



LANCO

GLOBAL SYSTEMS LTD.

First Annual Report
1999-2000

BOARD OF DIRECTORS

Mr. L.Rajagopal	Chairman
Mr. L.Madhusudhan Rao	Director
Mr. Suresh Chukkapalli	Director
Mr. M.N.Nambiar	Director
Mr. V.K.Srinivasan	Director
Mr. Alyque Padamsee	Director
Mr. Prasad Rao VDM Ravella	Director
Mr. P.V.Subrahmanyam	CEO & Director

GENERAL MANAGER (FINANCE)

Mr. G.Ravinder Reddy

COMPANY SECRETARY

Mr. M.S.Khan

AUDITORS

M/s.Mogili Sridhar & Co.

REGISTERED OFFICE

"LANCO HOUSE"
141, Avenue # 8
Banjara Hills
Hyderabad - 500 034.
Andhra Pradesh
India
Ph. No. 3540695

**CORPORATE OFFICE &
SOFTWARE DEVELOPMENT
CENTRE**

Lanco Global Systems Ltd.
8-3-993, Lanco Towers,
Srinagar Colony, Hyderabad - 500 082.
Andhra Pradesh.
India. Ph: 6511161-64, Fax: 3749378

BANKERS TO THE COMPANY

- | | |
|---|--|
| 1. Global Trust Bank Ltd.
S.D.Road, Secunderabad | 2. Bank of Baroda
M.G.Road,
Secunderabad |
|---|--|

NOTICE OF THE FIRST ANNUAL GENERAL MEETING

NOTICE is hereby given that the First Annual General Meeting of the Company will be held on Wednesday the 19th July, 2000 at 11.30 A.M at the Registered Office of the Company at 141, Avenue # 8, L.V. Prasad Marg, Banjara Hills, Hyderabad to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet of the company as on 31-03-2000 and the Profit And Loss Account for the period ended as on that date along with the Director's Report and Auditor's Report thereon.
2. To appoint a director in place of Mr.L.Madhusudhan Rao who retires by rotation and being eligible, offers himself for re-Appointment.
3. To appoint the Auditor's of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. The present Auditors M/s Mogli Sridhar & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting are eligible for Reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

"RESOLVED that Mr.L.Rajagopal be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation"

5. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

"RESOLVED that Mr.V.K.Srinivasan be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation"

6. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

"RESOLVED that Mr.M.N.Nambiar be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation"

7. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

"RESOLVED that Mr.Alyque Padamsee be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation"

8. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

“RESOLVED that Mr.CH.Suresh be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation”

9. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

“RESOLVED that Dr.V.D.M.Ravella Prasad be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation”.

10. To consider and if thought fit, to pass with or Without modification the following resolution as ordinary resolution

“RESOLVED that Mr.P.V.Subrahmanyam be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation”.

By order of the Board

Place : Hyderabad
Date : 03.07.2000

M.S. KHAN
Company Secretary

NOTE :

1. A member entitled to attend and vote at the Annual General Meeting, may appoint a proxy to attend and vote on poll on his behalf and the proxy need be a member of the Company.
2. Proxies, in order to be effective, must be received at the Registered Office of the company, not later than 48 hours before the commencement of the meeting.



**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173 (2)
OF THE COMPANIES ACT, 1956.**

ITEM NO. 4 to 10

Mr.L.Raja Gopal, Mr.Ch.Suresh, Mr.Alyque Padamsee, Mr.V.K.Srinivasan, Mr.M.N. Nambiar, Mr.P.V.Subrahmanaym & Dr.V.D.M. Ravella Prasad were appointed as Additional Directors of the Company by the Board at its various meetings under Section 260 of the Companies Act, 1956 and they hold office as Directors upto the date of the ensuing Annual

General Meeting. In this regard, the Company has received notices under section 257 of the Companies Act, 1956 proposing the above as a Directors of the Company.

None of the Directors, is interested in this resolution except to the extent of their appointment. The resolution is placed before the members for their consideration and approval.

By order of the Board

Place : Hyderabad

M.S. KHAN

Date : 03.07.2000

Company Secretary

DIRECTOR'S REPORT

To The Shareholders

Your Directors have pleasure in presenting the First Annual Report along with the audited accounts of the company For the year ended 31st March, 2000.

FINANCIAL RESULTS

Rupees

1999-2000

Turnover	4,35,000
Depreciation	3,223
Operating & Admin Exp	1,97,911
Preliminary exp.	7,668
Net Profit	95,035

PERFORMANCE REVIEW

The Company was incorporated on 28th January, 1999 with the main objects of Software Development. During the 1st year of its operations the company could generate a revenue of Rs.435000 and a net profit of Rs.95,035. This being the 1st year of its operations your company was concentrating more on recruitment of skilled qualified Human Resources and setting up of infrastructure required for the smooth functioning of the Company.

FUTURE PROSPECTS

Your Company is planning to go for Public Issue of Shares to a tune of Rs.2.67 Crores to

part finance the acquisition of software company in US. We hope this acquisition will help your company to have strategic and locational advantage. Your Company has also signed an MOU with Unisys of United States for Software Development. Lanco group has established a strong presence in the US and UK markets by acquiring a number of I T Companies. The Setting up of your Company in India will allow our presence in these markets to grow rapidly due to assured availability of trained man power in India and cost effective services from our offshore center. In Addition, The business model of working with alliance partners on long term basis will have rapid growth, due to assured business from such relationships. Information Technology Industry the world over is growing and your Directors are optimistic about your Company's growth in Future.

FIXED DEPOSITS

The company has not accepted any deposit so far. There was no deposit which was claimed and remained unpaid by the Company as on 31st March, 2000.

DIRECTORS

Mr.L.Madhusudhan Rao, Director of the company will retire by rotation at the ensuing Annual General Meeting and he being eligible, offers himself for reappointment. During the year Mr.L.Rajagopal, Mr.P.V.Subrahmanyam, Mr.V.K,Srinivasan, Mr.Alyque Padamsee, Mr.CH. Suresh, Mr.M.N.Nambiar and

Dr.V.D.M.Ravella Prasad were appointed as Additional Directors of the Company. Their term of office will come to an end at the ensuing Annual General Meeting. The above Directors are eligible to be appointed as Directors and notices from members under Section 257 of the Companies Act 1956 were received by the Company for their appointment.

AUDITORS

M/s Mogli Sridhar & Co, Chartered Accountants, Hyderabad will retire at the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the Office, if re-appointed.

OTHER PARTICULARS

Particulars of the employees required to be reported under Section 217 (2A) of the Companies Act, 1956.

Name	Designation	Age	Qualification	Date Of Joining	Last employment	Remuneration
P.V.Subrahmanyam	CEO-Director	44	M.tech (CS)	3rd Feb, 2000	Satyam Computers	1,16,250

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: US\$10,000

Particulars as required to be reported under Section 217(1)(e) of the Companies Act, 1956 regarding conservation of energy etc., are not applicable to the Company.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and gratitude for the timely support and assistance rendered by the Global Trust Bank Ltd., and Bank of Baroda Ltd. Your Directors also wish to place on record their appreciation for the valuable services rendered by the executives, Officers and Staff.

For and on behalf of the Board

Place : Hyderabad

Date : 03.07.2000

P.V. SUBRAHMANYAM

CEO & Director

Ch. SURESH

Director

AUDITORS' REPORT

To
The Members
LANCO GLOBAL SYSTEMS LTD.
HYDERABAD.

We have audited the attached Balance Sheet of M/s.LANCO GLOBAL SYSTEMS LIMITED as at 31st March, 2000 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose, in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to the comments in the Annexure referred to in the paragraph above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account have been kept by the company as required by law so far as appears from our examination of the books.

- (c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
- (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2000.
 - (ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

And

for **MOGILI SRIDHAR & CO.**
Chartered Accountants

Place : Hyderabad
Date : 03/07/2000

P. Murali Mohan Rao
Partner

ANNEXURE TO THE AUDITORS' REPORT

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The management has carried out a physical verification of fixed assets and as explained to us, no serious discrepancies have been noticed on verification.
- (b) None of the fixed assets have been revalued during the current year.
- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained U/S 301 of the Companies Act, 1956.
- (d) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained U/S 301 of the Companies Act, 1956.
- (e) The company has not granted any loans and advances in the nature of loans to any party.
- (f) The company has not accepted any deposits from the public.
- (g) The company does not have arrears of Provident Fund and Employees State Insurance dues.
- (h) As at last day of the financial year, there are no outstanding undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty for a period of more than six months from the date on which they become payable.
- (i) No personal expenses have been charged to revenue accounts during the year under audit.
- (j) The Company is not a Sick Industrial Company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- (k) As the company does not have stock hence clauses (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xv) and (xvi) are not applicable to the company.

for **MOGILI SRIDHAR & CO.**
Chartered Accountants

Place : Hyderabad **P. Murali Mohan Rao**
Date : 03/07/2000 Partner

BALANCE SHEET AS ON 31ST MARCH 2000

	SCHEDULE No.s	As on 31.03.2000 Rs.
I SOURCES OF FUNDS		
1. Share Holders Funds		
(a) Share Captial	1	2,50,07,000
(b) Share Application Money		4,70,62,000
(c) Reserves & Surplus	2	95,035
2. Loan funds		
(a) Secured Loans	3	3,50,000
TOTAL		7,25,14,035
II APPLICATION OF FUNDS		
1. Fixed Assets		
(a) Gross Block	4	38,76,032
(b) Less Depreciation		3,223
(c) Net Block		38,72,809
(d) Capital Work in progress including Advances		18,06,858
(e) Pre-operative Expenses		47,88,871
2. Current Assets, Loans & Advances		
(a) Sundry Debtors	5	4,35,000
(b) Cash and Bank Balances	6	3,42,29,539
(c) Loans & Advances	7	2,92,77,309
Less : Current Liabilities & Provisions	8	22,22,023
Net Current Assets		6,17,19,825
3. Miscellaneous Expenditure (to the extent not written off or adjusted)	9	3,25,672
TOTAL		7,25,14,035
Notes on Balance Sheet and Profit & Loss Account	11	

As per our Report of even date
for **MOGILI SRIDHAR & CO.,**
Chartered Accountants

P. MURALI MOHAN RAO
Partner

Place : Hyderabad
Date : 03-07-2000

for and on behalf of the Board
for **LANCO GLOBAL SYSTEMS LIMITED**

P.V. SUBRAMANYAM
CEO & Director

G. RAVINDER REDDY
General Manager (Finance)

Ch. SURESH
Director

M.S. KHAN
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000

	SCHEDULE Nos.	Year Ended 31.03.2000 Rs.
INCOME		
Export sales of Software		4,35,000
TOTAL		<u>4,35,000</u>
EXPENDITURE		
Personnel Expenses		1,93,595
Operating & Administration Expenses	10	1,35,479
Depreciation		3,223
Preliminary expenses Written off		7,668
TOTAL		<u>3,39,965</u>
Profit before tax		95,035
Provision for Tax		-
Balance Carried to Balance Sheet		95,035
Notes on Balance Sheet and Profit & Loss account	11	

As per our Report of even date
for **MOGILI SRIDHAR & CO.,**
Chartered Accountants

P. MURALI MOHAN RAO
Partner

Place : Hyderabad
Date : 03-07-2000

for and on behalf of the Board
for **LANCO GLOBAL SYSTEMS LIMITED**

P.V. SUBRAMANYAM
CEO & Director

G. RAVINDER REDDY
General Manager (Finance)

Ch. SURESH
Director

M.S. KHAN
Company Secretary

SCHEDULES ANNEXED TO THE BALANCE SHEET

(Rupees)

As at
31-03-2000

**SCHEDULE - 1
SHARE CAPITAL**

Authorised Capital

11,00,00,000

1,10,00,000 Shares @ 10/- Each

Issued, Subscribed and Paid up Capital

25,00,700 Shares @ 10/- Each

2,50,07,000

TOTAL

2,50,07,000

**SCHEDULE - 2
RESERVES & SURPLUS**

Balance carried forward from P & L Account

95,035

TOTAL

95,035

**SCHEDULE - 3
SECURED LOANS**

Hire Purchase Loan from DCL Finance Ltd

3,50,000

TOTAL

3,50,000

SCHEDULE - 4
FIXED ASSETS

Description of Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost As at 01-04-1999	Additions During the Year	Adjustments During the Year	Total Cost as at 31-03-2000	UPIO 01-04-1999	For the Year	Adjustments During the Year	Total as at 31-03-2000	as at 31-03-1999	as at 31-03-1999
Plant & Machinery	-	15,46,409	-	15,46,409	-	604	-	604	15,45,805	-
Vehicles	-	6,61,979	-	6,61,979	-	517	-	517	6,61,462	-
Computers	-	15,19,649	-	15,19,649	-	2,025	-	2,025	15,17,624	-
Furniture & Fixtures	-	56,930	-	56,930	-	30	-	30	56,900	-
Office Equipment	-	91,065	-	91,065	-	47	-	47	91,018	-
TOTAL	-	38,76,032	-	38,76,032	-	3,223	-	3,223	38,72,809	-

(Rupees)

As at
31-03-2000

SCHEDULE - 5
SUNDRY DEBTORS
(Unsecured and Considered good)

(a) Over six months old	-
(b) Other Debts	4,35,000
TOTAL	<u>4,35,000</u>

SCHEDULE - 6
CASH AND BANK BALANCES

Cash in hand	6,528
Cash at Bank	3,42,23,011
TOTAL	<u>34,229,539</u>

SCHEDULE - 7
LOANS & ADVANCES

Staff Advances	7,57,042
Advance for Expenses	21,08,519
Advance Recovable	2,51,58,248
Deposits	12,53,500
TOTAL	<u>2,92,77,309</u>

(Rupees)

As at
31-03-2000

**SCHEDULE - 8
CURRENT LIABILITIES & PROVISIONS**

Sundry Creditors for Expenses	14,50,821
Sundry Creditors for Capital Equipment	7,71,202
TOTAL	<u>22,22,023</u>

**SCHEDULE - 9
MISCELLANEOUS EXPENSES**

Preliminary Expenses	30,672
Public Issue Expenses	2,95,000
TOTAL	<u>3,25,672</u>

**SCHEDULE - 10
OPERATING & ADMINISTRATION EXPENSES**

Communication Expenses	16,796
Computer Maintainance	22,600
Conveyance	8,147
HP Interest	4,125
Office Maintainance	3,994
Annual Service Charges	7,500
Rent	40,000
Security Charges	2,640
Printing & Stationery	2,454
Electricity Charges	25,442
Bank Charges	1,782
TOTAL	<u>1,35,479</u>

SCHEDULE-11**NOTES ANNEXED TO AND FORMING
PART OF THE ACCOUNTS AS ON 31ST
MARCH, 2000.****1. Significant Accounting Policies**

(a) The financial statements are prepared under the historical cost conversion on the accrual basis of accounting.

(b) Fixed Assets are stated at cost less depreciation

(c) Depreciation on Fixed Assets has been calculated on Straight Line Method at the rates specified in the schedule XIV of the Companies Act, 1956.

(d) Capital work-in-progress includes Interiors, cost of Computers, Hardware, Software and Advances for capital goods.

(e) Preliminary Expenses charged to revenue over a period of five years.

(f) No provision for gratuity to employees has been made as no employee has put in the qualifying service for entitlement of this benefit.

2. Expenditure in foreign currency during the year on account of travelling is Rs.301622.57.

3. As the company is registered with STP as 100% EOU, No provision is made for Income Tax.

4. As this is the first year of operations, last year figures are not given for comparative purpose.

5. FOB value of Export is US \$ 9990.

6. Capital Contracts pending for execution were worth of US \$ 245108.40 – In Indian Rupees 10662215.40 approximately.

7. The figures have been rounded off to the nearest rupee.

Signatures to Schedules 1 to 11

As per our Report of even date
for **MOGILI SRIDHAR & CO.,**
Chartered Accountants

P. MURALI MOHAN RAO
Partner

Place : Hyderabad
Date : 03-07-2000

for and on behalf of the Board
for **LANCO GLOBAL SYSTEMS LIMITED**

P.V. SUBRAMANYAM
CEO & Director

G. RAVINDER REDDY
General Manager (Finance)

Ch. SURESH
Director

M.S. KHAN
Company Secretary

Balance Sheet abstract and Company's general business profile as per part IV to Schedule VI to the Companies Act, 1956.

I. Registration details

Registration No.

3	0	9	9	6
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 State code

0	1
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Balance sheet date

3	1	0	3	2	0	0	0
---	---	---	---	---	---	---	---

II. Capital raised during the year (amount in Rs. thousands)

Public issue

		N	I	L
--	--	---	---	---

 Rights issue

		N	I	L
--	--	---	---	---

Bonus issue

		N	I	L
--	--	---	---	---

 Private placement

	2	5	0	0	7
--	---	---	---	---	---

III. Position of mobilisation and deployment of funds (amount in Rs. thousands)

Total liabilities

	7	2	5	1	4
--	---	---	---	---	---

 Total assets

	7	2	5	1	4
--	---	---	---	---	---

Sources of funds

Paid-up capital

	2	5	0	0	7
--	---	---	---	---	---

 Advance towards Share Capital

	4	7	0	6	2
--	---	---	---	---	---

Reserves and surplus

				9	5
--	--	--	--	---	---

 Secured loans

			3	5	0
--	--	--	---	---	---

Unsecured loans

		N	I	L
--	--	---	---	---

Application of Funds

Net Fixed Assets

		3	8	7	2
--	--	---	---	---	---

 Capital Work in Progress

		1	8	0	6
--	--	---	---	---	---

Incidental expenditure during Construction

		N	I	L
--	--	---	---	---

 Investments

		N	I	L
--	--	---	---	---

Net current assets

	6	1	7	1	9
--	---	---	---	---	---

 Misc. expenditure

			3	2	5
--	--	--	---	---	---

Accumulated losses

		N	I	L
--	--	---	---	---

IV. Performance of Company (Amount in Rs. thousands)

Turnover

			4	3	5
--	--	--	---	---	---

 Total expenditure

			3	3	9
--	--	--	---	---	---

Other Income

--	--	--	--	--	--

 Profit before Tax

				9	5
--	--	--	--	---	---

 Profit after tax

				9	5
--	--	--	--	---	---

Earning per share in Rs.

	0	.	0	3	8
--	---	---	---	---	---

 Dividend rate %

		N	I	L
--	--	---	---	---

V. Generic names of three principal products/services of Company (As per monetary terms)

Item Code No.

8	5	2	4	9	0	9	.	1	0
---	---	---	---	---	---	---	---	---	---

Product Description

S	o	f	t	w	a	r	e		S	e	r	v	i	c	e	s
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---



Registered Office:

“LANCO HOUSE”, 141, Avenue, # 8, Banjara Hills,
Hyderabad - 500 034. Andhra Pradesh, INDIA.