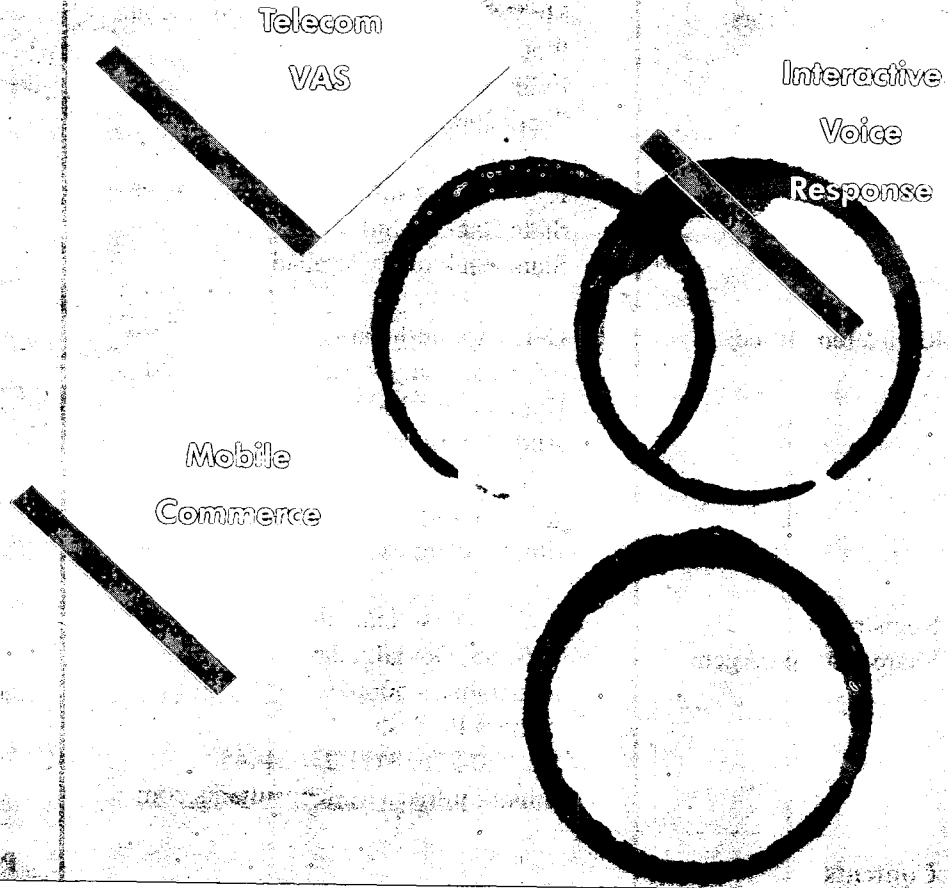


TeleCanor Global Limited

Old name - Victory Prepaid



18th
Annual Report
2008-09

| | | |
|---------------------|--|--|
| Board of Directors: | Mr. Maruti Ram Praturi, Mr. Ramachander Murthy Mr. D Seenu Reddy Mrs. P V Lakshmi, | Managing Director Director Director Director |
|---------------------|--|--|

Company Secretary Mr. B. Laxman

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

Bankers: - ICICI Bank Limited
 State Bank of India
 State Bank of Hyderabad

Registered Office: G-1, Parameshwara,
 6-3-626, Anand Nagar, Khairatabad
 Hyderabad - 500 004
 Andhra Pradesh, India
 Telephone : +91(40)23305484
www.victory-india.com
 Email : comp.sec@victory-india.com

Registrars &
 Share Transfer Agent Aarathi Consultants Private Limited
 1-2-285, Domalguda
 Hyderabad - 500029
 Andhra Pradesh
 Ph; 040-27638111/27634445
 Email : info@aarthiconsultants.com

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Notice is hereby given that the Eighteenth Annual General Meeting of the members of **Telecanor Global Limited** will be held on Wednesday the 30th Day of September 2009 at 10.30 A.M at the registered office of the Company situated at G-1, Parameshwara, 6-3-626, Anand Nagar, Khairatabad, Hyderabad - 500 004 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss account for the year ended on that date and directors and auditors Reports there on.
2. To appoint a Director in place of Mr. D. Seenu Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Mr. V Syam Sunder, Chartered Accountant as Statutory Auditor and to fix remuneration.

SPECIAL BUSINESS :

4. **To consider and if thought fit, to pass with or without modification (s), the following Resolution as a Ordinary Resolution :**

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors of the Company for the creation of the mortgage/charge on the company's immovable and movable properties, wheresoever situate, present and future, such charge to rank either pari-passu with or second, subsequent, subservient and subordinate to all the mortgages/ charges created/ to be created by the Company for all existing and future borrowings and facilities whatsoever in favour of the lender(s).”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds, and things as may be necessary for giving effect to the above resolution.”

5. **To consider and if thought fit, to pass with or without modification (s), the following Resolution as a Ordinary Resolution :**

“RESOLVED THAT in super session to the earlier resolution passed in the Extra Ordinary General Meeting held on 22nd June, 2009 the consent of the Company be and is hereby accorded for offer, issue and allot 1,51,000 Equity Shares on preferential basis, on such terms and conditions and in such manner as the board may think fit with the compliance of Chapter XIII of the DIP guidelines in place of 7,84,000 Equity Shares and also for cancellation of 12,00,000 Equity Share Warrants.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds, and things as may be necessary for giving effect to the above resolution.”

For and on behalf of the Board

| | | | |
|-------|---|------------|---------------------------|
| Place | : | Hyderabad | Maruti Ram Praturi |
| Date | : | 02.09.2009 | Managing Director |

Notes:

1. A Member entitled to attend and to vote is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be member of the Company. The proxy form in order to be effective, duly completed must be deposited at the Registered office of the Company not less than 48 Hours before the time fixed for the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and form part of this Notice.
3. Pursuant to Sec 154 of the Companies Act, 1956 and Clause 16 of Listing agreement, the Register of Members and Share Transfer Books will remain closed for five days i.e., 26th September 2009 to 30th September 2009 (Both days Inclusive).
4. Members/ Proxies are requested to bring Annual Report along with the attendance slip filled in for attending the meeting
5. 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

EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 4

To meet a part of the Working Capital requirements of the Company, for the financial assistance from the financial institutions and banks the company pursuant to Section 293 (1)(a) of the Companies Act, 1956 the Board of Directors of a Public Company shall not, without the consent of such Public Company in a general meeting sell, lease or otherwise dispose off, the whole or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking.

The Company proposes to sell its part of the land it Yelamanchili, may be regarded as disposal of the Company(s) Properties/undertaking, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956 before creation of the mortgage/charges

None of the Directors of the Company are interested in the resolution.

ITEM No. 5

BSE has issued an inprinciple approval only for 1,51,000 Equity Shares. The Board of Directors after taking proper measures to make the issue successful could finally make allotment for 1,51,000 Equity Shares. Therefore the Board of Directors request for members approval for the aforesaid ratification resolution for ratification of issuing lesser number of securities than what has been resolved in the EGM dated 22nd June 2009

None of the Directors of the Company are interested in the resolution.

For and on behalf of the Board

Place : Hyderabad
Date : 02.09.2009

Maruti Ram Praturi
Managing Director

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

| | |
|--|--|
| Name of the Director | Mr. D. Seenu Reddy |
| Date of Birth | 16-11-1947 |
| Date of Appointment | 30-06-2007 |
| Qualifications | B Com, B.Sc, CA (Inter) |
| Expertise in specific functional areas | Accounting, Finance, Managing,Expertise |
| Directorships held in other Public Companies (excluding Foreign Companies) | NIL |
| Memberships/ Chairmanships of Committees across public companies (Excluding Foreign Companies) | NIL |
| Share Holding in the Company | NIL |

DIRECTORS' REPORT

To
The Members
TELECANOR GLOBAL LIMITED

Your Directors are happy to present their Eighteenth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2009.

| FINANCIAL RESULTS | 2008-09 | (Rs. in Lakhs) 2007-08 |
|---|---------|---------------------------|
| Income from Operations | 269.58 | 215.30 |
| Total Expenditure | 204.30 | 69.41 |
| Gross Profit/Loss after Interest but before Depreciation | 65.28 | 145.89 |
| Depreciation | 42.44 | 28.39 |
| Provision for Taxation | 3.86 | 8.67 |
| Net Profit/Loss | 18.97 | 108.83 |

Total income in 2008-09 was Rs.269.58 Lakhs as against Rs.215.30 Lakhs representing an increase of 25.21%. However, gross profit declined to Rs.65.28 Lakhs from Rs.145.89 Lakhs. Main reason for decline in the profits has been sharp rise in total expenditure to Rs.204.30 Lakhs as against Rs.69.41 Lakhs in previous year. Rise in expenditure had been necessitated for launching VAS promotional products as your Company opened new offices, maintained additional hardware, recruited additional qualified personnel, and incurred pre-launch marketing expenditure. Besides, there has been a significant reduction in the profit margins in traditional businesses lines of the company such as EIA (enterprise integration applications) and GIS (Geographical Info Systems) development contracts.

OPERATIONS :

Your company has continued its thrust into the niche areas of technology, and produced "ProZeal" a world-class mobile VAS promotion product. This along with the other telecom products of the company have gained good acceptance in the mobile VAS industry.

CURRENT YEAR AND FUTURE PLANS :

As opposed to the year ended 31st March 2009, the current year operations of the company have witnessed an organic growth with the fruition of several marketing efforts especially in the mobile VAS arena. Because of this, the company's expanded results are absorbing the additional HR base. It, already, has several prestigious clientele for its ProZeal product which includes TTML, Cellebrum, Buongiorno to name a few.

Company's performance as reflected by the un-audited results for the first quarter, displayed a positive trend with the April-June09 quarter's top line and bottom line being Rs.108.63 Lakhs and Rs.37.92 Lakhs respectively compared to Jan-Mar09 figures of Rs.19.83 Lakhs and (Loss) Rs.-49.55 Lakhs respectively.

Growth in VAS clientele is promising and showing a continuous positive trend. In addition, your company has geared itself up for its payment gateway clientele to be drawn from mobile operators and travel industry. With all these efforts in the pipeline, the directors are confident that the company will continue this organic growth.

Inspired by the turn around and stabilization of operations in VAS, company is gradually consolidating its focus on acquisition of nearby small parcels of land near its 103 acres of own land near the Achyutapuram SEZ. Company will continue its efforts during this year too, to evaluate various alternatives to utilize this asset.

DIRECTORS :

Mr. D. Seenu Reddy retires by rotation and being eligible, offer himself for re-appointment. Brief profile of Mr. D Seenu Reddy, appointed as director of the company:-

D.Seenu Reddy is a successful professional with varied and rich experience in finance, accounting and taxation at several organizations. He also has entrepreneurial and working experience in establishing and running several, enterprises in small-scale mini cement plants and refineries respectively. His entire experience spanning over last 35 years in the above fields contributes to the decision making for the growth of the company

CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT :

A separate Section on Corporate governance with a detailed compliance report thereon is annexed to the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS :

The management discussion and analysis report forms part of this Annual Report.

FIXED DEPOSITS :

Your Company has not accepted any deposits covered by the provisions of Section 58A and Section 58AA of the Companies Act and Rules framed there under.

INDUSTRIAL RELATIONS :

The company enjoyed cordial relations with its employees at all levels. Your Directors record their appreciation of the support and co-operation of all employees in the accelerated growth of the Company.

AUDITORS :

The Statutory Auditors Mr. V Syam Sunder, Chartered Accountant, Hyderabad retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed.

Replies to Audit Observations :

Company is making all immediate efforts to improve compliance in all the areas as mentioned in the Auditors Report subject to financial resources available with the company and the priority of allocation to ongoing project.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 :

Statement of Particulars of Employees pursuant to the provision of Sec 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules as amended

| Name of Employee | Age | Designation/ Nature of Duties | Gross Remuneration | Qualification | Experience in years | Date of Comm encement | Particulars of last Employment |
|------------------------------|-----|-------------------------------------|-----------------------|----------------------|------------------------|--------------------------|--|
| Mr. Maruti Ram Praturi | 50 | Managing Director | Rs. 30.0 lakhs | B Tech, MBA (IIM) | 22 Years | 17/6/1991 | Entrepreneur, Managing Partner of Yojana Constructions |

**DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER
SECTION 217(2AA):**

**Pursuant to the requirement of Section 217(2AA) of
the Companies Act, 1956 your Directors confirm :**

1. That in the preparation of the accounts for the Financial Year ended 31st March, 2009, the applicable accounting standards have been followed along with 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 were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the said Financial year and of the Profit/loss of the company for the said financial year:
3. That the Directors' have taken proper and sufficient care for the maintenance of adequate, accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the accounts for the year ended 31st March, 2009 on a "going concern" basis.

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings
and Outgo :**

**Particulars required to be disclosed under Section 217(2)(e) of the Companies Act,
1956 read with the Companies (Disclosure of Particulars in the Report of Board
of Directors) Rules, 1988**

- 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) and Foreign Exchange outgo was Rs. Nil Lakhs(Previous Year Rs. Nil Lakhs)

ACKNOWLEDGMENT :

Your Directors wish to express their sincere thanks to Bankers, Financial Institutions, Customers, suppliers for their continued support to the Company. The Directors also acknowledge with gratitude the continued support received from Investors, Shareholders and various Departments of State and Central governments.

Your directors place on record their appreciation of the Sincerity, Commitment and Contribution made by the Employees at all the levels for the smooth functioning of the operations of the Company.

By Order of the Board

Place: Hyderabad
Date :02.09.2009

Maruti Ram Praturi
Managing Director

Corporate Governance

TeleCanor Global Limited is committed to pursue the principles of good corporate governance in order to be a good corporate citizen of India and also to keep abreast the shareholders of the Company with day-to-day affairs of the Company in the best possible manner.

1. BOARD OF DIRECTORS

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 is half of the Board's Strength at any point or 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. Ramachander Murthy | Independent Non-Executive Director | Director | NIL | NIL | NIL |
| Mrs. P.V Lakshmi | Promoter Director and 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.

a) Number of Board Meetings held and dates on which they were held during 2008-09

| QUARTER | No. of Meetings | Dates on which held |
|-----------|-----------------|---|
| Apr - Jun | 1 | 30.04.2008 |
| Jul - Sep | 4 | 24.07.2008, 31.07.2008, 04.09.2008 & 16.09.2008 |
| Oct - Dec | 4 | 18.10.2008, 31.10.2008, 08.11.2008 & 10.12.2008 |
| Jan - Mar | 3 | 31.01.2009, 16.02.2009 & 31.03.2009 |

b) Attendance of each director at the Board meetings held during the year 2008-09 and at the last Annual General Meeting.

| Name of the Director | Meetings held during the tenure | Meetings Attended | Last AGM |
|--------------------------|---------------------------------|-------------------|----------|
| Mr. Marutii Ram Praturi | 12 | 12 | Yes |
| Mr. T N Dhanraj | 5 | 0 | No |
| Mr. D Krishna Murthy Rao | 5 | 0 | No |
| Mr. Ramachander Murthy | 12 | 4 | Yes |
| Mrs. P V Lakshmi | 12 | 7 | Yes |
| Mr. D. Seenu Reddy | 12 | 7 | Yes |

*! Resigned on, resignation accepted in the meeting dated 18th Oct 2008

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.

2. 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.

a. Brief description of terms of reference :

The terms of reference of the Audit Committee is in conformity with the provisions of paragraphs C & D in Sub-Clause II of clause 49 of the Listing Agreements entered with the Bombay Stock Exchange Ltd., which inter alia, includes the following.

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal accounting control function.
- Reviewing the findings of any internal investigations into matters where there suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the auditors before commencement of audit, nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.

b. Composition, name of members and Chairperson 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. D Seenu Reddy and Ms. P V Lakshmi. Mr. Ramachandra Murthy is the Chairman of the Audit Committee. The Company Secretary Mr. B Laxman acts as the Secretary to the Committee.

The following business was conducted during the year.

- Review of quarterly financial statements.
- Review of internal control systems.
- Review of annual financial statements for the year 2008-09

During the Financial Year 2008-2009 Audit Committee met four times on 30.04.2008, 31.07.2008, 31.10.2008 and 31.01.2009. 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.

3. REMUNERATION OF EXECUTIVE DIRECTORS :

The members of the Remuneration Committee of the Board of Directors of the Company are Mr. Ramachandra Murthy, Mr. D Seenu Reddy and Mr. Maruti Ram Praturi. Mr. Ramachandra 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 2008-09 are as follows:

| Name of the Director | Designation | Salary & Perks | Sitting Fees | Total |
|------------------------|-------------------|----------------|--------------|-----------|
| Mr. Maruti Ram Praturi | Managing Director | 30,00,000 | Nil | 30,00,000 |
| Mr. Ramachander Murthy | Director | Nil | 20,000 | 20,000 |
| Mrs. P V Lakshmi | Director | Nil | 20,000 | 20,000 |
| Mr. D. Seenu Reddy | Director | 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 31st, 2009 is as follows :

| Name of the Director | No. of Shares Held |
|------------------------|--------------------|
| Mr. Maruti Ram Praturi | 708,070 |
| Mr. Ramachandra Murthy | 2738 |
| Mrs. P V Lakshmi | 264598 |
| Mr. D. Seenu Reddy | Nil |

None of the Non- Executive directors have any material pecuniary relationship or transactions with the company.

4. INVESTORS GRIEVANCE COMMITTEE :

The investors Grievance committee consists of two Non-Executive Directors and one Executive Director. The Chairman of the Committee is the Independent Director.

a. Terms of reference:

The Committee shall specifically look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

b. Composition, Name of Members and Chair person :

The committee comprises of the following Directors:

- i) Mr. D. Seenu Reddy - Chairman
- ii) Mr. P. Maruti Ram - Member
- iii) Mrs. PV Lakshmi, - Member

c. **Name and Designation of compliance officer :**

Mr. B Laxman, Company Secretary is the Compliance Officer. 6-3-626, Anand Nagar, Khairatabad, Hyderabad. Ph : 23305484

d. **Details of Shareholders Complaints :**

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

e. **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

5. BOARD PROCEDURE :

At least four meetings are held every year and during the year under review 12 (Twelve) Board meetings were held. Board meetings are conducted at the registered office of the company. The Board meets at least once in every quarter to review the financial results and other items on the agenda. Notice for the Board meetings together with agenda are sent to all the directors in advance. The gap between two consequent board meetings did not exceed four months.

6. ANNUAL GENERAL MEETINGS:

a. The Details of Annual General Meetings of the company held during the last three years are under:

| For the | Venue | Day & Date | Time |
|-----------|--|-------------------------|----------|
| 2005-2006 | At the Registered office of the Company at G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad 500 004. | Friday, 29.09.2006 | 9.30 A M |
| 2006-2007 | At the Registered office of the Company at G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad 500 004. | Saturday, 29.09.2007 | 9.30 A M |
| 2007-2008 | At the Registered office of the Company at G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad 500 004. | Tuesday, 30.09.2008 | 9.30 A M |

b. The company has not passed any special resolution at the last three Annual General Meetings. No business was transacted through postal ballot at the last three Annual General Meetings.

7. DISCLOSURES:

- i. 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.
- ii. There is 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.
- iii. 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 had 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.
- iv. 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 Bhumi/ Andhra Prabha/ Andhra Jyothi (Telugu), Newspapers and are displayed on the website of the Company www.victory-india.com & www.telecanor.com.

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

9. GENERAL SHAREHOLDERS INFORMATION :

| | |
|--|---|
| Registered Office & Address for Correspondence | G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad 500 004. Email : info@victory-india.com , Website: www.victory-india.com , www.telecanor.com Phone 040 23305484 |
| Annual General Meeting (Date, Time and Venue) | Wednesday, September 30 th 2009 at 10.30 A M, G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad 500 004. |
| Financial Year | April 1 st 2008 to 31 st March, 2009 |
| Book Closure | September 26, 2009 to September 30, 2009 (Both days inclusive) |
| Listing of Shares | The Company shares are listed on the Bombay Stock Exchange Limited. The Hyderabad Stock Exchange Limited The Company has paid listing fees for the financial year 2008-2009 to the Bombay Stock Exchange Limited. |

| | |
|--|---|
| Stock Code | 530595 |
| ISIN Number for NSDL & CDSL | INE381G01013 |
| Share Transfer Agent | Aarathi Consultants Private Limited 1-2-285, Domalguda, Hyderabad 500029. Andhra Pradesh Ph.040-27638111 /27634445 Email : info@aarthiconsultants.com |
| 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, 2009 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 | Mr. B. Laxman, Company Secretary G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad 500 004 |

ii. Profile of Directors retiring by rotation/eligible for re-appointment:

| | |
|--|--|
| Full Name | Mr. D Seenu Reddy |
| Date of Birth | 16-11-1947 |
| Fathers Name | Late Sri D. Varada Reddy |
| (Office address with telephone nos. where the Director is working) | 6-3-626, Anand Nagar Khairatabad, Hyderabad Hyderabad 500004 |
| Residence Address | 3-10-53, Gokul Nagar, Ramanthapur Hyderabad 500013 |
| TelephoneNo. | 040-2703575 |
| Permanent A/c No. | AFRPD8737R |
| PermanentAddress | 3-10-53, Gokul Nagar, Ramanthapur Hyderabad 500013 |

Scrip Code:530595 Company::TeleCanor Global For the Period:April 2008 to March 2009

| Month | Open Price | High Price | Low Price | Close Price |
|----------------|-------------------|-------------------|------------------|--------------------|
| April 2008 | 8.26 | 10.74 | 7.30 | 8.88 |
| May 2008 | 9.32 | 10.30 | 7.15 | 8.77 |
| June 2008 | 9.49 | 9.98 | 7.01 | 8.48 |
| July 2008 | 9.23 | 10.90 | 6.70 | 8.32 |
| August 2008 | 9.00 | 21.84 | 8.00 | 21.84 |
| September 2008 | 22.90 | 34.85 | 22.90 | 24.90 |
| October 2008 | 24.20 | 27.40 | 11.45 | 11.45 |
| November 2008 | 11.90 | 13.28 | 8.70 | 9.12 |
| December 2008 | 9.57 | 10.83 | 8.54 | 9.30 |
| January 2009 | 9.75 | 10.42 | 7.25 | 8.17 |
| February 2009 | 8.80 | 13.41 | 7.36 | 13.41 |
| March 2009 | 14.08 | 16.38 | 12.59 | 13.18 |

Registrar and Transfer Agents :

Aarhi Consultants Pvt. Limited
1-2-285, Domalguda,
Hyderabad 500029
Andhra Pradesh
Ph.040-27638111 /27634445
Email : info@aarhiconsultants.com

Share Holding pattern of the company as on 31st March 2009 is :

Distribution of Share Holding Pattern

| | Category Physical | No. of shares held Depository | Total Shares | % of Holding |
|--|----------------------|----------------------------------|-----------------|-----------------|
| A. <u>Promoters' Holding</u> | | | | |
| 1. Promoters | | | | |
| a. Indian Promoters' | 553801 | 639490 | 1193291 | 21.10 |
| b. Foreign Promoters' | 0 | 0 | 0 | 0.00 |
| c. Persons acting in concert | 0 | 0 | 0 | 0.00 |
| <hr/> | | | | |
| SUB-TOTAL | 553801 | 639490 | 1193291 | 21.10 |
| <hr/> | | | | |
| B. <u>Non-Promoters Holding</u> | | | | |
| 3. Institutional Investors | | | | |
| a. Mutual Funds and UTI | 0 | 66400 | 66400 | 1.17 |
| b. Banks, Financial Institutions Insurance Companies (Central / State Govt. Institutions / Non Government Institutions) | 16400 | 0 | 6400 | 0.29 |
| c. FIIs* | 0 | 0 | 0 | 0.00 |
| <hr/> | | | | |
| SUB-TOTAL | 16400 | 66400 | 82800 | 1.46 |
| <hr/> | | | | |
| 4. Others | | | | |
| a. Private Corporate Bodies | 24500 | 179254 | 203754 | 3.60 |
| b. Indian Public | 1696197 | 1950362 | 3646559 | 64.50 |
| c. NRIs / OCBs * | 446700 | 74075 | 520775 | 9.21 |
| d. Any other (Plese Specify) | 0 | 6935 | 6935 | 0.13 |
| <hr/> | | | | |
| SUB-TOTAL | 2167397 | 2210626 | 4378023 | 77.44 |
| <hr/> | | | | |
| GRAND TOTAL | 2737598 | 2916516 | 5654114 | 100.00 |
| <hr/> | | | | |

Address for Correspondence :

(Registered Office)

G-1, Parameshwara Apartments,

6-3-626, Anand Nagar, Khairatabad,

Hyderabad 500 004. Email : info@victory-india.com,

Website: www.victory-india.com, www.telecanor.com

Phone 040 23305484

i. Book Closure:

The company's Register of Members and Share Transfer books will remain closed for the purpose of 18th Annual General meeting:

Date of Book Closure: 26.09.2009 to 30.09.2009

(Date of Annual General Meeting)

ii. Listing on Stock Exchanges:

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, 2009 **2916516** Equity Shares of the Company forming **51.58%** of the Share Capital of the Company, stand dematerialized.

Declaration for Compliance with Code of Conduct

Pursuant to Clause 49I(D) of the Listing Agreement, I hereby declare that the company has adopted a Code of Conduct for Director and senior management of the company at the meeting of the Board of Director.

A Statement of allegiance to the Code of Conduct has been obtained from all the senior management personnel and functional heads and such statement of allegiance will be obtained on an annual basis from all the Directors, senior management personnel and functional heads.

Place : Hyderabad

Date : 02.09.2009

For TeleCanor Global LIMITED

Maruti Ram Praturi
Managing Director

Management Discussion and Analysis

1. Overview

The financial statements have been prepared as per the requirements of the Companies Act, 1956. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The management of the company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflects in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year

2. Industry Structure and Developments

a. Overview of Mobile VAS business and ProZeal:

Your company is committed firmly in the Mobile VAS business and is increasing its investment in this infrastructure as well as hiring the required personnel. Inline with this commitment it has hired Mr. Atul Prasad as the Chief Operating Officer (COO) who was earlier with VoiceGate technologies, a global telecommunications technology enabler having strong focus on VAS Promotions. During his tenure there, as its COO its turnover has tripled from Rs.4 Crores to Rs.12 Crores in a short span of around 2 years. At that time, VoiceGate was doing over 20% of the entire VAS OBD promotional campaigns of Airtel and more than 60% of OnMobile's VAS promotional activity for Idea and Vodafone. Prior to Voice Gate Atul was at Bharti Airtel, in charge of VAS sales at AP, its second largest circle.

The growth of mobile VAS business is continuing unabated and your company's entry into this business at this time has proven to be advantageous.

The following table depicts the growth of VAS business during the last few years [source IMA]

| Year | Total VAS business in India |
|---------|------------------------------------|
| 2005-06 | Rs.2850 Crores |
| 2006-07 | Rs.4560 Crores |
| 2007-08 | Rs.7510 Crores |
| 2008-09 | Rs.9760 Crores [Estimated in June] |

Of the above, P2P SMS constitutes about 40% which goes to the operators. Of the balance 60%, about 2/3's go for CRBT/RT and the rest is available for other services. Your company's first focus is on being the most favored VAS promotional entity, while gradually identifying possibilities to get into VAS business directly.

Since the company recruited professionals well entrenched in this industry, company quickly developed ProZeal a much needed promotion utility for VAS. ProZeal developed using 4th generation programming language has gained popularity amongst several mobile operators as well as VAS organizations. Your company's marketing efforts are quickly yielding results. Looking at these developments, the management is confident that your company will do well to continue its focus on this segment as well as invest in manpower and equipment required for an organic growth.

- b. During the course of the last year, there were distinct changes in the application development business which was a result of declining demand from the traditional markets. Company will be cautious in increasing its exposure in these traditional Information Technology areas such as Enterprise Integration Architecture, Geographical Information Systems etc
- c. Payment gateway business Company has a distinct advantage in this line since it has in-house technology products for both inbound and outbound voice response systems. Its efforts to acquire customers for this line of business are going in the positive direction and the management is confident that this division will take off during this year.

d. Corporate Developments

Company has held 3 EGM's during the previous year primarily for the purpose of getting approval to issue preferential sharewarrants. Only one issue, amounting to 57,27,500 preferential Equity Sharewarrants at a premium, had been finally approved, paid for, and allotted under the applicable Company Law, SEBI and BSE rules /guidelines. Of these warrants a total of 2,50,000 warrants have been converted to Equity shares on 31st March 2009.

3. Further activity on SEZ development

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

4. Opportunities and Threats

Your company's product line in VAS promotion and IVR business will be a big asset in the opportunities opening up due to entry of more mobile operators who are aspiring to earn considerable revenues from the Indian market. Your company's adoption of 4th generation programming language will be a great asset in deployment of multi-mode payment gateways that are the order of the day for many operators and business houses.

5. Segment-wise Performance

The company' has successfully focused its thrust on Information Technology and telecom related activities and hence most of the activity is in this line.

6. Outlook

VAS promotion business as well as direct VAS business along with Payment Gateway business are expected grow and your company will utilize its distinct advantages in the form of manpower and technology for quick penetration and consolidation.

7. Risks and concerns

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

8. 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.

9. Discussions on financial performance with respect to operational performance

Due to the heavy response from the user groups, there is 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.

10. Disclosures on transactions

The company has in adverse transactions with any of its directors or members of the board and/or the company. The transactions with related Appear in the notes to the accounts.

AUDITORS REPORT

The Members

M/s. Telecanor Global Limited

1. I have audited the attached Balance Sheet of TELECANOR GLOBAL LIMITED, as at March 31, 2009, the Cash Flow Statement and the Profit & Loss account 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 my 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 my 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 and subject to Notes to Accounts, I report that :
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief was necessary for the purposes of my audit ;
 - ii) In my 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009
 - b) in the case of the Profit and Loss Account, of the Profit 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

Hydearbad
Date : 30th June, 2009

Re : TELECANOR GLOBAL LIMITED

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 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 books 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 matters regarding rate of interest, terms and 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, that internal control procedures need to be strengthened on an ongoing basis with the size of the company and nature of its business. 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 excepting Rs8.30 lakhs towards Income Tax (MAT) and Rs36,716 towards Fringe Benefit Tax. 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) We are informed that 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. The company has not incurred cash losses during the financial year covered by my audit and the immediately preceding financial year.
- (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 made preferential allotment of shares and accepted convertible share warrant application money from parties covered in the register maintained under Sec.301 of the Act. In my opinion, the price at which shares have been issued and convertible share warrant application money received is not prejudicial to the interest of the company.
- (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 my audit.

For V Syam Sunder
Chartered Accountant

V Syam Sunder
Proprietor

Place : Secunderabad
Dated : 30-06-2009

CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of
TeleCanor Global Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by M/s TeleCanor Global Limited (“the Company”) for the year ended on March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchange(s).

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the 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.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Holders/Investors Grievance Committee.

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.

V Shyam Sundar
Chartered Accountant
C P NO. 025979

Place : Hyderabad

Date : 02.09.2009

TELECANOR GLOBAL LIMITED
(Formerly Victory Projects Limited)

| Cash Flow Statement | As On | 31-3-2009 Rs. | 31-3-2008 Rs. |
|--|-------|------------------|------------------|
| A. Cashflow from Operations | | | |
| Netprofit before Interest and Taxes | | 2,283,022 | 11749726 |
| Adjustment for Depreciation | | 4,244,911 | 2838609 |
| Profit before working capital changes | | 6,527,933 | 14588335 |
| (Increase)/Decrease in Fixed Assets | | (6,686,761) | (20,994,956) |
| (Increase)/Decrease in Current Assets | | (9,694,566) | 3241334 |
| (Increase)/Decrease in Loans | | 0 | 0 |
| (Increase)/Decrease in Current Liabilities | | (8,471,955) | 2965603 |
| Income taxes paid | | | |
| Net Cash used in operating activities | | (18,325,349) | (199,684) |
| B. Cashflow from Investing Activities | | | |
| | | 0 | 0 |
| C. Cash flow from Financing Activities | | | |
| | | 19,210,950 | 303000 |
| D. Net Cash outflow/ Inflow | | | |
| | | 885,601 | 103,316 |
| E. Cash and Cash Equivalentents as at Beginning | | | |
| | | 149,330 | 46,014 |
| G. Cash and Cash Equivalentents as at Beginning | | | |
| | | 1,034,931 | 149,330 |

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

D Seenu Reddy
Director

Ramchander Mruthy
Director

Date : 30-06-2009

TELECANOR GLOBAL LIMITED
(Formerly Victory Projects Limited)
Balance Sheet as at 31st March 2009

| | Schedule | 31.03.2009 | 31-03-2008 Rs | |
|--|----------|--------------------|--------------------|------------|
| Sources of Funds | | | | |
| Shareholders funds: | | | | |
| a) Share Capital | 1 | 69,230,465 | 50,469,515 | |
| b) Reserves & Surplus | 2 | 319,144,840 | 318,694,840 | |
| Total | | <u>388,375,305</u> | <u>369,164,355</u> | |
| Application of Funds | | | | |
| Fixed Assets (Net of depreciation) | 3 | 339,095,696 | 336,653,846 | |
| Net Current Assets | | | | |
| a) Current Assets, Loans & Advances | 4 | 31,550,149 | 20,969,982 | |
| b) Current Liabilities & Provisions | 5 | 4,401,590 | 27,148,559 | 12,487,545 |
| | | | | 8,482,437 |
| Miscellaneous Expenditure | 6 | | | |
| Debit Balance in Profit & Loss Account | | 22,131,050 | 24,028,072 | |
| Total | | <u>388,375,305</u> | <u>369,164,355</u> | |

Accounting Policies and Notes to Accounts Annexed
for V Syam Sunder
Chartered Accountants

For and on behalf of the Board

V.Syam Sunder
Proprietor
Date : 30-06-2009

P.Maruti Ram
Managing Director

D Seenu Reddy
Director

Ramchander Mrut hy
Director

TELECANOR GLOBAL LIMITED

(Formerly Victory Projects Limited)

Profit & Loss Account for the year ended 31st March 2009

| Particulars | Shedule | Current Year | Previous Year |
|--|---------|-------------------|-------------------|
| | | 31-03-2009 | 31-03-2008 |
| | | | Rs |
| Income | | | |
| Income from operations | 7 | 26,958,071 | 21,529,545 |
| Total | | 26,958,071 | 21,529,545 |
| Expenditure | | | |
| Cost of materials and labour | 8 | 342,740 | 963,575 |
| Operating, Administration & other Expenses | 9 | 20,087,399 | 5,977,635 |
| Depreciation | 3 | 4,244,911 | 2,838,609 |
| Total | | 24,675,050 | 9,779,819 |
| Profit Before Tax | | 2,283,022 | 11,749,726 |
| FBT | | 75,000 | 36,716 |
| Current Tax | | 311,000 | 830,000 |
| Profit After Tax | | 1,897,022 | 10,883,010 |
| Loss account b/f | | (24,028,072) | (34,911,082) |
| | | 2,208,022 | |
| Balance carried to Balance sheet | | (22,131,050) | (24,028,072) |
| Diluted EPS | | 0.43 | 2.18 |

Accounting Policies and Notes to Accounts Annexed
for V Syam Sunder

for and on behalf of the Board

V.Syam Sunder
Place: Hyderabad
Date : 30-06-2009

P.Maruti Ram
Managing Director

D Seenu Reddy
Director

Ramachander Murthy
Director

Telecanor Global Limited
Schedules to Balance Sheet

| Schedule 1 : | As at 31.03.2009 Rs. | As at 31.03.2008 Rs. |
|--|----------------------------|----------------------------|
| Share Capital | | |
| Authorised Share Capital 12,000,000 equity shares of Rs 10 each (Pr Yr. 6,000,000 Equity Shares of Rs.10 each) | <u>120,000,000</u> | <u>60,000,000</u> |
| Issued, subscribed & paid up 5654114 (Previous Year 5404114) equity shares of Rs 10 each | 56,541,140 | 54,041,140 |
| Less : | | |
| Share allotment money due | (3,571,625) | 3,571,625 |
| Share Warrants | 6,463,450 | |
| Share Warrants Balance | 9,797,500 | |
| Total | <u>69,230,465</u> | <u>50,469,515</u> |
| Schedule 2 : | | |
| Reserves & Surplus | | |
| General Reserve | 350,000 | 350,000 |
| Share Premium | 24,213,000 | 23,763,000 |
| Less : Premium due on share allotment | <u>1,172,875</u> | <u>1,172,875</u> |
| Revaluation Reserve | 295,754,715 | 295,754,715 |
| Total | <u>319,144,840</u> | <u>318,694,840</u> |

Schedule 3 :
Fixed Assets

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK |
|------------------------------|--------------------|------------------|-----------|--------------------|-------------------|------------------|-----------|-------------------|--------------------|
| | At 01.04.2008 | Additions | Deletions | 31.3.2009 | 01.04.2008 | For the year | Deletions | At 31.3.2009 | 31.3.2009 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| Land | 311,987,397 | | | 311,987,397 | - | - | - | - | 311,987,397 |
| Buildings | 187,501 | | | 187,501 | 67,635 | 6,263 | - | 73,898 | 113,603 |
| Aqua Ponds | 19,095,808 | | | 19,095,808 | 9,020,631 | 907,051 | - | 9,927,682 | 9,168,126 |
| Plant & machinery | - | | | - | - | - | - | - | - |
| Furniture & Fixtures | 384,675 | 65,340 | - | 450,015 | 303,399 | 28,486 | - | 331,885 | 118,130 |
| Office equipments | 536,026 | 25,640 | - | 561,666 | 345,953 | 26,679 | - | 372,632 | 189,034 |
| Computers | 1,295,875 | 65,850 | - | 1,361,725 | 820,003 | 220,736 | - | 1,040,739 | 320,986 |
| Software and License Rights | 2,100,000 | | | 2,100,000 | - | 420,000 | - | 420,000 | 1,680,000 |
| Proprietary Software | 5,171,611 | | | 5,171,611 | 1,360,168 | 1,034,322 | - | 2,394,490 | 2,777,121 |
| Software Product Development | 8,006,871 | | | 8,006,871 | 194,129 | 1,601,374 | - | 1,795,503 | 6,211,368 |
| Capital work in progress | | | | | | | | - | - |
| Server & Hardware | | | | | | | | | |
| Infrastructure | - | 5,779,931 | - | 5,779,931 | - | - | - | - | 5,779,931 |
| GIS-GPS Software | - | 750,000 | - | 750,000 | - | - | - | - | 750,000 |
| Total | 348,765,764 | 6,686,761 | - | 355,452,525 | 12,111,918 | 4,244,911 | - | 16,356,829 | 339,095,696 |

| | 31.03.2009 | 31.03.2008 |
|---|-------------------|-------------------|
| | Rs. | Rs. |
| Schedule 4 : | | |
| Current Assets, Loans & Advances | | |
| Sundry debtors (Considered good unless otherwise stated) | | |
| Exceeding 6 months | 6,627,192 | 4,934,960 |
| Others | 11,530,270 | 9,324,150 |
| Cash in Hand | 172,514 | 123,881 |
| Balances with scheduled banks in Current Account | 862,417 | 25,449 |
| Advances recoverable in cash or in kind or for value to be received | 1,262,547 | 2,054,023 |
| Deposits | 19,986 | 61,096 |
| Advances for Construction Project Lands | 4,446,423 | 4,446,423 |
| SEZ- Project Land Advances | 6,628,800 | 0 |
| Total | 31,550,149 | 20,969,982 |

| | | |
|----------------------------------|------------------|-------------------|
| Schedule 5 : | | |
| Current Liabilities & Provisions | | |
| Sundry creditors | 269,427 | 2,557,041 |
| Amounts due to Directors | 519,656 | 6,909,076 |
| Provisions | 3,612,507 | 3,021,428 |
| | 4,401,590 | 12,487,545 |

| | | |
|---------------------------|-------------------|-------------------|
| Schedule:6 | | |
| Income From Operations | | |
| Income from IT Operations | 26,643,896 | 20,324,042 |
| Income from Aqua | 312,000 | 320,135 |
| Income from Construction | 0 | 885,368 |
| Interest on F.D's | 2,175 | 0 |
| Total | 26,958,071 | 21,529,545 |

| | | |
|----------------------------------|----------------|----------------|
| Schedule 7 : | | |
| Cost of materials & labour | | |
| Increase/decrease in inventories | | |
| Opening: | | |
| Finished Goods | | |
| Work in progress | 0 | 4,060,874 |
| Project Land | 0 | |
| Purchases | 0 | 728,810 |
| Sub Total | 0 | 4,789,684 |
| Transfer to Land Account | | |
| | 0 | 4,060,874 |
| Closing: | | |
| Finished Goods | 0 | |
| Work in progress | 0 | 0 |
| Project Land | 0 | |
| Sub Total | | |
| Material Cost | 342,740 | 728,810 |
| Add: Labour | | 109,765 |
| Add: Construction Land | | 125,000 |
| Total | 342,740 | 963,575 |

| | | |
|--|-------------------|------------------|
| Schedule: 8 | | |
| Operating, Administrative & Other Expenses | | |
| Salaries | 5,441,862 | 1,639,568 |
| Rent and amenities | 2,797,000 | 391,400 |
| Travel & Conveyance | 864,125 | 740,166 |
| Communication Expenses | 721,282 | 356,849 |
| Computer Maintenance Expenses | 1,189,569 | 430,802 |
| Legal & Professional Charges | 529,000 | 382,367 |
| Audit Fees | 150,000 | 100,000 |
| Other expenses | 2,006,462 | 574,133 |
| Office and Site Locations Maintenance | 3,388,099 | 162,350 |
| Directors Remuneration | 3,000,000 | 1,200,000 |
| Total | 20,087,399 | 5,977,635 |

NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2009

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 proprietary software which is depreciated over 4 years at 25%.

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 not made as it is not applicable.

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. The timing difference between tax on profit under IT Act and the Companies Act resulted in deferred tax Assets amounting to Rs.1,05,006/-

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.
- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.
 - Segment assets and segment liabilities represent assets and liabilities in respective segments.

| SEGEMENTAL RESULTS | 31.03.2009 Rs.Lakhs | 31.03.2008 Rs.Lakhs |
|---|--------------------------------|--------------------------------|
| 1 Segment Revenue | | |
| a. I T Operations & Other operations | 266.40 0.02 | 203.25 0.00 |
| b. Construction | 0.00 | 8.85 |
| c. Aqua Operations | 3.10 | 3.20 |
| Net Sales | 269.52 | 215.30 |
| 2 Segment Results | | |
| Profit/(Loss) before Interest and Tax | | |
| a. I T Operations | 44.13 | 131.58 |
| b. Constructions & | 0.00 | 5.04 |
| c. Aqua Operations | (21.30) | (19.12) |
| Total | 22.83 | 137.40 |
| 3 Capital Employed | | |
| a. I T Operations | 393.16 | 153.23 |
| b. Constructions & | 43.45 | 96.98 |
| c. Aqua/SEZ Operations | 282.22 | 243.61 |

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 | Remuneration | Current Account | Amount Paid | Closing |
|----------------|-----------------|---------|--------------|-----------------|-------------|---------|
| P.Maruti Ram | 3,547,582 | 0 | 3,000,000 | | 6,027,926 | 519,656 |
| P.Vijaylakshmi | 4,197,494 | 600,000 | 0 | | 4,792,494 | 0 |

C. MISCELLANEOUS:

| | 31.03.09 | 31.03.08 |
|---|------------|------------|
| | Rs. | Rs. |
| a) Particulars of Purchases, Sales & Stocks | | |
| Sale: Land, Flats & Contracts,etc | 0 | 0 |
| Sale: IT Operation | 26643896 | 20324042 |
| Sale: Aquaculture | 312000 | 320135 |
| Cost of Land, Flats & Contracts | 0 | 0 |
| Cost of Aquaculture | 217821 | 207300 |
| b) Quantitative particulars of Materials | | |
| Consumption | | |
| Aqua Feed and chemicals (Kgs) | 16012 Kgs | 19244Kgs |
| | &212891pcs | &267300pcs |
| IT Operations | 23 PCS | 16PCS |
| 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 of Rs.1,25,000 (Pr Yr. 80,000) and and Tax audit fee of Rs.25,000 (Pr Yr. 20,000) for the year 2008 2009 | | |
| 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 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

V. Syam Sunder
Proprietor

P.Maruti Ram
Managing Director

Ramchander Murthy
Director

D. Seenu Reddy
Director

Place: Hyderabad
Date: 30/6/2009

| | | | | |
|-----|---|---------------------------|-------------------------------|------------|
| I | Registration Details: | Registration Number 12974 | | |
| | State Code : | 1 | | |
| | Balance Sheet Date : | 31.03.2009 | | |
| II | Capital Issued during the Year (Amount in Rs.) | | | |
| | Public Issue: Nil | Rights Issue: Nil | | |
| | Bonus Issue: Nil | Private Placement: Nil | Preferential Issue: 25,00,000 | |
| III | Position of Mobilisation and Deployment of Funds: (Amount in Rs.) | | | |
| | Total Liabilities: | Total Assets: | | |
| | Sources of Funds:- | | | |
| | Paid-up Capital : | 69,230,465 | Reserves&Surplus | 219144300 |
| | Secured Loans | 0 | Unsecured Loans | 0 |
| | Application of Funds:- | | | |
| | Net Fixed Assets: | 33,095,696 | Investments: | 0 |
| | Net Current Assets: | 27,148,019 | Misc.Expenditure: | 0 |
| IV | Performance of the company (Amount in Rs.) | | | |
| | Turnover: | 26,958,071 | Total Expenditure: | 24,675,049 |
| | Profit before Tax: | 2,283,021 | (Profit) after Tax: | 1,897,021 |
| | Earnings per share: | 0.43 | Dividend: | 0 |
| V | Generic Names of Three Principle products/services of the Company : | | | |
| | Item Code (ITC Code) | IT Enabled Services | | |
| | Product Description | | | |

Per my report of even date
for V. SYAM SUNDER

for and on behalf of the Board

CHARTERED ACCOUNTANT

V. Syam Sunder
Proprietor

P.Maruti Ram
Managing Director

Ramchander Murthy
Director

D. Seenu Reddy
Director

Place: Hyderabad

Date: 30/6/2009.

TELECANOR GLOBAL LIMITED

Reg. Office : G-1, Parameshwara, 6-3-626, Anand Nagar, Khairatabad Hyderabad - 500 004, Andhra Pradesh, India. Telephone : +91(40)23305484

ATTENDANCE SLIP FOR THE ANNUAL GENERAL MEETING

Please fill this Attendance Slip and hand it over at the entrance of the meeting hall.

Regd. Folio No./Client ID No

No. of Share(s)held:

I hereby record my presence at the Annual General Meeting of M/S. TELECANOR GLOBAL Limited., held on Wednesday the 30th Day of September 2009 at 10.30 A.M at G-1, Parameshwara Apartments, 6-3-626, Anand Nagar, Khairatabad, Hyderabad - 500 004,

* Signature of the shareholder/proxy Authorized Representative

*Strike out whichever is not applicable

-----TEAR HERE -----

TELECANOR GLOBAL LIMITED

Reg. Office : G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad Hyderabad - 500 004, Andhra Pradesh, India. Telephone : +91(40)23305484

PROXY FORM

Signature of the Shareholder/ First named shareholder

Note: A Proxy need not be a member. The Proxy form 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 aforesaid meeting.

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