



23rd Annual Report
2007-08

LANCOR HOLDINGS LIMITED



LANCOR HOLDINGS LIMITED



ANNUAL REPORT
2007 - 2008

Registered Office : "VTN Square" II Floor, 58 G.N. Chetty Road, T.Nagar, Chennai - 600 017

LANCOR HOLDINGS LIMITED**Board of Directors**

Mr. R. V. Shekar,
Mr. V. Chander,
Mr. R. Sankaranarayanan,
Mr. S. V. Venkatesan,
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 Third 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 Wednesday, the 10th day of September, 2008 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2008 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. Jayesh N Thakkar, 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.

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

**R.V SHEKAR
Managing Director**

Chennai
06th August, 2008

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 9th Sep, 2008 to 10th Sep. 2008 (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 10th September, 2008; and
 - (ii) as Beneficial Owners as at the end of the business on or before 9th September, 2008 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.

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CREATING ENDURING VALUE

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, ECS mandate format to the Company's Registrar and Share Transfer Agent.. ECS Mandate form may be downloaded from Company's Website www.lancor.in
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
9. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/ re-appointment of directors

01	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 <u>Name of the Company</u>	1. Ge Corp Realty Private Limited 2. Ge Realty Developers Private Limited 3. GCorp Homes Private Limited 4. Lido Malls Management Private Limited
	Committee Memberships, if any, with position	Nil

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

Your Directors have great pleasure in presenting the Twenty Third Annual Report together with Audited Accounts of the Company for the year ended 31st March 2008 and the Auditors' report thereon.

FINANCIAL RESULTS

The stand-alone financial results of Lancor Holdings Limited for the year ended March 31, 2008 are presented below:-

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007
Income from operations	2,181.15	513.87
Profit before interest, depreciation and taxes	675.13	119.08
Less: Interest	34.03	123.55
Depreciation	47.30	48.85
Profit / (Loss) before Tax	593.80	(53.32)
Less: Provision for		
Current Tax	167.06	Nil
Deferred Tax	29.12	46.03
Fringe Benefit Tax	1.86	2.07
Profit / (Loss) after Tax	395.77	(9.37)
Less: balance brought forward from previous year	499.78	338.77
Credit Balance in Profit and Loss Accounts of Erstwhile Lancor G:Corp Properties Limited	-	217.57
Prior year adjustments -	2.86	0.19
Adjusted for Transitional Provision under AS-15	4.63	
Available for appropriation	897.32	547.16
Dividend - Final	202.50	40.50
Tax on Dividend	34.42	6.88
Transfer to General reserve	39.29	Nil
Balance carried to Balance sheet	621.11	499.78

BUSINESS OUTLOOK**PROPERTY DEVELOPMENT BUSINESS:-****RESIDENTIAL SEGMENT:**

The outlook for your Company in the affordable and the premium segments of the residential developments continues to be bright, with sales taking place at regular intervals even though the market is currently witnessing tight money conditions, with cost of funds soaring for customers, literally on month on month basis.

There is no doubt that customers are experiencing a certain degree of diffidence about the future caused by raising oil prices, food prices and interest rates resulting in high financing costs. These sentiments will affect the operations of your Company which is bound to increase the time cycle of the trade and thereby resulting in decline in sales volumes in the short run and subsequently reduce earnings and profits.

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Your Company has identified residential projects of 1.6 million sq. ft. development which have been launched in the market. Of the said 1.6 million sq. ft. of space, 1.2 million sq. ft. fall under the affordable range while 0.35 million sq. ft. in premium segment and about 0.05 million sq. ft. fall under super luxury homes within the city.

The project known as "Abode Valley" in the suburb of Chennai, consisting of 720 apartments having an average of 1,190 sq. ft. per apartment, was launched through the press in April-May, 2008 and it has evoked very good response. The sales have continued to be brisk and the first phase of 320 apartments should be successfully placed in the market well before the end of this year. The costing for the project has factored the extraordinary rise in the prices of steel, cement and ready mix concrete while the margins from the project will remain largely in line with the overall earnings due to the acquisition of land at a competitive price. This project will contribute significantly to the earnings and profits of the Company for the years ending March 2010 and 2011.

The premium segment project known as "The Central Park South", being the third phase of the Central Park series of developments, has been soft launched with about 10% of the total number of apartments having been booked with good advance payments. The formal launch has been determined to be for 23rd August, 2008. "The Central Park South" has the advantage of pre-existing developments i.e., the completed "Central Park" with people living in the housing colony and the "about-to-be completed" "Central Park West" with a fully fitted sports and recreation centre etc., as additional attractions for customers to feel confident about their investments bringing them impressive returns.

"The Central Park South" is expected to produce impressive profits for the Company in view of its improved sales realization judged by the pricing obtained so far. "The Central Park South" has the additional advantage like the other "Central Park Projects" of having its earnings to be determined free of tax in view of Section 80-I(B) of the Income Tax Act.

The implementation and sales of the company's premium projects in the city are in line with the budget and these projects will produce good volume profits even though the developmental area is relatively small. These profits will be accrued in the years ending March 2009 and 2010 based on percentage completion "accounting" method.

DEVELOPMENT OF COMMERCIAL AND I.T. SEGMENTS:

MENON ETERNITY:

As on the date of writing this report, the Company has completed the "IT Industrial Park" building project known as "Menon Eternity" and has successfully leased out three floors to two international clients on an extremely favourable terms. Income from the Industrial Park will remain free of tax under Section 80-IA of the Income Tax Act for which purpose, the Company has made application to the Government of India to accord special industrial park status. The Company is confident of obtaining the said status.

As a result of these leases and the receipt of the deposits from the Lessees, the Company would be in a position to pay off half the leveraged debt obtained from the financial institutions before the end of this year.

The IT Industrial Park building has won for your Company all-round acclaim for it being a **"GREEN BUILDING"** and the quality of work that was executed and with the locational advantage of the project, the Company's standing as a developer of "up market office commercial / industrial park" is more than firmly established.

"Menon Eternity" will also hopefully obtain the United State's Green Building Council's rating known as "LEED Green Gold". Although the Company had spent additional amounts to create an environmentally friendly building, the benefit will go to the Lessees in the form of reduced energy costs while all the wastes will be disposed of in a manner that it will meet with the global environmental standards with reference to management of wastes. The Company has won acclaim from a number of quarters for exhibiting sensitivity to the environmental issues. The Company will also educate the various lessees about how to dispose of the e-wastes that they generate in the building so that all activities that are conducted in the building would favourably impact the environment.

"ROMA"

The Company has also developed another commercial property known as "Roma" which it will lease in the course of this year, on advantageous terms. The "Roma" is very dominantly located on the airport road and will bring considerable goodwill to the Company.

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LANCOR HOLDINGS LIMITED**COSTS AND TIME OVERRUN**

It must be mentioned that despite the best efforts of the Company, there have been costs and time over runs in the implementation of the commercial properties due to difficulties in contracting and labour management and shortage of various materials from time to time with elongated supply times. The rise in the financing cost is also becoming a deterrent to new business judged by the fact that initial loans of Menon Eternity was obtained at 8.5% p.a. and the pricing for the same loan is now at 14.25%. The liquidity crunch in the market and the reluctance on the part of banks and institutions to fund and finance property related activities is going to result in contraction of business for most property companies although your Company has till date not experienced these negatives. Hopefully, the steps taken so far will keep the company insulated against this phenomenon going forward into future.

The level of borrowings of your Company by the end of this year would have been substantially reduced with most of the fixed assets of the Company remaining unencumbered, which will present fresh opportunities for leveraging to acquire developmental lands for future projects at lower cost.

Your Company is continuing to work for the welfare of the customers and produce properties and projects fancied by them. Your Company continues its regular policy of being engaged with customers and others which can be judged by the repeat orders that the Company gets from the same customers.

PROPERTY MAINTENANCE BUSINESS:

Your subsidiary Company - Lancor Maintenance & Services Limited (LMSL) has already been appointed as a Property Maintenance Manager for the Central Park Projects and barring unforeseen circumstances, in the not-too-distant future, it should be maintaining residential projects under "The Central Park" banner of approximately 550 apartments apart from managing a modern sports and recreation facility. LMSL will also be canvassing for neighbouring residential businesses for maintenance and should they be successful in obtaining these contracts for maintenance in Sholinganallur area. LMSL may be maintaining approximately 1000 apartments. Your company has taken all steps to support LMSL for their efficient performance of their obligations under the contracts so that the build up of the business and cashing in of the market opportunities will go hand in hand. LMSL has drawn up an elaborate scheme for recruiting and training of various personnel that are required to be engaged in the maintenance of the Central Park projects.

Besides the above, LMSL has also won the contract for maintaining the various commercial projects that your Company has been developing which includes "Menon Eternity", "Sudha Center", "VBC Solitaire", "ROMA", besides the existing buildings under its maintenance.

Hence the outlook for LMSL looks very bright with the increase in volumes and earnings. The down side of the business will be to procure, train and retain the various personnel, since the process of obtaining of the maintenance contract has already been completed.

REALTY BUSINESS:

Lancor Realty has really performed commendably for the year ended March 2008 and the outlook for the year to come is even brighter. They also have opportunities of placing "the Central Park" apartments in the market besides placing "Sudha Center", "Roma", "VBC Solitaire" and the "Menon Eternity". They have drawn up a business plan which is proactive, which envisages delegation of authority and tasks to junior staff which reduces the time cycle to conclude transaction. Barring unforeseen circumstances, the outlook and performance of the Realty business will be more commendable in the years to come.

PROJECT MANAGEMENT SERVICES:

The Project Management Services business is carried out under Lancor Projects Limited which has been completing the tasks quite commendably although its helplessness as a result of difficult labour market conditions is evident. Besides executing projects for your Company, Lancor Projects has also been involved in developing third party projects of substantial volumes and this opportunity is only going to grow in future. The Company also is going to be executing an interior decoration project which has higher earning potential on smaller time cycle. Lancor Projects, over the next few years, after it has accumulated a reasonable capital out of retained earnings, will look at expanding the horizon by going into projects involving public / private partnerships.

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In our last Report, we had mentioned that a number of major property development companies entered the capital market with the public issue at high premiums. Unfortunately, the market behaviour as a result of negative perceptions on our industry, have been most unfavourable, resulting in the shares of these companies even quoting at a substantial discount to the issue price. The sentiments for the listed property companies, therefore continues to be negative from the capital market perspective. Your Company's issued shares of Rs. 10/- per share, was divided into 5 shares of Rs. 2/- each and these shares have been quoting at a premium to the face value.

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:

Your Directors recommend a final equity dividend of 50% of the paid up capital of the Company to be declared and paid to the shareholders for the financial year out of current profits earned by the Company absorbing a sum of Rs.2,02,50,000/-. Your Directors are recommending this handsome distribution of dividend having regard to the current earnings of the Company and bearing in mind the outlook for the Company's earnings going forward.

SUB DIVISION OF SHARES

The sub-division of your company's shares (from a face value of Rs.10/- each to a face value of Rs.2) was effected on December 03, 2007.

SUBSIDIARY COMPANIES

The Company continues to have three Subsidiaries i.e., **LANCOR MAINTENANCE & SERVICES LIMITED, LANCOR REALTY LIMITED and LANCOR PROJECTS LIMITED**. As required the statement pursuant to Section 212 of the Companies Act, 1956 along with 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, 2008 are attached.

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**

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.

Foreign Exchange Earnings : Rs. 10,087,223-

Foreign Exchange Outgo : Rs. 17,972,530-

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.

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LANCOR HOLDINGS LIMITED**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 operation 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 Bombay Stock Exchange Limited, Mumbai and it has paid the respective annual listing fees up-to-date and there is no arrear.

SOCIAL RESPONSIBILITIES OF YOUR COMPANY IN THE FIELDS OF CULTURE AND EDUCATION:**CULTURE:**

Your Company is a principal sponsor for T.N. Krishnan Foundation for Performing Arts. The Foundation has been registered as a non-profit organization in the name of Padmabhushan Prof. T.N. Krishnan, whose contribution to arts and culture is enormous. Through the auspices of the Foundation, your Company is able to sponsor music, dance and other cultural activities, apart from teaching the art, for which purpose the Foundation has been dedicated. Some photographs of the events can be found through this annual report.



Padmabhushan Prof. T.N. Krishnan

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