

VICTORY PROJECTS LIMITED

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13th Annual Report 2003 - 2004

VICTORY PROJECTS LIMITED

BOARD OF DIRECTORS

Shri P. Maruti Ram	-	Managing Director
Dr. Kondal Rao Saripalli	-	Director
Shri K. Sriram	-	Director
Shri Ramachandra Murthy	-	Director
Smt. P.V. Lakshmi	-	Director

REGISTERED OFFICE

G1, Parameshwara Apts.,
6-3-626, Anand Nagar,
Khairatabad,
Hyderabad - 500 004.

BANKERS

State Bank of Hyderabad
ICICI Bank

AUDITORS

Mr. V. Syam Sunder
Chartered Accountant
Plot 88, Krishna Enclave
Indira Nagar, Tirumalgiri,
Secunderabad-500 015.

REGISTRAR

XL Softech Systems Ltd.
3 Sagar Society
Road No.2 Banjara Hills
Hyderabad – 500 034.

VICTORY PROJECTS LIMITED**NOTICE**

NOTICE is hereby given that the 13th Annual General Meeting of the Members of **VICTORY PROJECTS LIMITED** will be held on Thursday, the 30th day of September, 2004 at 9.00 A.M. at the Registered Office of the Company at 6-3-626, Parameshwara Apartments, Anand Nagar, Khairatabad, Hyderabad-500004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2004 and Profit & Loss Account for the period ended on 31st March, 2004 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in the place of K.Sriram, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Shri V.Syam Sunder, Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT in modification to the resolution passed by the Members of the Company at the 11th Annual General Meeting held on 19th October, 2002 and pursuant to the provisions of Section 198, 269, 309, 310 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, payment of remuneration be paid to Shri Maruti Ram Praturi as Managing Director of the Company at a remuneration of Rs.1,00,000/- per month inclusive of all perquisites with effect from 1st August, 2004 for the remaining period of his tenure of 5 years i.e., upto 11-10-2006 as approved by the Remuneration Committee at its meeting held on 20th July, 2004."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution or as may be otherwise considered by it to be in the best interest of the Company".

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

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, the Index of Members and other related documents such as original transfer deeds, specimen signature cards, mandates be kept at M/s.XL Softech Systems Limited (Registrar and Share Transfer Agent), No.3, Sagar Society, Banjara Hills, Hyderabad-500034."

**By Order of the Board
for VICTORY PROJECTS LIMITED,**

Date : 21-07-2004
Place : Hyderabad

**(P.MARUTI RAM)
Managing Director**

VICTORY PROJECTS LIMITED

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company.
2. The proxy in order to be effective must be deposited at the Registered Office of the Company atleast 48 hours before the commencement of the meeting.
3. The Explanatory Statement relating to Item No.4 & 5 of the Special Business of the Meeting referred to above, is annexed to this Notice as required by Section 173(2) of the Companies Act, 1956.
4. Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2004 to 30th September, 2004 (both days inclusive).
5. Members intending to seek clarifications at the Annual General Meeting concerning the accounts and any aspect of operations of the Company are requested to send their questions in writing to the Secretarial Department so as to reach the Company at least 7 days in advance before the date of the Annual General Meeting, specifying the point(s).
6. Members/Beneficial Owners are requested to advice immediately any change in their address to Registrar and Transfer Agent quoting their registered folio number/Client ID.
7. As a measure of economy, copies of the Annual Report will not be distributed at the venue of the Annual General Meeting. The Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
8. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.

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

ITEM NO.4:

At the 11th Annual General Meeting of the members held on 19th October, 2002, Shri P. Maruti Ram was appointed as Managing Director of the Company for a period of 5 years i.e., from 12-10-2001 to 11-10-2006, without any remuneration.

Considering the relentless efforts and time devoted by Shri P. Maruti Ram in achieving growth and success of the Company and his long and rich experience and also keeping in view the increase in responsibility of the Managing Director with increase in the complexities of business and the expansion of the Company's activities, the Board of Directors at its meeting held on 21st July, 2004 approved the payment of remuneration to him with effect from 1st August, 2004 on the terms and conditions set out in the resolutions. The Remuneration Committee in its meeting held on 20th July, 2004 reviewed the remuneration payable to Shri P. Maruti Ram keeping in view the objectivity of remuneration package payable to Executives while striking a balance between the interest of the Company and the shareholders.

As per the provisions of Section 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for the payment of remuneration to the Managing Director. Hence the resolution is placed before you for approval.

This along with resolution may be treated as abstract pursuant to Section 302 of the Companies Act, 1956.

Shri P. Maruti Ram and Smt. P.V. Lakshmi shall be deemed to be interested in the said resolution.

Item No.7 :

The Members of the Company may be aware that SEBI, vide its order No.CO/04/MRD/06/2004, dated June 19, 2004, has decided to suspend license of M/s.Sindhu Corporate Services Private Limited (RTA) for a period of three months, starting from July 10, 2004, on account of certain actions/occurrences during the year 2000. On account of this Order of SEBI, they cannot carryout RTA activities and therefore, the Board Directors have appointed M/s.XL Softech Systems Limited as Registrar and Share Transfer Agent (RTA) with effect from 10-07-2004 and shifted the Register of Members, Index of Members and other related documents such as Original Transfer Deeds, Specimen Signatures Cards to them.

According to provisions of Section 163 of the Companies Act, 1956, approval of members is required for keeping of Register of Members, Index of Members and other related documents such as original transfer deeds, specimen signature cards, mandates at M/s.XL Softech Systems Limited. Hence the resolution is placed before you for approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

**By Order of the Board
for VICTORY PROJECTS LIMITED,**

Date : 21-07-2004
Place : Hyderabad

**(P.MARUTI RAM)
Managing Director**

VICTORY PROJECTS LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 13th Annual Report to you along with audited statements of the Company for the period ended 31st March, 2004.

FINANCIAL RESULTS :

The performance during the year ended 31st March 2004 has been as under :

	Rs. in Lakhs Year ended 31-03-2004	Rs. in Lakhs Year ended 31-03-2003 (9 Months)
1. Income from Operations	138.90	21.30
2. Total Expenditure	94.54	49.05
3. Gross Profit/(Loss)		
after interest		
but before depreciation	44.36	(27.75)
4. Depreciation	11.78	9.78
5. Provision for taxation	Nil	Nil
6. Net Profit/(Loss)	32.57	(37.53)
7. Reserves excluding		
Revaluation Reserve	75.29	42.73

CURRENT YEAR OPERATIONS

Your company has started earning significant revenues in the IT sector, and finalised the terms of collaborators company has successfully restarted the aquaculture operations and has earned modest revenues in that line.

FUTURE OUTLOOK

The company proposes to continue its thrust in the IT sector especially with in the interactive Voice Responses line of business

FIXED DEPOSITS:

Your Company has not accepted/invited deposits from the Public for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

CORPORATE GOVERNANCE :

The Company has been in compliance of the norms of Corporate Governance as outlined in Clause 49 of the Listing Agreement with the Hyderabad Stock Exchange and the Stock Exchange, Mumbai. A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Certificate on its compliance.

VICTORY PROJECTS LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this report and the same is annexed.

DIRECTOR :

Shri K.Sriram, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors at its meeting held on 21st July, 2004 have approved the payment of remuneration to Shri P. Maruti Ram as Managing Director with effect from 1st August, 2004 as approved by the Remuneration Committee at its meeting held on 20th July, 2004.

AUDITORS' REPORT

The observations of the auditors are explained, wherever necessary, in appropriate notes to the accounts.

AUDITORS :

Mr.V.Syam Sunder, Chartered Accountant Statutory, Auditor of the Company retires at the Annual General Meeting and the Company has received certificate from him to the effect that his reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Members are requested to re-appoint him and to authorise the Board to fix the remuneration.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956 :

In compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your directors confirm that :-

- a) The preparation of the accounts for the period ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) They have selected such accounting policies and applied them consistently and made judgements 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 the year under review;
- c) They 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 and;
- d) They have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

VICTORY PROJECTS LIMITED**CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC :**

Information on Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and outgoings, required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure to this Report.

LISTING INFORMATION :

The Equity Shares of your company continued to be listed during the year under review at (a) The Hyderabad Stock Exchange Limited, Erramanzil, Hyderabad - 500 004; (b) The Stock Exchange, Mumbai, Phiroze Jeejibhoy Towers, Dalal Street, Fort, Mumbai-400001. However trading of the equity shares is under suspension at the Mumbai Stock Exchange.

PERSONNEL :

Your Directors take this opportunity to express their appreciation for the sincere and dedicated service of the employees of the Company at all levels.

None of the employees are drawing Rs.2,00,000/- and above per month or Rs.24,00,000/- and above in aggregate per annum, the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence the information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not annexed to this report.

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.

For and on behalf of the Board of Directors,

Date : 21-07-2004
Place : Hyderabad

(P. MARUTI RAM)
Chairman

REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy on Code of Governance:**

The Company's philosophy of Corporate Governance aims at assisting the management of the Company in the efficient conduct of its business and in meeting its responsibilities to all the stakeholders and to provide customer satisfaction through best quality at lowest price. It is towards this end that efforts are made to maintain high standards of disclosure to the shareholders and internal compliance guidelines for better Corporate Governance.

2. Board of Directors:**(a) The Board consists of 5 members comprising:**

- 3 Independent Non-Executive Directors
- 1 Non-Executive Director
- 1 Executive Director

Attendance Record: 2003-2004

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance in last AGM held on 30.09.2003
1.	Shri P. Maruti Ram	Promoter & Executive	4	Attended
2.	Shri K.Sriram	Independent Non-Executive	4	Attended
3.	Shri Ramachandra Murthy	Independent Non-Executive	2	Attended
4.	Dr.S.Kondal Rao	Independent Non-Executive	Absent	Absent
5.	Smt.P.V. Lakshmi	Non-Executive	3	Attended

Sl. No.	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1.	Shri P. Maruti Ram	Nil	Nil	Nil
2.	Shri K.Sriram	Nil	Nil	Nil
3.	Shri Ramachandra Murthy	Nil	Nil	Nil
4.	Dr.S.Kondal Rao	Nil	Nil	Nil
5.	Smt.P.V. Lakshmi	Nil	Nil	Nil

(c) Number of Board Meetings held and the date on which held:

Seven Board Meetings were held during the year. The maximum gap between any two meetings was not more than four months.

The dates on which the Board meetings were held are as follows:

30-06-2003, 30-07-2003, 30-09-2003, 30-10-2003, 31-01-2004, 30-03-2004, 31-03-2004.

d) Pecuniary relationship or transactions of Non-Executive Directors:

Apart from receiving directors remuneration, non-executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

3. Audit Committee:

The Audit Committee comprises of 3 Non Executive Directors and is chaired by Mr.K.Sriram. Shri P. Maruti Ram, Managing Director, Statutory Auditors are permanent invitees to the meetings. Any other person/ Executive, where necessary, is also required to attend the meetings.

The terms of reference of this committee are in line with the norms specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Committee met 4 times during the year 2003-04 on 30-06-2003, 30-07-2003, 30-10-2003 and 30-01-2004. The attendance details of the members of the Committee are given below :

S.No.	Name of the Director	No. of Meetings Attended
1.	Shri K.Sriram	4
2.	Shri Ramachandra Murthy	2
3.	Smt. P.V. Lakshmi	3

The terms of reference stipulated by the Board to the Audit Committee include a review of the following:

- a) Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment for any other services.
- b) Reviewing with the management the annual financial statements, before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- c) Reviewing the Quarterly and Annual financial statements and submit the same to the Board with recommendations, if any.
- d) The recommendation made by the Audit Committee on any matter relating to financial management including the Audit Report, shall be binding on the Board.
- e) Discussions with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.