered Accountants of India. The accounting policies of the adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.
- a. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.
  - b. Segment assets and segment liabilities represent assets and liabilities in respective segments.

<b>SEGEMENTAL RESULTS</b>	<b>31.03.2008 Rs.Lakhs</b>	<b>31.03.2007 Rs.Lakhs</b>
<b>1 Segment Revenue</b>		
a. I T Operations & Other operations	203.25 0.00	55.09 2.63
b. Construction	8.85	0.00
c. Aqua Operations	3.20	3.90
<b>Net Sales</b>	<b>215.30</b>	<b>66.34</b>
<b>2 Segment Results</b>		
<b>Profit/(Loss) before Interest and Tax</b>		
a. I T Operations	131.58	30.14
b. Constructions & Other Operations	5.04	-4.08
c. Aqua Operations	(19.12)	-7.42
<b>Total</b>	<b>117.50</b>	<b>137.40</b>
<b>3 Capital Employed</b>		
a. I T Operations	153.23	95.02
b. Constructions & Other Operations	96.98	68.54
c. Aqua Operations	111.38	221.41

**2 Related Party Disclosures**

In compliance with the requirements of Accounting Standard 18, the following are the details of transactions with key management personnel:

Name	Opening Balance	Rent	Reimbursement Due	Current Account	Amount Paid	• Closing
P.Maruti Ram	2372582	0	1200000		25000	3547582
P.Vijaylakshmi	3683641	112000	0	401853	0	4197494



**C. MISCELLANEOUS:**

	31.03.08	31.03.07
	Rs.	Rs.
a) Particulars of Purchases, Sales & Stocks		
Land, Flats & Contracts, etc	0.00	0.00
IT Operation	5508828	5508828
Aquaculture	389825	389825
Cost of Land, Flats & Contracts	0.00	0.00
Cost of Aquaculture	207300	207300
b) Quantitative particulars of Materials		
Consumption		
Aqua Feed and chemicals ( Kgs)	19244 Kgs &267300pcs	1133 Kgs &20270pcs
IT Operations	16PCS + hardware	
Land and Building Division Materials	200 SqYds	
c) Capacity & Production:		
The installed capacity of aqua ponds is regulated by the MPED Authority based on their norms and is indeterminate at the present point of time. The capacity of the processing plant is not mentioned since the same is not commissioned.		
d) Cancelled project expenditure is shown under cost of cancelled projects and under cost of materials.		
f) Auditors remuneration comprises statutory audit and Tax audit fee for the year 2007-08 Rs.100,000/- (Previous year 60000/-)		
g) Sundry debtors, Loans & Advances, Sundry Creditors and bank balances are subject to confirmation and reconciliation wherever necessary.		
h) Other expenses includes adjustments on account of Sundry balances written off/written back.		
i) Previous years figures have been regrouped and reclassified wherever necessary and all figures have been rounded of the nearest rupee.		
j) The impact of deferred tax liability in accordance with AS – 22 has been considered while framing the accounts.		

Per my report of even date  
for V. SYAM SUNDER  
CHARTERED ACCOUNTANT

for and on behalf of the Board

P.Maruti Ram      Ramchander Murthy  
Managing Director      Director

V. Syam Sunder  
Proprietor  
Place: Hyderabad  
Date: 30-06-2008

**BALANCE SHEET ABSTRACT AND COMPANYS GENERAL BUSINESS PROFILE**

I	Registration Details:	Registration	
	Number 12974		
	State Code :		1
	Balance Sheet Date :		31.03.2008
II	Capital Issued during the Year (Amount in Rs.)		
	Public Issue: Nil	Rights Issue: Nil	
	Bonus Issue: Nil	Private Placement: Nil	
III	Position of Mobilisation and Deployment of Funds: (Amount in Rs.)		
	Total Liabilities:	Total Assets:	
	Sources of Funds:-		
	Paid-up Capital : 54,041,140	Reserves&Surplus	294,666,768
	Secured Loans 0	Unsecured Loans	0
	Application of Funds:-		
	Net Fixed Assets: 336,653,846	Investments:	0
	Net Current Assets: 8,482,437	Misc.Expenditure:	0
IV	Performance of the company (Amount in Rs.)		
	Turnover: 21,529,545	Total Expenditure:	9,779,819
	Profit before Tax: 11,749,726	(Profit) after Tax:	10,883,010
	Earnings per share: 2.18	Dividend:	0
V	Generic Names of Three Principle products/services of the Company :		
	Item Code (ITC Code)		030613-03
	Product Description		Prawn/Shrimps Frozen
	Cash Flow for the year ending	31-3-2008	31-3-2007
A	Cash Flow from operation activities		
	Net Profit before interest and taxes	11,749,726	1863727
	Adjustment for depreciation	2,838,609	1130992
	Adjustment for Amotization	0	442355
	Adjustment for Extra-ordinary items	0	0
	Operating Profit before working capital changes	14,588,335	3437074
	(Increase)/Decrease in Fixed Assets	20,994,956	-7357061
	(Increase)/Decrease in Current Assets	3,241,334	2754467
	Increase/(Decrease) in Loans	0	0
	Increase/(Decrease) in Current Liabilities	2,965,603	1179427
	Income Taxes Paid	0	0
	Net Cash used in operating activities	-199,684	13907
B	Cash Flow from Investing Activities		0
C	Cash Flow From Financing Activities	303,000	0
D	Net Cash outflow/(inflow)	103,316	13907
E	Cash and Cash Equivalents as at Beginning	46,014	32107
	Cash and Cash Equivalents as at Closing	149,330	46014

Per my report of even date

for and on behalf of the Board

for V. SYAM SUNDER  
CHARTERED ACCOUNTANT

P.Maruti Ram  
Managing Director

Ramchander Murthy  
Director

V. Syam Sunder  
Proprietor  
Place: Hyderabad  
Date:

**VICTORY PROJECTS LIMITED**  
**Regd. Office : 6-3-626, Anand Nagar, Hyderabad 500 004.**

ATTENDANCE SLIP  
PLEASE SIGN THE ATTENDANCE SLIP AND HAND IT OVER AT  
THE ENTRANCE OF THE MEETING HALL

I hereby record my presence at the Fourteenth Annual General Meeting of the Company of Tuesday, the 30th day of September, 2008 at 10.30 A.M.

FOLIO NO.  
NAME OF THE MEMBER (S) OR PROXY

Folio No.  
No. of Shares

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**VICTORY PROJECTS LIMITED**  
**Regd. Office : 6-3-626, Anand Nagar, Hyderabad 500 004.**

PROXY

I / We \_\_\_\_\_ of \_\_\_\_\_ in the district of Victory Projects Limited, Registered Office of the Company, 6-3-626, Anand Nagar, Hyderabad, do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ Me / us on my / our behalf at the thirteenth Annual General Meeting of the Company, to be held 30th September, 2008 at 10.30 A.M. and at any adjournment thereof. As witness my / or hand / hands this \_\_\_\_\_ day of \_\_\_\_\_ 2008 signed by the said \_\_\_\_\_ 2008.

**Note :** The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting

BOOK POST

To,

*If undelivered please return to*  
**Victory Projects Limited**  
G1, 6-3-626, Anand Nagar  
Khairatabad,  
Hyderabad 500 004