

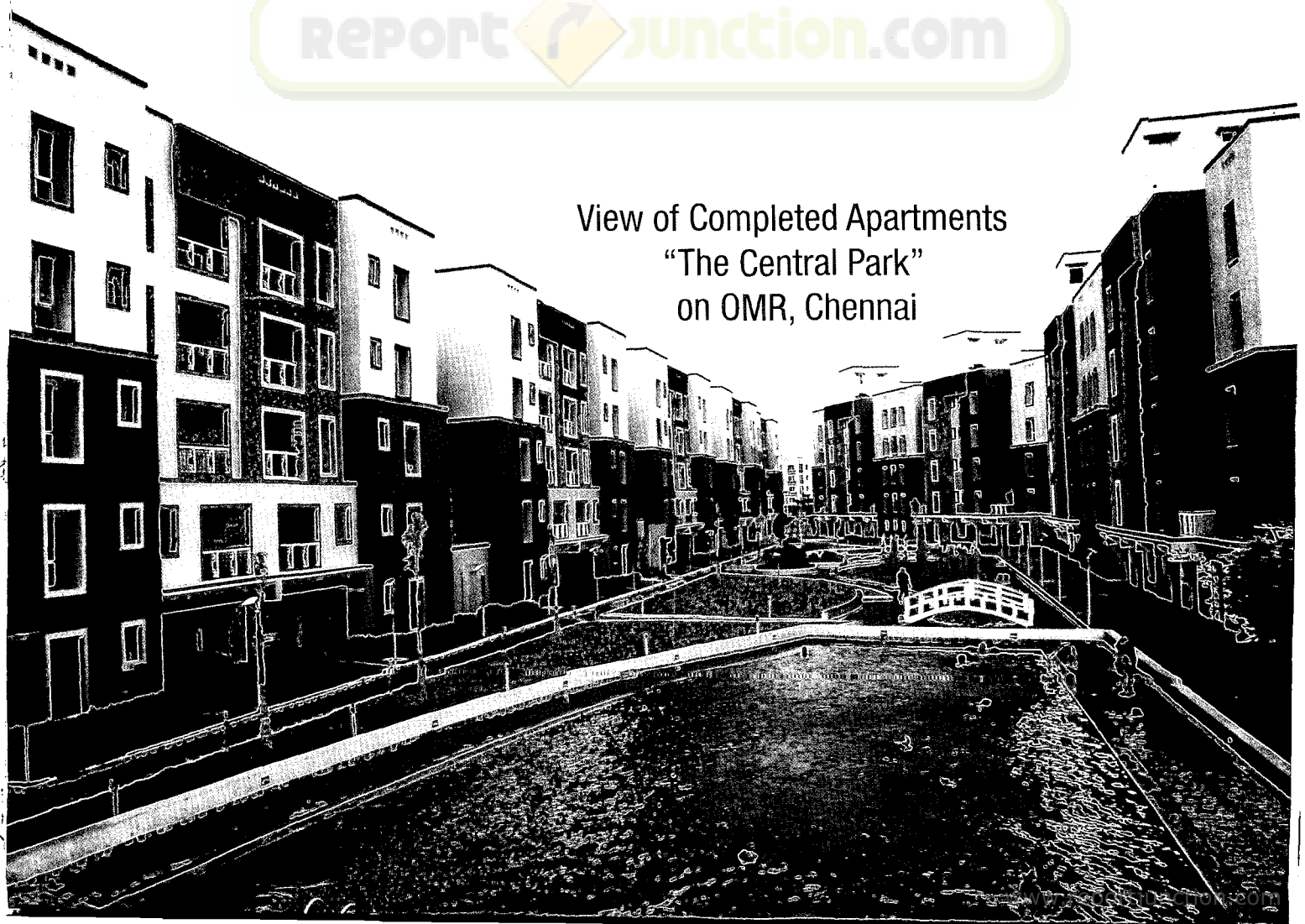


LANCOR HOLDINGS LIMITED

24th Annual Report 2008-09

Report  Junction.com

View of Completed Apartments
"The Central Park"
on OMR, Chennai



View of Completed Grade I, IT Building
on St. Mary's Road, Chennai



View of Completed
Commercial Building on
GST Road, Chennai

Lancor Holdings Limited

BOARD OF DIRECTORS	R.V. Shekar	Managing Director
	V. Chander	Non Executive Director
	S. V. Venkatesan	Non Executive & Independent
	R. Sankaranarayanan	Non Executive & Independent
	Jayesh N Thakkar	Non Executive & Independent
COMPANY SECRETARY	H. Viswanath	
AUDITORS	G.M.Kapadia & Co. Chartered Accountants 7A P M Tower 37, Greams Road Chennai 600006	
SOLICITORS	Raman & Associates, Chennai	
BANKERS/FINANCIAL INSTITUTIONS	The Catholic Syrian Bank Limited, IFB, Chennai. HDFC Limited, Chennai	
REGISTERED/CORPORATE OFFICE	"VTN Square", Second Floor, 58, G N Chetty Road, T. Nagar, Chennai – 600 017, INDIA Tel No.+91-44-2834 5880/84 Website : www.lancor.in	
REGISTRAR AND SHARE TRANSFER AGENTS	Cameo Corporate Services Limited "Subramanian Buildings", 1, Club House Road, Chennai 600 002.	

Lancor Holdings Limited

CONTENTS
SECTION I

Mission Statement	3
Financial Highlights	3

SECTION II

Notice	4
Directors' Report	6
Report on Corporate Governance	22
Management Discussion and Analysis	24
Financial Statements	
Consolidated Lancor Holdings Limited	27
Lancor Holdings Limited	48
Lancor Maintenance & Services Limited	68
Lancor Realty Limited	90
Lancor Projects Limited	108

Lancor Holdings Limited

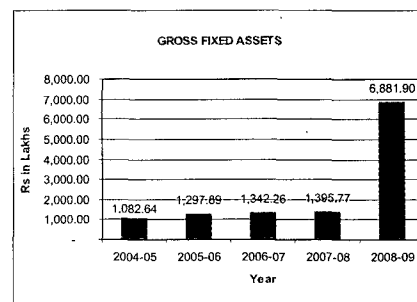
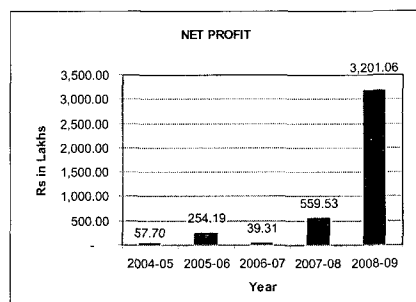
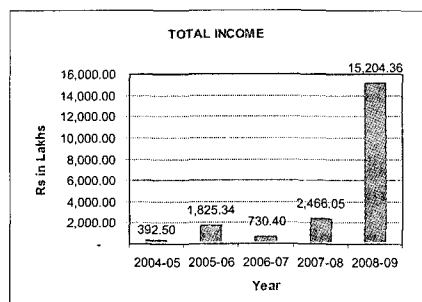
MISSION STATEMENT

To create profitable developments with enduring value, distinguishing characteristics leading to high customer satisfaction, with full compliance to building standards, rules and regulations.

FINANCIAL HIGHLIGHTS OF LANCOR HOLDINGS LIMITED, ITS SUBSIDIARIES AND INTEREST IN JOINT VENTURE - PARTNERSHIP FIRM

Sl. No	PARTICULARS	2008-09	2007-08	2006-07	2005-06	2004-05
Rupees In Lakhs						
1	CONSTRUCTED AREA (sq. ft)	836,973	31,336	13,431	100,649	906
2	INCOME FROM OPERATIONS	14,407.91	1,965.82	282.40	1,511.56	18.22
3	TOTAL INCOME	15,204.36	2,466.05	730.40	1,825.34	392.50
4	EBIDTA	3,957.01	934.42	192.87	470.62	190.85
5	INTEREST	255.29	34.11	123.69	61.08	72.10
6	DEPRECIATION	142.12	57.30	51.79	42.37	33.26
7	TAX	358.55	283.48	(21.91)	112.98	84.49
8	NET PROFIT	3,201.06	559.53	39.31	254.19	57.70
9	EQUITY SHARE CAPITAL	405.00	405.00	405.00	320.00	320.00
10	NETWORTH	5,012.07	2,048.14	1,719.52	1,110.26	892.72
11	GROSS FIXED ASSETS	6,881.90	1,395.77	1,342.26	1,297.89	1,082.64
12	NET FIXED ASSETS	6,462.50	1,108.89	1,112.62	1,120.05	918.39
13	TOTAL ASSETS	12,121.69	9,419.34	8,573.12	2,965.65	1,430.94
14	BOOK VALUE PER SHARE*	24.75	10.11	8.49	6.94	5.58
15	TURNOVER PER SHARE	375.42	60.89	18.03	57.04	12.27
16	EARNINGS PER SHARE*	15.81	5.98	0.97	7.94	1.80
17	EBIDTA/GROSS TURNOVER (%)	26.03	37.89	26.41	25.78	48.62
18	ROCE (%)	63.87	27.32	2.29	22.89	6.46

Note : * Figures have been adjusted for equity share of Rs. 2/- per share .



Lancor Holdings Limited

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the shareholders of the Company will be held at Quality Inn Sabari, (Convention Hall), 29, Thirumalai Pillai Road, T Nagar, Chennai 600 017 on Tuesday, the 29th day of September 2009 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2009 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. V. Chander, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R. Sankaranarayanan, 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.

By Order of the Board
 For LANCOR HOLDINGS LIMITED

R.V SHEKAR
 Managing Director

Place : Chennai
 Date : 4th day of September, 2009

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. The Register of Members and Share Transfer Books of the Company shall remain closed from 25th September, 2009 to 29th day of September 2009 (Both days Inclusive)
3. 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 25th day of September 2009 and
 - (ii) as Beneficial Owners as at the end of the business on or before 25th day of September 2009 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.
4. 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.

Lancor Holdings Limited

5. 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.
6. 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.
7. 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
8. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/ re-appointment of directors

01 Name Mr. V.Chander

Age 74 Years.

Qualifications He is a Commerce graduate from Madras University.

Expertise He has been associated with large companies like Parry & Co., Glaxo and Parle in the field of Sales & Marketing. He has been associated with the Company since its inception and has contributed to its growth and prosperity. He is a Non Executive Director of the Company.

Other Directorships Name of the Company He is also a Director on the Board of Lancor Maintenance and Services Limited, Lancor Realty Limited and Lancor Projects Limited.

Committee Memberships, if any, with position He is a member of the Remuneration Committee of the Company.

02 Name Mr. R.Sankaranarayanan

Age 65 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 32 years of experience in finance, accounts and taxation. Has been in the advisory and consultancy for three decades. He is a Non Executive and Independent Director of the Company.

Other Directorships Name of the Company He is also a Director on the Board of Lancor Maintenance and Services Limited.

Committee Memberships, if any, with position He is the Chairman of the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee of the Company.

Lancor Holdings Limited

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting the Twenty Fourth Annual Report on the business and operations of your company together with Audited Accounts of the Company for the year ended 31st March 2009 and the Auditors' report thereon.

Financial Results

The stand-alone financial results of Lancor Holdings Limited for the year ended March 31, 2009 are presented below:-

(Amount In Rs. Lacs)

Particulars	2008-2009	2007-2008
Income from operations	13,513.82	2,181.15
Profit before interest, depreciation and taxes	3,841.54	675.13
Less: Interest	255.18	34.03
Depreciation	130.66	47.30
Profit/(Loss) before Tax	3,455.70	593.80
Less: Provision for		
Current Tax	320.00	167.06
Deferred Tax	(10.76)	29.12
Fringe Benefit Tax	2.31	1.86
Profit/(Loss) after Tax	3,144.16	395.77
Add: Balance brought forward from previous year	621.11	499.78
Less: Prior year adjustments -	5.42	2.86
Adjusted for Transitional Provision under AS-15	-	4.63
Available for appropriation	3,759.85	897.32
Dividend	202.50	202.50
Tax on Dividend	34.42	34.42
Transfer to General reserve	313.87	39.29
Balance carried to Balance sheet	3,209.06	621.11

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

PROPERTY DEVELOPMENT BUSINESS:-

RESIDENTIAL SEGMENT:

The long term outlook for your Company in the residential development continues to be bright even though extremely adverse conditions exists in the market in the context of unemployment, rising cost of funds for construction and development, the stringent eligibility criteria applied by the banks and financial institutions in granting loans to customers.

ABODE VALLEY – AFFORDABLE SEGMENT:

As mentioned in our last Directors' Report, customers' diffidence about their employment and uncertainties in the market with reference to the present condition in general and more particularly in the property development business where defaults and delays have become the order of the day continues to weigh in negatively.

Lancor Holdings Limited

In the case of your Company, the project, known as "Abode Valley" in the affordable homes segment, had witnessed 77 customer cancellations resulting in refund of their monies. The last quarter of last financial year literally experienced negative sales due to cancellations but during the first and second quarter of this financial year that sentiment has reversed, leading to new bookings but at an anemic pace. The strength of the project can be judged by the fact that the retained customers have paid 50% of the amounts due to completion in the context that 2/3rds of the first phase of the project have been sold.

PREMIUM SEGMENT:

"THE CENTRAL PARK" AND "THE CENTRAL PARK WEST"

During the year, two Central Park projects were completed leading to supply of 363 apartments to the market which had all been sold. As on the date of writing this report, more than 100 families have occupied the apartments and have a good word to say about the project.

Both the Central Park projects are covered under the benefits of Section 80IB of the Income-tax Act.

This year, the company is going to launch the third phase of the Central Park projects known as "The Central Park South" which has another 172 apartments. The project has been fully approved for construction and 12 buyers have been identified so far, pre-launch. It is expected to be well received although the general economic conditions are still challenging. The Company needs to sell about 70 apartments to reach the comfort zone with reference to meeting the cost of the construction. It appears that this target will be reached before the end of this year. The Company is also taking steps to have a line of credit established so that regardless of the progress of sales, which may be backward or forward by a few months, construction activity will progress aggressively without any halt. This project is expected to be profitable to the Company and this is also covered under Section 80IB of the Income-tax Act.

LUXURY SEGMENT:

In the year to come, in the luxury residential segment, the Company has to deliver 36 luxury apartments, each having a ticket price varying between Rs. 1.25 crores and Rs. 4.00 crores. It is gratifying to note that the Company had already sold 28 of the 36 apartments and has constructed in most cases, the civil structure. The Company will be handing over all the apartments to the purchasers between December 2009 and January 2010. The Company has followed percentage completion accounting method and substantial portion of the profit will be booked in the financial year ending March 2010.

The sale of the remainder of the apartments will improve the Company's cash flow immensely while ensuring the booking of profits for the year ended 31st March 2010 for which purpose the Company is taking all the necessary steps.

NON-RESIDENTIAL SEGMENT:

The Company, having completed the IT building known as "Menon Eternity" on St. Mary's Road and "Roma" on the G.S.T. Road, has rented out the 2/3rd portion of its share in the IT building and plans are under way to find tenants for the remainder. The premium pricing of rental has been the main obstacle the Company is facing in finding tenants but the Company decided to wait for the demand to mature into occupancy.

The commercial building "Roma" has been rented out to a quality and standards certification agency named "Det Norske Veritas AS" (DNV) on good commercial terms.

The other commercial buildings owned by the Company are all under tenancy and as and when vacancies occur, they are being replaced by new tenants.

Further, development of commercial property for retention or for sale is purely market determined. It is not advantageous now to invest further funds to create commercial buildings in view of excess supply in the market, which condition is likely to last for at least 2 further years.

Lancor Holdings Limited

DIVIDEND:

Your Directors recommend a final equity dividend of 50% of the paid up capital of the Company ie., Re. 1/- per equity share of Rs. 2/- each, aggregating to Rs. 2,02,50,000/- to be declared and paid to the shareholders. Your Directors are convinced that the steps that they have taken to maintain the dividend in an extremely difficult conditions in the market is prudent in the context of tight liquidity and great uncertainty. As the conditions change favourably, your Directors will have no hesitation to further reward the shareholders in an handsome manner.

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

EDUCATION:

The high point of your Company's activity this year was constructing 33 class rooms in two locations under the "Freedom Through Education" Scheme, as part of "Sarva Shiksha Abhiyan Programme" sponsored by the Ministry of Education, Government of India.

The Company plays a dual role of contributing money for construction on the one side and supervising and managing the projects execution on the other. The finance contribution of the Company would fall between 0% and 20% depending on each project and based on the volume of work undertaken. The Round Table India is actively associated with the Company in the meeting of this social responsibility.

His Excellency Dr. A.P.J. Abdul Kalam, Former President of India, had inaugurated 55 class rooms at a function held in Chennai and some of the pictures of the function are carried hereunder.



The picture shows the photograph of Mr. R V Shekar, Managing Director, Lancor Holdings Limited lighting the kuthuvilaku in the presence of His Excellency Dr. A.P.J. Abdul Kalam, former President of India and Mr. Neville J Billimoria, Chairman, MCRT 94.