

VICTORY PROJECTS LIMITED

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16th Annual Report 2006 - 2007

VICTORY PROJECTS LIMITED

Board of Directors	Mr. Maruti Ram P	Managing Director
	Mr. T. N. DhanRaj	Director
	Mr. D. Krishna Murthy Rao	Director
	Mr. Ramachandra Murthy	Director
	Ms. P. V. Lakshmi	Director
	Mr. D. Seenu Reddy	Director
Company Secretary	Ms. M. Arpita Lalwani	
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 Hyderabad	
Registered Office	G-1, Parameshwara Apartments 6-3-626, Anand Nagar, Khairatabad Hyderabad – 500 004. Telephone: + 91 (40) 23305484 www.victory-india.com email: info@victoryi-india.com	
Registrars & Share Transfer Agent	XL Softtech Systems Limited 3, Sagar Society, Road No. 2 Banjara Hills, Hyderabad – 500 034. Telephone: + 91 (40) 23545913, 14 Email: xifield@rediffmail.com	

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NOTICE OF THE 16TH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Victory Projects Limited will be held on Saturday, the 29th day of September, 2007 at 9.30 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, 2007 and the Profit & Loss Account for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. T. N. DhanRaj, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D. Krishna Murthy Rao, who retires by rotation and being eligible, offers himself for re-appointment.

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 pursuant to the provisions of sections 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956, approval of the Members be and is hereby accorded to the re-appointment of Mr. Maruti Ram P as Managing Director of the Company for a further period of Five Years with effective from October 11, 2006 on monthly remuneration of Rs.1,00,000/- inclusive of all benefits, perquisites as approved by the Remuneration Committee and Board of Directors at their meetings held on October 31, 2006.”

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

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

“RESOLVED THAT Mr. D. Seenu Reddy, who was appointed by the Board of Directors as Additional Director with effective from 30th June 2007 and who holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.”

On behalf of the Board of Directors

Place: Hyderabad.
Date: 28-07-2007

Maruti Ram Praturi
Managing Director

Notes:

- (a) A member of the Company entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books will remain closed from 26-09-2007 to 29-09-2007, both days inclusive.

VICTORY PROJECTS LIMITED

- (c) Members / Proxies are requested to bring annual report along with the attendance slip filled in for attending the meeting.
- (d) XL Softtech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034 is the Registrar and Share Transfer Agent for the physical shares of the Company and also the depository interface of the Company with both NSDL and CDSL.
- (e) Queries on accounts and operations may please be sent to the Company 5 days in advance of the Annual General Meeting so that the answers may be made available at the meeting.
- (f) The Explanatory Statements pursuant to Section 173(2) of the Act is annexed hereto.

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

The Remuneration Committee and the Board of Directors of the company in its meeting held on October 31, 2006 recommended re-appointment of Mr. Maruti Ram P as Managing Director of the company for another term of five years with effect from October 11, 2006.

Mr. Maruti Ram P is a B. Tech graduate from Regional Engineering College, Warangal and PG Diploma holder in Business Management from IIM, Banagalore. He had over two decades of entrepreneurial experience in Information Technology Industry.

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

The Board recommends the adoption of the resolution under item No.4 set out in the Notice. None of the Directors of the Company except Mr. Maruti Ram P and Ms. P. Vijay Lakshmi are in any way concerned or interested in the resolution.

Item No. 5:

Mr. D. Seenu Reddy was appointed as an Additional Director by the Board on 30th June 2007 Pursuant to the provisions of Section 260 of the Companies Act, 1956. He holds office only up to the date of this Annual General Meeting. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing Mr. D. Seenu Reddy for the office of Director.

Mr. Seenu Reddy is an Independent and Non-Executive Director as per Clause 49 of the listing agreement. He is an M.Com, Chartered Accountancy (Inter) qualified and having over 30 years of experience in the areas of Accounts, Finance and Management.

The Board of Directors considers that in view of the background and experience of Mr. D. Seenu Reddy, it would be in the interest of the Company to appoint him as a Director of the Company.

He does not hold any shares in the Company. The Board recommends this resolution for your approval. No director except Mr. D. Seenu Reddy is concerned or interested in the passing of this resolution.

On behalf of the Board of Directors

Place: Hyderabad
Date: 28-07-2007

Maruti Ram P
Managing Director

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

Name of the Director	T. N. Dhan Raj	D. Krishna Murthy Rao
Date of Birth	19-04-1960	29-07-1942
Date of appointment	31-07-2006	31-01-2005
Qualifications	B. Tech, MBA(IIM)	C.A.I.I.B
Expertise in specific functional areas	Over 25 years experience in information technology industry	A professional Banker with nearly 4 decades of service
Directorships held in other	Nil	Nil
Public Companies (excluding foreign companies)	Nil	Nil
Memberships/ Chairmanships of committees across public companies (excluding foreign companies)	Nil	Nil
Shareholding in the Company	Nil	Nil


DIRECTORS' REPORT

Dear Members,

The Directors present their Sixteenth Annual Report together with the Audited financial statements for the year ended March 31, 2007.

Financial Results

	2006-2007	Rs. in Lakhs 2005-2006
1 Income from Operations	66.19	66.31
2 Total Expenditure	36.25	186.37
3 Gross Profit/Loss after interest but before Depreciation	31.61	-120.06
4 Depreciation	11.31	17.34
5 Provision for Taxation	Nil	Nil
6 Net Profit/Loss	18.64	-137.40
7 Reserves excluding Revaluation Reserves	-120.47	-139.10

Review of Operations and Future Outlook:

Your Company has started earning significant revenues in the IT Sector. It has completed a prestigious contract with Coal Mines Provident Fund. It has also acquired/built components for its product suite.

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

The company has also initiated measures to increase focus on Infrastructure division and leverage on its reputation of being a long standing enterprise in this line.

Fixed Deposits:

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

Corporate Governance:

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

Management Discussions and Analysis:

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

Listing at Stock Exchange:

The Equity Shares of the Company continue to be listed on The Bombay Stock Exchange Limited and The Hyderabad Stock Exchange Limited. The annual listing fees for the year 2006-2007 have been paid to The Bombay Stock Exchange Limited.

Directors:

Mr. Maruti Ram P was re-appointed as Managing Director of the Company for a further period of five years at the meeting of Remuneration Committee as well as Board of Directors held on October 31, 2006. The Board recommends his appointment at the forthcoming Annual General Meeting.

Mr. D. Seenu Reddy has been appointed as Additional Director on June 30, 2007. He is an independent director as per the provisions of the Listing Agreement. Resolution seeking approval of the Shareholders for his appointment have been incorporated in the Notice of the forthcoming Annual General Meeting along with his brief profile.

As per the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr. T. N. Dhanraj and Mr. D. Krishna Murthy Rao, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting.

Auditors:

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

Information u/s. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

Conservation of Energy, Technology Absorption, Foreign Exchange earnings and Outgo:

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

Particulars of Employees:

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

Directors' Responsibility Statement:

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

1. That, in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with the proper explanation relating to material departures;
2. That, the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That, the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That, the Directors had prepared the annual accounts on a going concern basis.

Acknowledgements:

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

On behalf of the Board of Directors

Place: Hyderabad
Date: 28-07-2007

Maruti Ram Praturi
Managing Director

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

Composition of the Board :

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

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

@ Directorships in private and foreign companies are excluded.

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

Ceased to be the Directors effective July 31, 2006.

** Appointed as Director effective July 31, 2006.

*** Appointed as Director effective June 30, 2007

Details of Board Meetings and Attendance:

During the financial year 2006-07 Board of Directors of the Company met five times on 29-04-2006, 30-06-2006, 31-07-2006, 31-10-2006 and 30-01-2007. The attendance details of the directors at the Board Meetings and last Annual General Meeting is as follows:

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Name of the Director	Number of meetings held	Number of meetings attended	Whether attended the last AGM in 2006
Mr. Maruti Ram Praturi	5	5	Yes
Dr. Kondal Rao Saripalli	5	0	No
Mr. D. Krishna Murthy Rao	5	5	Yes
Mr. Ramachandra Murthy	5	2	Yes
Smt. P. V. Lakshmi	5	4	Yes
Mr. T. N. Dhanraj	5	2	Yes

Code of Conduct:

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

3. Audit Committee

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

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

Composition and Attendance:

There are three members of the audit committee and all the members of the committee are Non-Executive in which two members are Independent Directors. Members of the Audit Committee are Mr. Ramachander Murthy, Mr. T. N. Dhanraj and Ms. P. V. Lakshmi.

Mr. Ramachander Murthy is the Chairman of the Audit Committee. The Company Secretary Ms. M. Arpita Lalwani acts as the Secretary to the Committee.

During the financial year 2006-07 Audit Committee met four times on 30-06-2006, 31-07-2006, 31-10-2006 and 31-01-2007. 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 appraised.

4. Remuneration Committee

The members of the Remuneration Committee of the Board of Directors of the Company are Mr. Ramachander Murthy, Mr. T. N. Dhanraj and Ms. P. V. Lakshmi, Mr. Ramachander Murthy is the Chairman of the said Committee.

The terms of reference of the Remuneration Committee are:

- To review and approve / recommend the remuneration for the Corporate officers and Managing Director of the Company
- To review and recommend to the Board the remuneration policy for the Company.
- To approve grant of stock options to the employees and / or directors of the Company and subsidiary.