

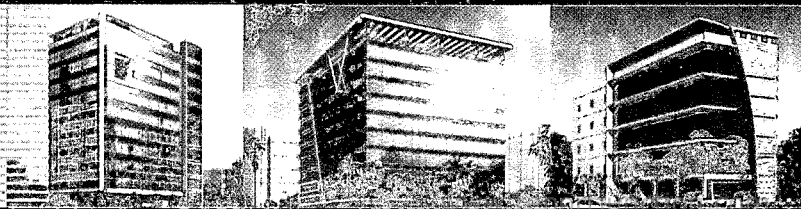
22ND ANNUAL REPORT



2006-07



LANCOR HOLDINGS LTD.



LANCOR HOLDINGS LIMITED



ANNUAL REPORT
2006 - 2007

LANCOR HOLDINGS LIMITED



Board of Directors

Mr. R. V. Shekar,
Mr. V. Chander,
Mr. S. V. Venkatesan,
Mr. R. Sankaranarayanan,
Mr. Jayesh N Thakkar,

Managing Director
Non Executive Director
Non Executive & Independent Director
Non Executive & Independent Director
Non Executive & Independent Director

Registered Office

"VTN Square", Second Floor,
58, G N Chetty Road, T. Nagar,
Chennai – 600 017, INDIA

Company Secretary

Mr. Piyush Agarwal

Auditors

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

Solicitors

M/s. Raman & Associates, Chennai

Bankers/Financial Institutions

HDFC Limited
The Catholic Syrian Bank Limited, IFB, Chennai.

Registrar and Share Transfer Agents

Cameo Corporate Services Limited
Subramanian Buildings",
1, Club House Road, Chennai 600 002.

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LANCOR HOLDINGS LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the shareholders of the Company will be held at the Registered office of the Company at "VTN Square", Second Floor, 58, G N Chetty Road, T. Nagar, Chennai – 600 017, on Tuesday the 30th day of October, 2007 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2007 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 a Director in place of Mr.S.V.Venkatesan, who retires by rotation and being eligible, offers himself for reappointment.
5. 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

6. To consider and if deemed fit, to pass through postal ballot, the following Resolution as a Ordinary Resolution:

"RESOLVED THAT Mr. Jayesh N Thakkar, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from the conclusion of the meeting of the Board of Directors held on 31st October, 2006 and who vacates his office at the conclusion of this Annual General Meeting be and he is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider and if deemed fit, to pass through postal ballot, the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the provisions of Article 3 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, (a) each of the 50,00,000 equity shares of the nominal value of Rs.10/- each in the authorised share capital of the Company be sub-divided into 2,50,00,000 equity shares of Rs. 2/- each.

RESOLVED FURTHER THAT Clause V (being Capital Clause) of the Memorandum of Association and Article 3 of the Articles of Association of the Company be substituted as follow:-

Clause V of Memorandum of Association

"The Authorized Share Capital of the company is Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 2,50,00,000 equity shares of Rs. 2/- (Rupees Two) each with the rights, privileges or conditions attached thereto as provided by the regulations of the company for the time being with power to increase or reduce the capital of the company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided in the regulation of the company".

Article 3 of the Articles of Association

"The Authorized Share Capital of the company is Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 2,50,00,000 equity shares of Rs. 2/- (Rupees Two) each. The Company shall have the

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power to increase, consolidate, subdivided, reduce or otherwise alter its share capital subject to the provisions of the Act".

RESOLVED FURTHER that the Board of Directors of the Company ("the Board", which expression shall also include a Committee thereof be and they are hereby authorised to issue new share certificates representing the sub-divided equity shares with new distinctive numbers, consequent to the sub-division of shares as aforesaid and /or credit the shareholders' accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and the Articles of Association of the Company and to inform the Depositories and the Registrar and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution."

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

**R.V SHEKAR
Managing Director**

Chennai
29th September, 2007

Registered Office
VTN Square, 58, 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 item 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 26th October, 2007 to 30th October, 2007 (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 October, 2007; and
 - (ii) as Beneficial Owners as at the end of the business on or before 25th October, 2007 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. Members are hereby requested to send all corresponded 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.
6. 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 keep the information ready.
7. 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.
8. 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.lancor.in

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9. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/ re-appointment of directors

01	Name	Mr. R Sankaranarayanan
	Age	63 Years
	Qualifications	He 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	He is an independent Director of the Company. He is also a Director on the Board of Lancor Maintenance & Services Limited.
	Committee Memberships, if any, with position	He is the Chairman of the Audit Committee and member of the Remuneration and Shareholders/ Investors Grievance Committee of the Company
02	Name	Mr. S.V.Venkatesan
	Age	67 years
	Qualifications	Gold Medalist in Commerce from Madras University
	Expertise	His career with State Bank of India, the largest Commercial Bank in India, spanned for 24 years. There, he held important responsibilities in India and abroad. He was part of the team that set up the Offshore Banking Branch of SBI at Singapore in 1977 and had a wide international exposure for about 7 years. He was associated with the Committee appointed by the bank to aid in the formulation of corporate credit policies in 1986.
	Other Directorships Name of the Company	<ol style="list-style-type: none"> 1. Essar Investments Limited 2. Essar Steel Limited 3. Essar Teleholdings Limited 4. Essar Constructions (India) Limited 5. Essar Power Limited 6. Bhandar Power Limited 7. Essar Information Technology Limited 8. Essar Power (Tamilnadu) Limited 9. Best & Crompton Engineering Limited
	Committee Memberships, if any, with position	<u>Chairman of</u> : Essar Constructions (India) Limited (Audit Committee), Essar Steel Limited (Audit Committee and Shareholders/ Investors Grievance Committee), Best & Crompton Engineering Limited (Audit Committee) <u>Member of</u> : Essar Power Limited (Audit Committee and Shareholders/ Investors Grievance Committee), Essar Teleholdings Limited (Audit Committee)
03	Name	Mr. Jayesh N Thakkar,
	Age	43 Years
	Qualifications	He is a Commerce Graduate and holds a MBA degree from Bombay University.
	Expertise	He was heading the trading division of Great Eastern Shipping Company for its operations in Kerala and Karnataka. He has been with G:Corp group for the last 14 years and associated with Finance, Accounts & Taxation etc.,
	Other Directorships Name of the Company	<ol style="list-style-type: none"> 1. GECORP REALTY PRIVATE LIMITED 2. GEREALTY DEVELOPERS PRIVATE LIMITED
	Committee Memberships, if any, with position	Nil

LANCOR HOLDINGS LIMITED**Explanatory Statement**

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

Item No.5

The Board of Directors at their meeting held on 31st October, 2006 had appointed Mr. Jayesh N Thakkar, as an Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company to hold office as such till the conclusion of the ensuing Annual General Meeting.

The Company has received a notice in writing along with a deposit of Rs. 500/- from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Jayesh N Thakkar, as a Director of the Company.

The Board Members recommend the resolution as set out in Item No. 5 of the convening Notice for approval of the shareholders.

Except Mr. Jayesh N Thakkar, no other Director is in any way concerned or interested in the aforesaid Resolution.

Item No.6

The shareholders to note that the equity shares of your Company are listed only on Bombay Stock Exchange Limited, Mumbai (BSE) and the shares are actively traded on BSE.

The market price of the shares of the Company has witnessed significant spurt over the last 20 months. In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, the Board of Directors of the Company ('the Board') at their meeting held on 29th September, 2007, considered it desirable to sub-divide the nominal value of the equity portion of the authorised share capital of the Company.

The shareholders may please note that presently the nominal value of the equity shares is Rs.10/- each and consequent to the sub-division it is being divided into 5 (Five) equity shares of Rs. 2/- each. The date on which this sub-division would become effective, will be decided by the Board after obtaining the shareholders' approval, which will be notified through the Stock Exchanges.

Shareholders attention is also invited to the fact that in view of the foregoing, the existing Capital Clause V in the Memorandum of Association and Article 3 in the Articles of Association of the Company relating to equity shares also need relevant amendment to give effect to the sub-division.

Accordingly, approval of the members is being sought for passing the Special Resolution as set out in the Notice.

Interest of Directors

The Directors of the Company are deemed to be concerned or interested in the resolution only to the extent of shares held by them in the Company.

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

**R.V SHEKAR
Managing Director**

Chennai
29th September, 2007
Registered Office
VTN Square, 58, G.N. Chetty Road
T Nagar, Chennai 600 017.

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LANCOR HOLDINGS LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have great pleasure in presenting the Twenty Second Annual Report together with Audited Accounts of the Company for the year ended 31st March 2007 and the Auditors' report thereon.

FINANCIAL RESULTS

The stand-alone financial results of Lancor Holdings Limited for the year ended March 31, 2007 are presented below:-

(Rs.in Lakhs)

Particulars	2006-2007	2005-2006
Income from operations	513.87	531.97
Profit before interest, depreciation and taxes	119.08	191.17
Less: Interest	123.55	63.06
Depreciation	48.85	40.49
Profit / (Loss) before Tax	(53.32)	87.62
Less: Provision for		
Current Tax	Nil	19.00
Deferred Tax	46.03	6.21
Fringe Benefit Tax	2.07	1.76
Profit / (Loss) after Tax	(9.37)	60.66
Less: balance brought forward from previous year	338.77	320.66
Credit Balance in Profit and Loss Accounts of Erstwhile Lancor G:Corp Properties Limited	217.57	-
Prior year adjustments -	0.19	-
Available for appropriation	547.16	381.32
Dividend - Final - @ 10%	40.50	32.00
Tax on Dividend	6.88	4.49
Transfer to General reserve	Nil	6.06
Balance carried to Balance sheet	499.78	338.77

BUSINESS OUTLOOK FOR LANCOR HOLDINGS LIMITED AND ITS SUBSIDIARIES:**PROPERTY DEVELOPMENT BUSINESS**

The principal business of your Company is property development and as you are aware, this has been carried on under Lancor Properties Ltd and Lancor G:Corp Properties Ltd. With the two entities, having different share holdings, both under the same management and being in the same business, conflict of interest arose. Hence, the two companies have now merged with Lancor Holdings Ltd, thereby the property development business will henceforth be only carried on under Lancor Holdings Ltd.

Currently, the Company is implementing an aggregate of **9,95,000** sq.ft of built up space in the residential sector and **1,98,000** sqft of space under the non-residential office property sector. During 2005 and 2006 the residential sector showed considerable promise and your Company had taken advantage of the opportunities provided by the market. However, from early 2007, various factors like high growth in land values, enormous increase in interest costs both to the developers and to the purchasers of property and spiraling construction costs, have proved to be a damper to the construction and development activities. The demand for residential properties particularly in the suburban areas has consequently slowed down in general.

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The business has also witnessed a number of pan India property development companies, having entered the Chennai market with the idea of participating in the growth story. Many of these companies are large in size with enormous financial strength.

Your Company had successfully launched large residential projects and the first of the three phases of the development would be completed before 31st March 2008. The offerings of your Company have been well accepted by the customers. The final phase of the project known as "Central Park" is expected to be well received.

Your Company's projects in the city have met with good response even though the prices had climbed astronomically. There is now a general understanding that the prices of city properties will not come down and hence your Company will continue to remain active in the development of city properties.

Your Company will complete the commercial properties in hand before 31st March 2008 and will lease both these properties. The lease rents will cover the criterion of internal rate of return particularly in the context that the income will enjoy tax exemptions under Section 80-IA of the Income Tax Act.

The economy is expected to experience volatility in its growth aspirations in view of the strengthening of the rupee. The steps that the Government of India and Reserve Bank of India will take to defend the rupee through adjustments to interest rates will cause a period of uncertainty. This will certainly have bearing on the property business which will determine the amount of money that will flow into the country in property related transactions. Investments in the property sector in this context will also have a 'wait and watch' approach until a certain degree of stability is reached. Hence the outlook for the year 2008 as a whole will be marked by uncertainties till such time a sense of equilibrium is reached on the external value of the rupee and the interest rates.

The outlook for your Company which is small a player in the market will be influenced by these macro economic situations. In view of the fact that your Company caters to up market sector, consumers' perception is of prime importance which will continue to get the attention it deserves. Higher sales in future can only be due to greater effort, higher advertisements and promotion spend with research on customer preferences and tastes so as to deliver and live up to their expectations.

Your Company will apply itself carefully to drawing up a healthy customer relationship and financial model so that changing circumstances in the market place are well defended and all opportunities for growth are taken.

PROPERTY MAINTENANCE BUSINESS

Your Company's subsidiary, Lancor Maintenance and Services Ltd is now drawing up schemes to maintain the "Central Park" projects as they become ready for occupancy apart from the maintenance of some prestigious commercial properties. The scheme involves setting up of residential camps and training establishments to recruit, train and retain technicians so that the quality of service provided is at an acceptable level across all projects. This should also address the attrition rate of the employees while the employees absorb the higher technology that the Company employs in maintaining the facilities under its charge. The outlook for the business over the next few years is good.

REALTY BUSINESS

The realty business represents the after market operations of the Company's projects as well as third party property ownership operations. Your Company has obtained some lucrative contracts for placement of commercial property in the market and over the years, the outlook for this Company is expected to be bright.

LANCOR HOLDINGS LIMITED**PROJECT MANAGEMENT SERVICES**

As a result of the transfer of all project management business to Lancor Projects Ltd, this subsidiary of your Company has started to perform in an outstanding manner. All the construction management work of Lancor Holdings Ltd is managed by Lancor Projects Ltd, besides third party project management services work. The outlook for the business is very bright and the Company is now involved in building a professional team which has engineering and commercial acumen so as to take it to greater heights in future.

FIXED DEPOSIT, LOANS AND ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review. The Company has made loans/advances/investments, which are required to be disclosed in the Annual Accounts of the Company pursuant to clause 32 of the listing agreement with the Company.

DIVIDEND

Though, there is inadequacy or absence of profits in the current year, your Directors recommend a dividend of 10% of the paid up capital of the Company, to be paid, if declared by the shareholders for the year, out of the accumulated profits earned by it in previous years and transferred by it to the reserves, Companies (Declaration of Dividend out of Reserves) Rules, 1975.

In order to have consistent dividend payment, 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.

TRADE MARK REGISTRATION

Your Directors are happy to inform you that the Trade Mark Registry, Government of India, has registered our logo in Class 36, under the head "Real Estate Affairs" which has created a strong image in the Industry.

AMALGAMATION OF LANCOR G:CORP PROPERTIES LIMITED WITH THE COMPANY

You have at the Court convened meeting held on April 21, 2007, have approved the Scheme of Amalgamation between Lancor G:Corp Properties Ltd (Transferor Company) with the Company (Transferee Company) and later on The Honourable High Court of Judicature at Madras, has sanctioned the Scheme of Amalgamation of Lancor G:Corp Properties Ltd (LGPL) with the Company, by their Order dated September 06, 2007, The amalgamation benefits the company as under:-

- a) The Facilities available with LGPL pooled together and the amalgamated company will be better able to exploit the facilities available as one single unit for the benefit of the amalgamated company,
- b) By the proposed amalgamation, the operational costs will be considerably reduced and the management will be able to operate and run the amalgamated company as a single unit more effectively and economically resulting in better turnover and profits.
- c) There will be operational synergy in terms of procurement benefits, common license, reduction of administration work etc., for the amalgamated company.
- d) It will make available to the amalgamated company, the benefits of financial resources, managerial, technical and marketing expertise of the companies.
- e) The amalgamated company will have the benefit of the combined reserves, assets, manpower and cash flows of both the companies. The combined resources of the amalgamated company will enhance its capability to face competition in the market place more effectively.