



LANCOR HOLDINGS LIMITED

**20th ANNUAL REPORT
2004-05**

Board of Directors

R.V. Shekar, Chairman & Managing Director
V. Chander, Director
R. Sankaranarayanan, Director
Atul Upadhy, Director

Registered Office

"Sivasakthi", No.61 G N Chetty Road
T. Nagar, Chennai – 600 017, INDIA

Company Secretary

Lalit Kumar Mohanty

Auditors

G.M.Kapadia & Co.,
Chartered Accountants, Mumbai

Solicitors

Raman & Associates, Chennai

Bankers

The Catholic Syrian Bank Limited, IFB, Chennai.

Registrar and Share Transfer Agents

Cameo Corporate Services Limited
"Subramanian Buildings",
No.1, Club House Road, Chennai 600 002.

Notice
Directors' Report
Report on Corporate Governance
Management Discussion and Analysis
Financial Statements

- Consolidated Lanco Holdings Limited
- Lanco Holdings Limited
- Lanco Maintenance & Services Limited
- Lanco Properties Limited
- Lanco Realty Limited

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the shareholders of the Company will be held at the Registered office of the Company at "SIVASAKTHI" No. 61 G.N.Chetty Road, T.Nagar, Chennai 600 017 on Thursday, the 02nd day of June, 2005 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit & Loss Account for the year ended on that date and the reports of the Directors, and Auditors thereon.
2. To declare dividend on the equity shares of the Company.
3. To appoint a Director in place of Mr.R.Sankaranarayanan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors and fix their remuneration. M/S G.M. KAPADIA & CO., Chartered Accountants, the retiring Auditors of the Company are eligible for reappointment and offer themselves for reappointment.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions:-

5. As an Ordinary Resolution

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 of the Companies Act, read with Schedule XIII to the Act, approval of the members be and is hereby accorded to the re-appointment Mr.R.V.Shekar as Managing Director for a period of five (05) years with effect from 25th July, 2005 upon the terms and conditions as to remuneration and otherwise as set out in the explanatory statements in this item of the notice with liberty to the Board of Directors of the Company (the "Board") to alter and vary the terms and conditions of the appointment in such manner as may be agreed to between the Board and Mr.R.V.Shekar

RESOLVED FURTHER THAT pursuant to the provisions of Part II to Schedule XIII to the Companies Act, 1956 that approval of the members be and is hereby accorded to the payment of the same remuneration as per the terms as set out above to Mr.R.V.Shekar as minimum remuneration, where in any financial year during the tenure of the appointment the Company has no profits or its profits are inadequate, subject to the approval of the Remuneration Committee of the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper.

6. As a Special Resolution

RESOLVED THAT pursuant to Section 163 of the Companies Act, the Company hereby approves that the Register of Members together with the Index of Members, the copies of annual returns, the copies of certificates and documents as required to be annexed with the Annual Return under Section 160/161 of the Companies Act, 1956 be kept at the office of the Company's Registrar and Share Transfer Agent, namely Cameo Corporate Services Limited at "Subramanian Buildings", No.1, Club House Road, Chennai 600 002 and at such places within Chennai where the Registrar and Share Transfer Agent may shift its office from time to time instead of at the Registered Office.



7. As a Special Resolution

RESOLVED THAT in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such guideline and other regulations as may be applicable, the Company be and is hereby authorized to invest by way of purchase of shares of face value of Rs.10/- each in the issued and paid up capital of **Lancor Projects Private Limited**, on such terms and conditions (including price per share) as may be decided by the Board of Directors of the Company (which term shall be deemed to include any committee thereof) provided, however, that the total amount to be invested either directly or indirectly shall not exceed Rupees One Crore, notwithstanding that the proposed investment along with investments and / or loans / guarantees securities provided so far by the Company would be in excess of sixty percent of paid up capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to make investments of such amount at once or in tranches as may be sanctioned/ approved/ modified as deem fit and for the purpose of giving effect to this resolution, the Board be and is hereby authorized to execute all such documents and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper.

8. As a Special Resolution

RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments, thereof for the time being in force) 'Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreement, Provisions of the Securities and Exchange Board of India (Delisting of Securities) guidelines, 2003 and all other applicable laws, guidelines, rules and regulations and subject to such other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions, and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred as "the Board" which term shall be deemed to include any Committee thereof) the consent of the Company be and is hereby accorded to the Board to get the Equity shares of the Company delisted from the Madras Stock Exchange Limited at such time as the Board may in its absolute discretion consider appropriate and on the terms and conditions as may be stipulated and / or. Mutually agreed to in the best interest of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorize Mr R V Shekar, the Managing Director of the Company to do all such acts, deeds or things to give effect to the aforesaid resolution.

**By Order of the Board
For LANCOR HOLDINGS LIMITED**

**R.V SHEKAR
Managing Director**

Chennai
30th April, 2005

Registered Office
Sivasakthi, 61, G.N. Chetty Road
T Nagar, Chennai 600 017.

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.**
2. Explanatory Statements relating to the items of Special business is annexed hereto, as required under Section 173(2) of the Companies Act, 1956.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 31st May, 2005 to 02nd June, 2005 (Both days Inclusive)
4. The dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those members whose name appear:-
 - (i) as member in the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before 30th May, 2005; and
 - (ii) as Beneficial Owners as at the end of the business on or before 30th May, 2005 as per the list to be furnished by National Securities Depository Limited and / or Central Depository Service (India) Limited in respect of the shares held in electronics form.
5. Payment of dividend through Electronic Clearing Service(ECS) :-

By opting to receive the dividend amount through ECS, the shareholders will receive instant credit of their dividend, at no additional cost, into their designated bank account. This avoids delay/ loss/ damage in postal transit, fraudulent encashment and also reduces correspondence on revalidation and issue of duplicate warrants. However care should be taken to provide correct account number. Members are requested to inform the Company their Income Tax Permanent Account Number (PAN) / General Index Register Number (GIR), if any allotted to them by the Income Tax Department and the particulars of their bank account, in case the same have not been sent earlier and in respect of members who have given mandate for payment of dividend through Electronic Clearing Service(ECS), the dividend will be paid through ECS (*as per annexure 'A'*) and their bank account details will be printed on their dividend advices. Shareholders are requested to return the form after duly filled to the Company at its Registered office. ECS form may be downloaded from Company's Website www.lancorproperties.com. ECS facilities are at present given only in selected cities. Extension of this facility in future to more towns depends on the response from the shareholders from various town.
6. Members are hereby requested to send all correspondence concerning transfers, transmissions, subdivision, consolidation of shares or any other share related matters and/or change in address to the Company's Registrar and Share Transfer Agent.
7. Members desiring to have any clarification on account are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
8. Members/ proxies should bring the attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
9. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956 , are requested to write to the Company's Registrar for the prescribed form. Nomination form may be downloaded from Company's Website www.lancorproperties.com.
10. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/ re-appointment of directors

01	Name	Mr.R.Sankaranarayanan
	Age	61 years
	Qualifications	Mr.R.Sankaranarayanan is a Graduate and fellow member of the Institute of Chartered Accountants of India and also member of the Institute of Company Secretaries of India.
	Expertise	He has over 30 years of experience in various aspects of finance and consultancy. Has been in the advisory and consultancy for three decades
	Other Directorships Name of the Company	Nil
	Committee Memberships, if any, with position	Nil

02	Name	Mr.R.V.Shekar
	Age	55 years
	Qualifications	Mr.R.V.Shekar is a Commerce Graduate and member of the Institute of Chartered Accountants of India and also a member of the Institute of Company Secretaries of India
	Expertise	He has over 30 years of experience in various aspects of finance and management. He is a member of Information Technology Committee (IT) set up by Tamilnadu Government for promotion of IT industries in the State. Prior to joining Lancor Holdings Limited, he was with Sanmar Properties as its Vice President. Has been in the property development business for the last two decades.
	Other Directorships Name of the Company	1) Lancor Maintenance & Services Limited 2) Gesco Corporation (South) Limited 3) Lancor Gesco Properties Limited 4) Lancor Properties Limited 5) Lancor Realty Limited 6) Lancor Projects Private Limited
	Committee Memberships, if any, with position	Nil

Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956

Item No.5

Mr.R.V.Shekar is the Managing Director of the Company. His tenure expires on 24th July 2005. The Board of Directors at its meeting held 30th April, 2005 has recommended the reappointment of Mr.R.V.Shekar as Managing Director of the Company for a period of five (05) years with effect from 25th July, 2005 on the following principal terms and conditions subject to the overall ceiling as to the remuneration as laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the Act. Mr. R.V. Shekar is having over two decades of rich experience particularly in construction industry. It is considered that the Company should continue to avail the benefits of his vast experience.

Salary	:	Rs.1,00,000/- with an increase of Rs.10,000/- p.a.
HRA/Leased Accommodation	:	Rs. 25,000/- with an increase of Rs. 2,000/- p.a.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year Mr.R.V. Shekar will be paid the remuneration as above, as the minimum remuneration subject to the stipulations contained in Schedule XIII to the Act.

In compliance with the requirements of Section 302 of the Companies Act, 1956, the foregoing may be treated as an abstract of the terms of reappointment and remuneration of Mr.R.V.Shekar, together with the memorandum of concern or interest.

Except Mr.R.V.Shekar, none of the Directors of the Company is concerned or interested in this resolution.

Item No.6

Pursuant to newly introduced regulations 53A of the Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996, the Company has appointed Cameo Corporate Services Limited, a SEBI registered Agency as the Common Registrar and Share Transfer Agent (RTA) of the Company for both physical and dematerialized segments. For efficient discharge of the work it is necessary that the Register and Index of Members are kept at the RTA's office at Cameo Corporate Services Limited, "Subramanian Buildings", No.1, Club House Road, Chennai 600 002, instead of at the Registered Office of the Company.

In terms of the proviso to Section 163(1) of the Companies act, 1956 for keeping the Register and Index of Members as referred to above at any place other than at the Registered office within the city, approval of the members by a Special Resolution is required. Hence this resolution is recommended for adoption.

No Director of the Company is concerned or interested in this resolution.

As required, the Registrar of Companies, Tamilnadu, has been given in advance a copy of this proposed resolution.

Item No.7

The Company proposes to invest a sum of Rs.1,00,00,000/- in the equity of Lancor Projects Private Limited to make it 100% subsidiary of the Company. As per Section 372A of the Companies Act, 1956 the Board of Directors of the Company are free to give loans or advances to any bodies corporate upto 60% of the Company's Paid up Share Capital and Free Reserves or 100% of the Free Reserves whichever is more. Hence the proposed investment to be made to the Company exceeds the said limits and hence this resolution is placed before the members for their approval.

Mr. R.V.Shekar, is deemed to be interested in passing the said resolution.

Item No.8

The Company's equity shares are presently listed in The Stock Exchange, Mumbai and Madras Stock Exchange Limited. The Company proposes to delist the equity shares of the Company from Madras Stock Exchange Limited in view of no trading at this exchange. It is also felt that continued listing in Madras Stock Exchange does not provide any significant tangible advantage to the shareholders of the Company.

As the listing of Company's equity shares continue in The Stock Exchange, Mumbai having nationwide terminals, the shareholders of the Company have access to online trading in the Company's securities across the country. Further the Company has been spending considerable amounts on listing fee and multiplied compliances, reporting and approvals under the Listing Agreement. SEBI has issued guidelines permitting voluntary delisting of a Company's Equity shares where the Company has multiple listings provided that the shares are listed at one or more stock exchanges having nationwide trading terminals. In such cases, an exit option to shareholders of the region where the Delisting Exchange is situated not required to be given.

The Board recommends the passing of the resolution as set in Item No. 8 of the notice convening the meeting.

None of the directors of the Company is concerned or interested in the said resolution.

**By Order of the Board
For LANCOR HOLDINGS LIMITED**

**R.V.SHEKAR
Managing Director**

Registered Office
Sivasakthi, 61, G.N. Chetty Road
T Nagar, Chennai 600 017.
Dated : April 30, 2005

DIRECTORS' REPORT TO THE MEMBER

Your Directors have great pleasure in presenting the Twentieth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2005 and the Auditors' report thereon.

Financial Results

The stand-alone financial results of Lancor Holdings Limited for the year ended March 31, 2005 are presented below:-

	(Rupees in Lacs)	(Rupees in Lacs)
Particulars	2004-2005	2003-2004
Income from operations	233.98	1,004.87
Profit before interest, depreciation and taxes	180.15	481.74
Less: Interest	43.22	67.26
Depreciation	25.11	18.90
Profit before Tax	111.82	395.58
Less: Provision for		
Current Tax	26.50	106.50
Deferred Tax	(2.35)	(48.32)
Profit after Tax	87.67	240.76
Less: balance brought forward from previous year	284.98	149.52
Prior year adjustments -	3.47	
Available for appropriation	369.18	390.28
Dividend		
Interim - @ Nil (15%)	---	48.00
Final - @ 10% (7.5%)	32.00	24.00
Tax on Dividend	4.18	9.23
Transfer to General reserve	8.77	24.07
Balance carried to Balance sheet	324.23	284.98

Business Outlook for Lancor Holdings Limited, its subsidiaries and associate:

During the year, all the businesses which formed part of Lancor Holdings Limited, its subsidiaries and associate were identified as part of Lancor Group for which purpose, the Company had approached the authorities for registration of Trade and Service Marks.

The Lancor Group now provides a one stop opportunity for individual and corporate clients for obtaining full scope property services which may be in the nature of development, maintenance, trade and representation, project management and engineering. You are aware that in line with the said business definition, the various subsidiaries and associate of Lancor Holdings Limited, have been incorporated. Each of these subsidiaries has been put in the charge of professional managers to conduct the business. Needless to mention the cross synergies available are also fully exploited for maximum overall benefit.

Consequent to the above action, your Company has positioned itself as an Investment and Asset Holding Company ready to provide leadership and finance to its subsidiaries and associate.

Property Development Business

Within the Lancor Group, two Companies are engaged in property development namely ie., Lancor Properties Limited (LPL) and Lancor Gesco Properties Limited (LGPL). LPL is a wholly owned subsidiary, whereas in LGPL, your Company has 50% interest. LPL is in the process of executing 3 projects in Chennai and is about to take a large residential project in Bangalore. The outlook for LPL over the next 24 months is therefore bright. LGPL will complete in the current year, development of two projects in Chennai, where it is likely to earn substantial profits and is about to commence a major Software Technology Park project in a dominant location in the city, on a joint venture basis, which, upon completion, it expects to lease on attractive terms to large corporate. For the purpose of executing this project and to demonstrate your Company's commitment to large developments through LGPL, your Company had subscribed 50% of the Rs. 10 Crores paid up capital of LGPL. Your Company will be handsomely rewarded by both LPL and LGPL in the years to come as both the Companies begin to make an impact in development field consequently earning profits.

Property Maintenance Business

The property maintenance business carried through Lancor Maintenance & Services Limited (LMSL) has over the last few years become more technology oriented and LMSL with the encouragement provided by your Company has positioned itself to use new technologies to maximum advantage to expand the volumes with emphasis on cost containment. However, consciousness of customers towards asset maintenance is still relatively at a low level except perhaps to the exception of a few high value residential developments and managing facilities for large corporate entities involved in software development / business process outsourcing (BPO). In the years to come, your Company will aggressively quote and obtain maintenance of large IT / BPO related business and thereby expand volumes and profits.

Realty Business

Your Company has been providing property representation and agency services to a number of individuals and Corporate over the last several years, which have all been consolidated and brought under one entity named as Lancor Realty Limited (LRL). LRL obtains business in a large measure as a result of its association with LPL, LGPL & LMSL. It is also increasing its exposure to third party asset owners so that the source of business for LRL remains diversified to some extent away from its group companies. LRL recognises that it is a slow process to build a viable property representation business but it is confident with the support given by your Company in the long term, LRL will be a profitable Company with a viable business model.

Project Management services(PMS)

The project management services which embrace full scope service in the nature of identifying land, obtaining approvals and having the project developed to user/ owner specification including interior decoration were rendered through the erstwhile subsidiary of your Company Residency Properties and Developments Limited (now known as LMSL). As a consequence of re-organisations and re-alignment of the various business as subsidiaries / associates of your company, the business of PMS did not fit into any of the existing company. However in order not to lose the business opportunities, that presented itself to earn substantial income a private company named as Lancor Projects Private Limited (LPPL) was incorporated with funds provided by the Managing Director of your Company from his personal resources. It is now the intention of the Managing Director of the Company to transfer the shares of LPPL to LHL with the idea of making LPPL a subsidiary of LHL and a group company of the Lancor Group. The appropriate procedure for the determination of value of LPPL will be followed in the course of your company acquiring all shares of LPPL.

You will be happy to note that LPPL is in the threshold of obtaining three or four major contracts for appointment as project manager during the current year.

Necessary resolution as required under Section 372A to acquire all the shares of LPPL have been brought forward for your approval.

Name change of associate Company

Consequent to the name changed by the Company's co-share holder Gesco Corporation (South) Limited in LGPL, to G:Corp Limited, the name of LGPL is now proposed to be changed as Lancor G:Corp Properties Limited. Your Company sees the alignment in names as an advantage in the conduct of the business.

Fixed Deposits

Your Company has not accepted any fixed deposits during the year under review.

Income Tax

The Company has successfully demonstrated before the CIT (Appeals), its long pending dispute in the matter of claims made on the Company for AY 1996 – 97, 1997 – 98, 1998 -99, leaving an income tax refund of Rs. 1,12,35,914/-. However the Income Tax Department has preferred an appeal against the Order of CIT (Appeals).

Dividend

In view of the Financial Results, your Directors have recommended a Dividend of 10% on the Equity Shares of the Company. Your Directors feel it prudent to conserve the resources to be profitably deployed on projects in the anvil as has been outlined above. We believe that this step will enhance shareholder value for future.

Subsidiary and Joint Venture Companies

The Company has three Subsidiaries i.e., **LANCOR PROPERTIES LIMITED, LANCOR MAINTENANCE & SERVICES LIMITED, and LANCOR REALTY LIMITED.** As required under Section 212 of the Companies Act, 1956 the Audited Balance Sheet and Profit and Loss Account along with the respective reports of the Board of Directors and the Auditors Report thereon of the Subsidiary companies for the year ended March 31, 2005 are attached.

The Statement pursuant to Section 212 of the Companies Act, 1956 also forms part of the Annual Report.

LANCOR GESCO PROPERTIES LIMITED continues to be the 50% Joint venture company with Gesco Corporation (South) Limited and the Board is very happy to note that the company's maiden project "MERIDIAN HEIGHTS" is almost nearing completion.

As per the requirement of AS-21/27 issued by the ICAI, your company is pleased to present here with the consolidated balance sheet, profit and loss account and cash flow statement of the Company and its subsidiaries.

STATUTORY STATEMENTS

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Lancor Holdings Limited does not carry on any manufacturing activities and accordingly the provision to furnish information as per Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, particulars relating to Conservation of energy, Research and Development and Technology Absorption is not applicable. During the year there were no foreign exchange earning and out go for the Company

Particulars of Employees

During the year under review, there were no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Directors' Responsibility Statement

Pursuant to the requirement u/s 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement your Directors to the best of their knowledge and belief confirm that:

- (i) in the preparation of the annual accounts, the applicable Accounting Standards and given proper explanation relating to material departure;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and
- (iv) they have prepared the annual Accounts on a going Concern basis.

Internal Controls and their Adequacy:

The internal control systems are commensurate to the size of the operations of the Company. Whenever it is required, the systems and procedures are upgraded to suit the changing business needs.

Statement Pursuant to Listing Agreement

The company's securities are listed with Madras and Mumbai Stock Exchanges and it has paid the respective annual listing fees up-to-date and there is no arrear.