

VICTORY PROJECTS LIMITED



14th Annual Report 2004 - 2005

VICTORY PROJECTS LIMITED

Board of Directors

Sri. Maruti Ram Praturi	Managing Director
Dr. Kondal Rao Saripalli	Director
Sri. K. Sriram	Director
Sri. D. Krishna Murthy Rao	Additional Director
Sri. Ramachander Murthy	Director
Smt. P. V. Lakshmi	Director

Company Secretary

Ms. M. Arpita Lalwani

Registered Office

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

Bankers

ICICI Bank Limited
State Bank of Hyderabad

Statutory Auditors

Sri. V. Syam Sunder,
Chartered Accountant
Plot No. 88, Krishna Enclave
Indira Nagar, Tirumalagiri
Secunderabad – 500 015

Registrar & Share Transfer Agent

XL Softtech Systems Limited
3, Sagar Society, Road No. 2
Banjara Hills, Hyderabad – 500 034.

VICTORY PROJECTS LIMITED

NOTICE OF THE 14th ANNUAL GENERAL MEETING

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Victory Projects Limited will be held on Friday, the 30th day of September, 2005 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, 2005 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 Sri. Ramachander Murthy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. P. V. Lakshmi, who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Sri. V. Syam Sunder, Chartered Accountant, Hyderabad, be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board.”

Special Business:

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

“RESOLVED THAT Sri. D. Krishna Murthy Rao, appointed as an Additional Director of the Company by the Board of Directors and who holds office up to the date of the Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has, under Section 257 of the said Act, received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.”

**By Order of the Board of Directors of
Victory Projects Limited**

**Place: Hyderabad
Date: 30-07-2005**

**Maruti Ram Praturi
Managing Director**

VICTORY PROJECTS LIMITED**Notes:**

1. 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.
2. The Register of Members and the Share Transfer Books will remain closed from 28-09-2005 to 30-09-2005, both days inclusive.
3. The Explanatory Statement relating to item No. 5 of the Special Business of the Meeting referred to above is annexed to this Notice as required by Section 173 of the Companies Act, 1956.
4. The proxy in order to be effective must be deposited at the Registered Office of the company at least 48 hours before the meeting.
5. Details under Clause 49 of the listing agreement with The Stock Exchange, Mumbai in respect of Director seeking re-appointment at the Annual General Meeting, are annexed hereto.

Annexure to the Notice: (Item No. 2)

Details of Director retiring by rotation seeking re-appointment at the forthcoming Annual General Meeting to be held on September 30, 2005

Name of the Director	Ramchander Murthy	P. V. Lakshmi
Date of Birth	7-5-1959	15-09-1964
Date of appointment	July 1995	January 2002
Qualifications	Chartered Accountant	MA - (Econ)
Expertise in specific functional areas	Over 20 years experience in the areas of Corporate laws, Finance & Accounts	Finance & Economics
Directorships held in other Public Companies (excluding foreign companies)	NILL	NILL
Memberships/ Chairmanships of committees across public companies (excluding foreign companies)	NILL	NILL
Shareholding in the Company	NILL	NILL

Explanatory Statement, as required under Section 173 of the Companies Act, 1956.**Item No. 4**

Board of Directors has at their meeting held on January 31, 2005, appointed Sri. D. Krishna Murthy Rao as Additional Director of the Company with effect from January 31, 2005. In terms of Section 260 of the Companies Act, 1956 Mr. D. Krihna Murthy Rao holds office up to the date of the forthcoming Annual General Meeting. As per the provisions of the Companies Act, 1956, the appointment of Sri. D. Krishna Murthy Rao as Director of the Company is required to be approved by the members in the ensuing Annual General Meeting of the Company and hence the Board of Directors recommends the resolutions as set out at item no. 5 of the notice for your approval.

None of the directors of the Company is, in any way, concerned or interested in the said resolutions.

By Order of the Board of Directors
of Victory Projects Limited

Place: Hyderabad
Date: 30-07-2005

Maruti Ram Praturi
Managing Director

VICTORY PROJECTS LIMITED**DIRECTORS' REPORT**

Dear Members,

The Directors present their Fourteenth Annual Report together with the Audited financial statements for the year ended March 31, 2005.

Financial Results**Financial Years**

		2004-2005 Rs. In Lakhs	2003-2004 Rs. In Lakhs
1	Income from Operations	104.76	138.9
2	Total Expenditure	169.96	94.54
3	Gross Profit/(Loss) after interest but before Depreciation	(65.2)	44.36
4	Depreciation	12.06	11.78
5	Provision for Taxation	Nil	Nil
6	Net Profit/(Loss)	(77.26)	32.58
7	Reserves excluding		
	Revaluation Reserves	42.73	75.29

Review of Operations and Future Outlook:

Your Company is continuing to make significant progress in the IT Sector. Companys' aqua culture operations have yielded modest results. However the aqua culture is being done on a part of the project land, retiring the rest for future construction division projects.

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.

VICTORY PROJECTS LIMITED**Directors:**

Sri. Ramachander Murthy and Smt. P.V. Lakshmi, directors retire by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

Auditors:

Sri. 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.

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.

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.

Insider Trading Regulations:

Your Company has implemented Model code of conduct for prevention of insider trading. Directors and senior management people of your Company have complied with the code of conduct.

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.

**By Order of the Board of Directors
of Victory Projects Limited**

**Place: Hyderabad
Date: 27-06-2005**

**Maruti Ram Praturi
Managing Director**

VICTORY PROJECTS LIMITED**REPORT ON CORPORATE GOVERNANCE****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.

Board of Directors**Composition of the Board:**

The composition of the Board of Directors of the Company as on March 31, 2005 is as follows:

Name of the Director	Category	Designation	* No. of membership of other Boards	No. of membership of other committees	No. of chairmanship in other committees
Sri. Maruti Ram Praturi	Promoter Director	Managing Director	Nil	Nil	Nil
Dr. Kondal Rao Saripalli	Independent Non- Executive Director	Director	Nil	Nil	
Sri. K. Sriram	Independent Non- Executive Director	Director	Nil	Nil	Nil
Sri. D. Krishna Murthy Rao	Independent Non- Executive Director	Additional Director	Nil	Nil	Nil
Sri. Ramachander Murthy	Independent Non- Executive Director	Director	Nil	Nil	Nil
Smt. P. V. Lakshmi	Promoter Director & Non-Executive	Director	Nil	Nil	Nil

* Directorship details exclude private companies, foreign companies and alternate directorships.

VICTORY PROJECTS LIMITED**Details of Board Meetings and Attendance:**

During the year 2004-05 Board of Directors of the Company met Five times i.e. on 14-06-2004, 21-07-2004, 29-10-2004, 05-01-2005 and 31-01-2005. The attendance details of the directors at the Board Meetings and last Annual General Meeting is as follows:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended last AGM
Sri. Maruti Ram Praturi	5	5	Yes
Dr. Kondal Rao Saripalli	5	Nil	Absent
Sri. K. Sriram	5	5	Yes
Sri. D. Krishna Murthy Rao	5	Nil	Absent
Sri. Ramachander Murthy	5	3	Yes
Smt. P. V. Lakshmi	5	4	Yes

Pecuniary relationship or transactions of Non-Executive Directors:

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.

Audit Committee

The Audit Committee comprises of three Non-Executive Directors i.e., Sri. K. Sriram, Sri. Ramachander Murthy and Smt. P. V. Lakshmi. Sri. K. Sriram is the Chairman of the Audit Committee.

Ms. M. Arpita Lalawani, Company Secretary is the Secretary of the Audit Committee.

Terms of Reference:

The terms of reference of the Audit Committee are as follows:

- a) Overseeing the Company financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board, the appointment, re-appointment, replacement or removal of external auditors, fixing audit fees and approving non-audit, consulting services provided to the Company;
- c) Reviewing with the management the quarterly financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices and reasons for the change;
 - Major accounting entries involving estimates 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 listing and other 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. or any related party transaction, that may have a potential conflict with the interests of the Company at large or may be in the normal course of business; and

VICTORY PROJECTS LIMITED

- The Management Discussion and Analysis of financial condition and results of operations and matters required to be included in the Directors' Responsibility management.
- d) Reviewing, with management performance of statutory and internal auditors and adequacy of internal control systems and recommending improvements to the management;
- e) Reviewing the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- f) Discussing with the internal auditors any significant findings and follow up thereon;
- g) Reviewing findings of any internal investigation by the internal auditors into matters involving a suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- h) Discussing with the external auditors before the audit commences, the nature and scope of audit as well as conduct post audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies;
- j) Initiating investigations into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; and
- k) Reviewing the functioning of Whistle Blower Mechanism.

Meetings and Attendance:

During the financial year 2004-05 Audit Committee of the Board of Directors met 5 times i.e. on 14-06-2004, 21-07-2004, 29-10-2004, 05-01-2005 and 31-01-2005. The attendance details of the members of the audit committee is as follows:

Name of the Committee Members	Number of Meetings held	Number of Meetings attended
Sri. K. Sriram	5	5
Sri. Ramachander Murthy	5	4
Smt. P. V. Lakshmi	5	3

Remuneration Committee

The members of the Remuneration Committee of the Board of Directors of the Company are Sri. K. Sriram, Sri. Ramachander Murthy and Sri. D. Krishna Murthy Rao. Sri. K. Sriram is the Chairman of the said Committee.

Terms of Reference:

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.