

Lanco Global Systems Ltd.  
THIRD ANNUAL REPORT  
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**BOARD OF DIRECTORS**

Sri L.Rajagopal	Chairman
Sri Suresh Chukkapalli	Vice Chairman
Sri L.Madhusudhan Rao	Director
Sri M.N.Nambiar	Director
Sri V.K.Srinivasan	Director
Dr Prasada Rao VDM Ravella	Director
Dr Kilaru Hanumantha Rao	Director

**Dy. GENERAL MANAGER**  
(Finance & Accounts)

Sri Y. Srinivasa Rao

**AUDITORS**

M/s. Mogili Sridhar & Co.,  
Chartered Accountants,  
6-3-655/2/3, 1st Floor,  
Somajiguda,  
Hyderabad - 500 082.

**REGISTERED OFFICE**

"LANCO HOUSE"  
141, Avenue # 8, L:V. Prasad Marg,  
Banjara Hills, Hyderabad - 500 034,  
Andhra Pradesh, India.

**SOFTWARE DEVELOPMENT  
CENTRE & CORPORATE OFFICE**

LANCO Global Systems Ltd.,  
8-3-993, Lanco Towers,  
Srinagar Colony,  
Hyderabad - 500 073.

**BANKERS TO THE COMPANY**

1. Global Trust Bank Limited,  
S.D.Road, Secunderabad.
2. Bank of Baroda,  
M.G.Road, Secunderabad.

**REGISTRAR &  
SHARE TRANSFER AGENT**

Aarthi Consultants Pvt. Ltd.,  
1-2-285, Domalguda,  
Hyderabad - 500 029.



## 3rd Annual Report 2001-2002

### NOTICE

**NOTICE** is hereby given that the Third Annual General Meeting of the Members of Lanco Global Systems Limited will be held at 4.00 P.M. on Friday, the 27th September, 2002 at K.L.N. Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad - 500 004 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as on 31st March, 2002 and Profit and Loss Account for the year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Dr Prasada Rao VDM Ravella, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri M.N. Nambiar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri V.K. Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The present Auditors, M/s Mogili Sridhar & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

By order of the Board  
For Lanco Global Systems Limited

Place: Hyderabad,  
Date: 23-08-2002.

**SURESH CHUKKAPALLI**  
Vice Chairman

### NOTES:

1. A member, entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The Proxy form is enclosed, which should be deposited at the Registered office of the Company duly completed and signed not later than 48 hours before commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, the 25th September, 2002 to Friday, the 27th September, 2002 (both days inclusive).
4. Members are requested to inform the change of address if any, to the Share Transfer Agents (physical and electronic), M/s Aarthi Consultants Pvt., Limited (Unit: Lanco Global Systems Ltd.), 1-2-285, Domalguda, Hyderabad - 500 029.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

### ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/ RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

#### Dr Prasada Rao VDM Ravella

Dr Prasada Rao VDM Ravella (52) is an NRI Director. He took his Medical Degree from Guntur Medical College and General Practice Residency from Ravenswood Hospital, Chicago, IL, USA. He is a Member of American





Medical Association, Chicago Medical Society. He holds State of Illinois Medical Licence and Drug Enforcement Agency Licence. From 1980 to 1995, he worked in different capacities in Lincoln West Hospital, Chicago, IL, USA.

#### **Sri M.N. Nambiar**

Sri M.N. Nambiar (62) as a Member of the Indian Revenue Service, served with distinction in the Income Tax department. He rose from the post of Asst./ Dy. Commissioner of Income Tax, Mumbai to the positions of Under Secretary, Central Board of Direct Taxes, New Delhi, Joint Commissioner - Income Tax, Regional Director - Staff Selection Commission - Western Zone, Additional Commissioner of Income Tax, Mumbai, Commissioner of Income Tax culminating in his becoming the Chief Commissioner of Income Tax, Andhra Pradesh, Hyderabad. During his career in the Income Tax department, he was associated with various functions at different levels.

#### **Sri V.K. Srinivasan**

Sri V.K. Srinivasan (62) obtained his Master's Degree in Economics with specialization in "Structure and Problems of Indian Industry", and Labour Problems and Industrial Relations. He was awarded a Gold medal for performance in M.A. examinations.

As a Member of Indian Administrative Service, Sri Srinivasan, mainly served in the Finance and Planning and Industry departments in the initial years, before moving to Education and General Administration Departments of Andhra Pradesh Government in the later part of his career. As a Director in the Plan Finance Division, Ministry of Finance, Government of India he

was mainly responsible for Plan Schemes, Capital Budgeting and Investment Appraisals of major projects in the Steel, Petroleum, Power and Heavy Engineering Industries in the Central Public Sector.

He is now serving as Honorary Director, Indian Institute of Economics and Editor, *Asian Economic review*. He has been a regular contributor to the Hindu and the Indian Express for over three decades and to the Economic Times (1965-85) and the Hindu Businessline (1990s). In his capacity as an Economist, Sri Srinivasan has been a regular invitee to the Union Financial Minister's Pre-Budget consultations for the last five years.



**DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in presenting the Third Annual report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March 2002.

(Rupees in Lakhs)

FINANCIAL RESULTS	2001-2002	2000-01
Turnover	608.12	317.42
Other Income	0.11	16.40
Gross Profit before Interest, Depreciation & Tax	139.53	55.88
Less: Interest	21.59	20.58
Depreciation	51.30	25.67
Tax Provision	0.61	-
Profit after Tax	66.03	9.63
Less: Provision for Deferred Tax	25.00	-
Profit after Deferred Tax	41.03	9.63
Balance Brought forward	10.58	0.95
Cumulative Transactional Deferred Tax	8.45	-
Profit Carried to Balance Sheet	43.16	10.58

During the current year, the Company has generated revenue of Rs.608.12 Lakhs against Rs.317.42 Lakhs in the previous year registering a growth of 91.58%. The profit after tax during the current year is Rs.41.03 Lakhs as against Rs.9.62 Lakhs in the previous year.

**RECENT DEVELOPMENTS**

In the Extraordinary General Meeting of the Members of the Company held on 23rd August, 2002, it was resolved

to issue and allot 150,00,000 Equity Shares of Rs.10/- each at a price of Rs.25/- per share including a premium of Rs.15/- per share for consideration other than cash on swap basis to Lanco Solutions Inc., for acquiring 100% equity share capital of the three Companies incorporated in the USA namely 3000000 Shares of Lanco Century Solutions Inc., New York, 3000000 Shares of Lanco Global Systems Inc., Illinois, and 9000000 Shares of Lanco Global Systems Inc., New jersey (formerly known as Livingston Consulting Group Inc.), which are 100% subsidiaries of Lanco Solutions Inc., by way of Preferential Allotment as per existing SEBI Guidelines and subject to all necessary approvals.

**DIRECTORS**

Sri P.V. Subrahmanyam resigned from the Board of Directors of the Company on 15th June, 2001 and Sri Alyque Padamsee resigned from the Board of Directors of the Company on 27th July, 2001.

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Dr Prasada Rao VDM Ravella, Sri M.N. Nambiar and Sri V.K. Srinivasan retire by rotation and being eligible offer themselves for re-appointment.

**DEPOSITS**

The Company has not accepted deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposits) Rules, 1975 during the year under review.

**AUDITORS**

M/s. Mogili Sridhar & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. They have conveyed their willingness to accept re-appointment and confirmed their eligibility under Section 224(1-B) of the Companies Act.





**PARTICULARS REGARDING CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are as follows:

**CONSERVATION OF ENERGY**

Not Applicable

**RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION**

Nil

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange Earnings : Rs.592.57 lakhs  
(F.O.B.Value)

Foreign Exchange outgo : Rs. 5.06 lakhs

**PARTICULARS OF EMPLOYEES**

The information required to be published under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is NIL.

**REPORT ON CORPORATE GOVERNANCE**

Corporate Governance report is set out as Annexure to this Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm:

1. that in preparation of annual accounts containing financial statements for the year ended 31st March 2002 the applicable accounting standards have been followed.
2. that the accounting policies are consistently followed and your Directors have applied them to give a true and fair view of the state of affairs of the Company and the profit/loss for that period.
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the annual accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, the Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the sincere services of the all employees of the Company.

**FOR AND ON BEHALF OF THE BOARD**

**SURESH CHUKKAPALLI**

Vice Chairman

**M.N.NAMBIAR**

Director

**Place :** Hyderabad,

**Date :** 23-08-2002.



REPORT ON CORPORATE GOVERNANCE

**Company's Philosophy on Code of Governance:**

The basic philosophy of corporate governance of the company is to achieve business excellence and enhance shareholder value keeping in view the interest of all stake-holders. The company stands by transparency in all its dealings and strict regulatory compliance.

**I. BOARD OF DIRECTORS**

**A** *The Board of Directors of the Company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the Board of Directors comprising of non-executive directors. In case the Company has an executive chairman, at least half of the Board should comprise of independent directors.*

The details of the Directors on the Board of the Company for the year 2001-2002 are given below:

Name	Category	Designation	Number of membership in Boards of other public Companies
Sri L. Rajagopal	Non-Executive Director	Chairman	9
Sri Suresh Chukkapalli	Non-Executive Director	Vice Chairman	4
Sri L. Madhusudhan Rao	Non-executive Director	Director	10
Sri M.N. Nambiar	Non-Executive Director	Director	1
Sri V.K. Srinivasan	Non-Executive Director	Director	NIL
Dr Prasada Rao VDM Ravella	Non-Executive Director	Director	2
Dr Kilaru Hanumantha Rao	Non-Executive Director	Director	NIL
Sri Alyque Padamsee *	Non-Executive Director	Director	NIL
Sri P.V. Subrahmanyam **	Non-Executive Director	Director & CEO	NIL

\* resigned from the Board with effect from 27-07-2001

\*\* resigned from the Board with effect from 15-06-2001

**B.** *All pecuniary relationship or transactions of the non-executive directors vis-a-vis the Company should be disclosed in the Annual Report.*

None of the non-executive directors have any pecuniary relationship or transaction with the Company.



## II. AUDIT COMMITTEE

A qualified and independent Audit Committee shall be set up having a minimum of three independent non-executive directors as members. The role of the Audit Committee shall include the following:

- *Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.*
- *Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for repayment for any other services.*
- *Receiving with management the annual financial statements before submission to the Board.*

The Audit Committee of the Board of Directors reviews, acts and reports to the Board of Directors with respect to various auditing and accounting matters, including the recommendation for appointment of our independent auditors, the scope of the annual audits, fees to be paid to the independent auditors, the performance of our independent auditors and our accounting practices.

The Audit Committee comprises of the following three non-executive directors. The Audit Committee reviews the audited quarterly and yearly financial results with the Management before being submitted to the Board for its consideration and approval.

Sri Suresh Chukkapalli	-	Member
Sri M.N. Nambiar	-	Member
Dr Prasada Rao VDM Ravella	-	Member

Name	No. of Meetings held during the year	Number of Meetings attended during the year
Sri Suresh Chukkapalli	4	4
Sri M.N. Nambiar	4	3
Dr Prasada Rao VDM Ravella	4	1

## III. REMUNERATION OF DIRECTORS

- A. *The remuneration of the non-executive directors shall be decided by the Board of Directors.*

No remuneration was paid to the non-executive directors during the year 2001-2002.

- B. *Appropriate disclosures on the remuneration of directors have to be made in the section on the corporate governance of the annual report.*

A remuneration committee was constituted with three non-executive directors viz., Sri V.K. Srinivasan, Sri M.N. Nambiar and Sri L. Madhusudhan Rao, as Members.

## IV. BOARD PROCEDURE

- A. *The Board of Directors of a Company shall meet at least four times a year, with a maximum time gap of four months between any two meetings.*

7 Board Meetings were held during the year 2001-2002. The dates on which the meetings were held are as follows:

20-04-2001, 15-06-2001, 28-06-2001, 27-07-2001, 29-10-2001, 21-12-2001 and 28-01-2002.



Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information, as recommended by the SEBI Committee on Corporate Governance as well as items required under Clause 49 of the Listing Agreement were placed before the Board from time to time.

The details of Board meetings held during 2001-02 and attendance record of each of the Directors are given below:

Name	Number of meetings attended
Sri L. Rajagopal	6
Sri Suresh Chukkapalli	7
Sri L. Madhusudhan Rao	6
Sri M.N. Nambiar	6
Sri V.K. Srinivasan	6
Dr Prasada Rao VDM Ravella	1
Dr Kilaru Hanumantha Rao	NIL
Sri Alyque Padamsee *	NIL
Sri P.V. Subrahmanyam **	1

\* resigned from the Board with effect from 27-07-2001

\*\* resigned from the Board with effect from 15-06-2001

**B. Company further agrees that a director shall not be a member in more than 10 committees or act as chairman of more than five committees across all companies in which he is a director.**

None of the Directors of our Company was member in more than 10 committees nor acted as chairman

of more than five committees across all companies in which they were directors. Details of Board membership positions occupied by the Directors, across all companies, have been given at the beginning of the section.

## V. MANAGEMENT

**A. Management discussion and analysis report shall form part of the Annual Report to the shareholders**

### IT SCENARIO

The economic downturn sweeping across the globe and a slowdown in IT purchases, both at the international and domestic industry levels, has been the reason for the slower growth during 2001-02.

In spite of the downturn in the US economy and all apprehensions, the Indian IT industry has done well and stood the test of time as well as competition from various countries.

Apart from the high growth export segment, the domestic software market also continued on its growth path, albeit gradually. The domestic software and services market registered revenues of Rs. 9,891 crore during 2000-01, up from Rs. 7,138 crore in the previous year. For the year 2001-02, the domestic software sector is estimated to gross Rs. 11,634 crore (US\$ 2,449 million).

### ANALYSIS

The analysis was done keeping in mind the Company's past expertise and the areas where it can penetrate easily and areas having the maximum Software Development Life Cycle.

Other areas of strategies include the offshore development model, which has a definite potential and Companies like (GE, Bank of America, Target, and American Express) are going offshore for



development and maintain their software. It has been found that almost two out of five Fortune 500 companies currently outsource some of their software requirements to India. The reason is simple: this approach saves time and money.

#### **PERCEIVED THREATS**

Though the Company has ISO 9001 certification, it is yet to get SEI CMM certification. The same is becoming a major bottleneck while bidding for tenders etc. To overcome this, the Company is planning to go for the certification.

The Company has been executing short and medium term projects. This requires adjustments on the part of technical and marketing teams to suit the requirements of different clients. Hence, the execution on time of these projects puts a strain on the technical and marketing teams.

#### **STRATEGIES OF THE COMPANY**

In the present scenario, the Company's US office is continuously providing the business from various clients on long-term contract basis. With the knowledge and wherewithal at the disposal of the Company and the Company's past experience with its Fortune 500 clients, it is now equipped to tap the large business opportunity overseas.

The Company is also focusing its business strategies based on the success stories over the last few decades globally and model it on Business through Channel partners, strategic alliances in key technical / domain areas, provision of end-to-end solutions, focus on niche products or services in the identified verticals and promotion of similar technologies.

Despite the slowing down of the IT sector during 2001-02, the software industry is expected to beef up overall growth during this period. IT outsourcing will increase as companies recognize the need to focus on core competencies. In this aspect, the

Company is putting concerted efforts both in India and in US office, which has contributed considerably in the past year to the improved performance despite the adverse industry conditions.

Already a number of systems integrators in India are capitalizing on this emerging market. The Company too is trying to position itself in this segment either directly venturing into it or through alliances. A number of large, multi-year outsourcing contracts, valued at millions of dollars have been signed up by leading System Integrators in the country. The Company has already tied up with some of the front line companies and industry giants in the US.

- B. Disclosures must be made by the management to the Board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the Company at large.**

During 2001-02, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interests of the Company.

#### **VI. SHAREHOLDERS**

- A In the case of appointment of a new director or re-appointment of a director, the shareholders must be provided with the following information :**

- **a brief resume of the director**
- **nature of his expertise in specific functional areas**
- **names of companies in which the person also holds the directorship and the membership of committees of the Board**

The notice for the Annual General Meeting complied with this requirement.



- B. A Board committee under the chairmanship of a non-executive director shall be formed to specifically look into the redressing of shareholders' and complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc. This committee shall be designated as 'shareholders/investors grievance committee'.**

The administrative and Shareholders/Investors Grievance Committee administered the following:

- a. redress shareholder and investor's complaints etc. relating to transfer of shares, non receipt of balance sheet, non receipt of declared dividends
- b. consolidate and sub-divide share certificates
- c. approve transmission and issue of duplicate/ fresh share certificate

The composition of the Shareholders/ Investors Grievances Committee is as follows :

Sri L. Madhusudhan Rao - Member

Sri Suresh Chukkapalli - Member

- C. The Board of the Company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents so as to expedite the process of share transfers.**

The Board has delegated the power of share transfer to Registrar and Share Transfer Agents who processes share transfers.

## VII. COMPLIANCE

A certification shall be obtained from the auditors of the Company regarding compliance of conditions of corporate governance as stipulated and the same sent to the shareholders along with the directors' report which is sent annually to all the shareholders of the Company.

The certificate obtained from our Statutory Auditors M/s Mogili Sridhar & Co., Chartered Accountants appears in the Annual Report.

## VIII. GENERAL MEETINGS

### **Details on Annual General Meetings (AGM) :**

#### **1.1. Location and time, where last AGMs held:**

Year	Location	Date	Time
1999-00	Registered Office of the Company at 141, Avenue # 8, L.V.Prasad Marg, Banjara Hills, Hyderabad.	July 19, 2000	11.30 A.M.
2000-01	Hotel Green Park, Greenlands, Begumpet, Hyderabad.	September 28, 2001	3.00 P.M.



1.2. Whether special resolutions were put through postal ballot last year? *No.*

Generally, all the resolutions in the AGM are passed through show of hands.

**Attendance at AGMs and EGMs during the last financial year:**

No EGMs were held during the last financial year.

Name	AGM during the last financial year
Sri L. Rajagopal	No
Sri Suresh Chukkapalli	Yes
Sri L. Madhusudhan Rao	Yes
Sri M.N. Nambiar	Yes
Sri V.K. Srinivasan	Yes
Dr Prasada Rao VDM Ravella	No
Dr Kilaru Hanumantha Rao	No
Sri Alyque Padamsee *	—
Sri P.V. Subrahmanyam **	—

\* resigned from the Board with effect from 27-07-2001

\*\* resigned from the Board with effect from 15-06-2001

**IX. GENERAL SHAREHOLDERS INFORMATION**

The following information would be useful to our shareholders :

Sl.No.	Information	
1.	Annual General Meeting – Date and Time – Venue	September 27, 2002 at 4.00 P. M. K.L.N. Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004.
2.	Financial Calender – Financial reporting for the quarter ended June 30, 2002 – Financial reporting for the half year ending September 30, 2002 – Financial reporting for the quarter ending December 31, 2002 – Financial reporting for the year ending March 31, 2003 – Annual General Meeting for the year ending March 31, 2003	(Tentative schedule) Before end July, 2002 Before end October, 2002 Before end January, 2003 Before end April, 2003 Before end September, 2003



3.	Book Closure Date (both days inclusive)	25-09-2002 to 27-09-2002
4.	Dividend Payment Date	Not Applicable
5.	Listing on Stock Exchanges at :	Hyderabad, Mumbai and Ahmedabad. The Company has paid the listing fee for the period ending 31st March, 2003
6.	Stock Code:	Stock Code - HSE -LAGLOB Scrip Code No.6426 Stock Code - BSE - LANGLSY Scrip Code No.532368 Stock Code - ASE - LANCOGLO Scrip Code No.32161
7.	Demat ISIN Number - for NSDL & CDSL	INE 425B 01019.

**8. Stock Market Data :**

Month	The Hyderabad Stock Exchange Limited		The Stock Exchange, Mumbai	
	High	Low	High	Low
April '1	11.00	9.00	11.90	10.85
May '01	14.00	9.00	14.60	9.70
June '01	16.25	14.25	17.25	14.00
July '01	19.00	16.00	19.00	14.20
Aug '01	20.45	15.65	20.00	15.00
Sept '01	20.00	17.75	19.70	16.80
Oct '01	19.00	16.25	19.00	16.00
Nov '01	18.75	16.00	19.25	15.00
Dec '01	32.75	18.25	34.90	18.35
Jan '02	30.00	24.00	30.00	17.00
Feb '02	24.00	20.00	22.90	15.45
Mar '02	No quotations, hence no rates		21.60	14.50

Note: During the year, the shares of the Company were not traded in Ahmedabad Stock Exchange. Hence, the monthly high & low stock quotations in respect of the same are not furnished.



9. Registrars & Share Transfer Agents	Aarhi Consultants Pvt. Ltd., 1-2-285, Domalguda, Hyderabad - 500 029.
10. Share Transfer System	The shareholders are advised to contact the Registrar and Share Transfer Agents at their address for effecting transfer of shares both in physical and electronic form.

11. Details of queries/complaints received and resolved during the year 2001-2002 :

Nature of Complaint	Received	Resolved
Change of Address	7	7
Change of Bank details	3	3
Non receipt of Fully Paid stickers	11	11
Payment of Allotment Money	6	6
Non receipt of shares in Demat form	4	4
Name Correction	1	1
I/B for Duplicate share certificate	2	2
<b>Total:</b>	<b>34</b>	<b>34</b>

The complaints had been attended to within 7 days from the date of receipt of the complaint, as communicated by our Share Transfer Agents & Registrars, M/s Aarhi Consultants Pvt., Ltd.

12. Distribution of Shareholding as of March 31, 2002 :

Category	No. of Shareholders	Percentage	No. of shares	Percentage
Up to 5,000	1408	84.21	2,81,387	2.64
5,001 - 10,000	125	7.48	86,115	0.81
10,001 - 20,000	36	2.15	62,525	0.59
20,001 - 30,000	18	1.08	41,200	0.39
30,001 - 40,000	1	0.06	3,030	0.03
40,001 - 50,000	3	0.18	14,290	0.13
50,001 - 1,00,000	28	1.67	2,36,272	2.22
1,00,001 and above	53	3.17	99,32,181	93.19
<b>TOTAL</b>	<b>1672</b>	<b>100.00</b>	<b>1,06,57,000</b>	<b>100.00</b>



13. Categories of Shareholding as on March 31, 2002 :

Sl. No.	Category	No. of Shares held	% of shareholding
<b>A.</b>	<b>Promoter's holding</b>		
1.	Promoters		
	– Indian Promoters	663300	6.22
	– Foreign Promoters	4795650	45.00
2.	Persons acting in Concert Friends & Associates	1479500	13.89
	<b>Sub-Total</b>	<b>6938450</b>	<b>65.11</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
3.	Institutional Investors	NIL	NIL
4.	Others		
	– Private Corporate Bodies	98077	0.92
	– Indian Public	2328509	21.84
	– NRIs / OCBs	301314	2.83
	– Any other (please specify)	990650	9.30
	<b>Sub-Total</b>	<b>3718550</b>	<b>34.89</b>
	<b>Grand Total</b>	<b>10657000</b>	<b>100.00</b>





14.	Dematerialization of Shares and Liquidity	Since the Company has entered into an agreement with both the depositories namely NSDL and CDSL for dematerialization of its shares, the shareholders of the company have the choice to dematerialize their shares and keep them in dematerialized form with any depository participant.
15.	Outstanding convertible instruments	As of March 31, 2002, there are no outstanding convertible instruments.
16.	Members can contact us at our registered office and corporate office:	<p><u>Registered Office:</u> Lanco House, 141, Avenue # 8, L.V. Prasad Marg, Banjara Hills, Hyderabad - 500 034. Phone # 3540 697, 701 Fax # 3540699</p> <p><u>Corporate Office:</u> 8-3-993, Lanco Towers, Srinagar Colony, Hyderabad - 500 073. Phone # 6511161-63 Fax # 3755413</p>



## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members,  
Lanco Global Systems Limited,  
Hyderabad.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of Lanco Global Systems Limited ("the company") for the year ended 31st March, 2002 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on "Certification of Corporate governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **MOGILI SRIDHAR & CO.,**  
Chartered Accountants

Place : Hyderabad,  
Date : 23-08-2002.

**P. MURALI MOHANA RAO**  
Partner





## AUDITORS' REPORT

To  
The Members,  
**LANCO GLOBAL SYSTEMS LTD.,**  
Hyderabad.

We have audited the attached Balance Sheet of **Lanco Global Systems Ltd.**, as at 31st March, 2002 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the

company so far as appears from our examination of those books.

- (iii) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of Section 211 of Companies Act, 1956.
- (v) On the basis of written representations received from the directors, as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002.

And

- (ii) In the case of the Profit and Loss Account, of the PROFIT for the year ended on that date.

For **MOGILI SRIDHAR & CO.,**  
Chartered Accountants

**P. MURALI MOHANA RAO**  
Partner

Place : Hyderabad,  
Date : 23-08-2002.



**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 such 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) In our opinion, there are adequate internal control procedures, commensurate with the size of the company and nature of its business for the purchase of stores, plant & machinery, equipment and other assets.
- (g) In our opinion and according to the information and explanation given to us, the transactions of purchase of materials made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the current year to Rs. 50,000 or more in respect of each party have not been made by the company.
- (h) The company has not accepted any deposits from the public.
- (i) In our company, the company is having internal audit system commensurate with its size and nature of its business.
- (j) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (k) The company does not have arrears of Provident Fund dues.
- (l) As at last day of the financial year, there were 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.
- (m) No personal expenses have been charged to revenue accounts during the year under audit.
- (n) 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.
- (o) As the company does not have stock, scrap & by-products etc hence clauses (iii), (iv), (v) (vi), (xii) & (xiv), are not applicable to the company.

For **MOGILI SRIDHAR & CO.,**  
Chartered Accountants

**P. MURALI MOHANA RAO**  
Partner

Place : Hyderabad,  
Date : 23-08-2002.





**BALANCE SHEET AS AT 31st MARCH, 2002**

	SCHEDULE	As on 31-03-2002 Rs.	As on 31-03-2001 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders Funds</b>			
a) Share Capital	1	10,64,90,689	10,64,72,000
b) Share Application Money		-	-
c) Reserves and Surplus	2	43,15,623	10,57,740
<b>2. Loan Funds</b>			
a) Secured Loans	3	93,39,252	1,35,31,220
<b>3. Deffered Tax Liability</b>			
		33,45,528	-
<b>TOTAL</b>		<b>12,34,91,091</b>	<b>12,10,60,960</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	4	4,82,37,282	4,89,06,475
b) Less Depreciation		76,33,522	25,69,871
c) Net Block		4,06,03,760	4,63,36,604
d) Capital Work in progress including Advances		4,04,07,328	3,04,28,395
<b>2. Investments</b>			
		2,00,00,000	2,00,00,000
<b>3. Current Assets, Loans and Advances</b>			
a) Sundry Debtors	5	95,71,084	52,44,784
b) Cash and Bank Balances	6	16,24,085	10,62,787
c) Loans and Advances	7	2,07,68,481	2,11,23,621
Less : Current Liabilities and Provisions	8	1,08,36,922	49,42,153
Net Current Assets		2,11,26,728	2,24,89,039
<b>4. Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	9	13,53,274	18,06,922
<b>TOTAL</b>		<b>12,34,91,091</b>	<b>12,10,60,960</b>

Notes on Balance Sheet and Profit & Loss Account

12

As per our report attached  
**For Mogili Sridhar & Co.,**  
Chartered Accountants

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

**P. Murali Mohana Rao**  
Partner

**Suresh Chukkapalli**  
Vice Chairman

**M.N. Nambiar**  
Director

Place : Hyderabad,  
Date : 23-08- 2002.

**Y. Srinivasa Rao**  
Dy. G.M. (Finance & Accounts)



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2002**

	SCHEDULE	As on 31-03-2002 Rs.	As on 31-03-2001 Rs.
<b>INCOME</b>			
Export		5,92,57,381	2,38,51,859 ✓
Domestic		15,54,649	78,90,300
Other Income		11,100	16,39,777
<b>TOTAL</b>		<b>6,08,23,130</b>	<b>3,33,81,936</b>
<b>EXPENDITURE</b>			
Personnel Cost		3,68,60,925	1,96,88,100
Interest & Financial Charges	10	21,58,948	20,58,460
Operating & Administration Expenses	11	95,55,473	76,52,376
Depreciation		51,29,905	25,66,648
Written off Expenses		4,53,647	4,53,647
<b>TOTAL</b>		<b>5,41,58,898</b>	<b>3,24,19,231</b>
Profit/ (Loss) before Tax		66,64,233	9,62,705
Provision for Tax		60,822	-
Profit/(Loss) after Tax		66,03,411	9,62,705
Provision for Deffered Tax		25,00,614	-
Profit After Deffered Tax		41,02,797	-
Balance Brought forward		10,57,740	95,035
Cumulative Transactional Deffered Tax		8,44,914	-
Profit Carried to Balance Sheet		43,15,623	10,57,740
Notes on Balance Sheet and Profit & Loss Account	12		
Earnings Per Share Basic & Diluted		0.62	0.09

As per our report attached  
**For Mogili Sridhar & Co.,**  
 Chartered Accountants

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

**P. Murali Mohana Rao**  
 Partner

**Suresh Chukkapalli**  
 Vice Chairman

**M.N. Nambiar**  
 Director

Place : Hyderabad,  
 Date : 23-08-2002.

**Y. Srinivasa Rao**  
 Dy. G.M. (Finance & Accounts)





**LANCO GLOBAL SYSTEMS LIMITED**

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at 31-03-2002 Rs.	As at 31-03-2001 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital 1,10,00,000 Shares of Rs.10/- each	<u>11,00,00,000</u>	<u>11,00,00,000</u>
Issued & Subscribed Capital 1,06,57,000 Equity Shares of Rs. 10/- each	<u>10,65,70,000</u>	
Previous Year 1,06,57,000 Equity Shares of Rs. 10/- each	-	10,65,70,000
Less : Allotment Money Arrears	<u>79,311</u>	<u>98,000</u>
<b>TOTAL</b>	<u><u>10,64,90,689</u></u>	<u><u>10,64,72,000</u></u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Surplus in Profit & Loss Account	<u>43,15,623</u>	<u>10,57,740</u>
<b>TOTAL</b>	<u><u>43,15,623</u></u>	<u><u>10,57,740</u></u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loan with Bank	<u>90,00,000</u>	<u>1,20,00,000</u>
Vehicle Finance	<u>3,39,252</u>	<u>15,31,220</u>
<b>TOTAL</b>	<u><u>93,39,252</u></u>	<u><u>1,35,31,220</u></u>



LANCO GLOBAL SYSTEMS LIMITED

SCHEDULE - 4  
Fixed Assets

SL. NO.	DESCRIPTION OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As at 01-04-01	Additions During the year	Deletions During the Year	Total Cost as at 31-03-02	Upto 01-04-2001	For the year	Deletion of Depreciation for the year	Total as at 31-03-02	As at 31-03-02	As at 31-03-01
1.	Computers	2,13,42,533	4,31,012	-	2,17,73,545	17,05,632	35,29,492	-	52,35,124	1,65,38,421	1,96,36,901
2.	Furniture & Fixtures	1,62,66,375	4,31,851	23,000	1,66,75,226	4,42,929	10,55,542	-	14,98,471	1,51,76,755	1,58,23,446
3.	Airconditioners	13,38,000	-	-	13,38,000	59,012	63,555	-	1,22,567	12,15,433	12,78,988
4.	Electricals	47,84,237	-	-	47,84,237	98,843	2,27,251	-	3,26,094	44,58,143	46,85,394
5.	Office Equipments	19,70,654	21,159	8,000	19,83,813	69,523	94,231	-	1,63,754	18,20,059	19,01,131
6.	Vehicles	32,04,676	-	15,22,215	16,82,461	1,93,932	1,59,834	66,254	2,87,512	13,94,949	30,10,744
	<b>TOTAL</b>	<b>4,89,06,475</b>	<b>8,84,022</b>	<b>15,53,215</b>	<b>4,82,37,282</b>	<b>25,69,871</b>	<b>51,29,905</b>	<b>66,254</b>	<b>76,33,522</b>	<b>4,06,03,760</b>	<b>4,63,36,604</b>



	As at 31-03-2002 Rs.	As at 31-03-2001 Rs.
<b>SCHEDULE - 5</b>		
<b>Sundry Debtors</b>		
<b>(Unsecured and Considered good)</b>		
(a) Over six months old	2,20,500	3,15,189
(b) Other Debts	93,50,584	49,29,595
<b>TOTAL</b>	<u>95,71,084</u>	<u>52,44,784</u>

<b>SCHEDULE - 6</b>		
<b>Cash &amp; Bank Balances</b>		
Cash in hand	1,554	2,497
Cash at Bank	16,22,531	10,60,290
<b>TOTAL</b>	<u>16,24,085</u>	<u>10,62,787</u>

<b>SCHEDULE - 7</b>		
<b>Loans &amp; Advances</b>		
Staff Advances	7,336	10,21,335
Pre-paid Expenses	1,16,750	2,13,500
Advance for Expenses & Recoverable	81,53,522	74,22,169
Deposits	25,79,373	25,55,117
LGSL Foundation (Trust)	99,11,500	99,11,500
<b>TOTAL</b>	<u>2,07,68,481</u>	<u>2,11,23,621</u>

<b>SCHEDULE - 8</b>		
<b>Current Liabilities &amp; Provisions</b>		
Outstanding Expenses & Provisions	24,99,733	14,52,454
Other Liabilities	83,37,189	34,89,699
<b>TOTAL</b>	<u>1,08,36,922</u>	<u>49,42,153</u>



	As at 31-03-2002 Rs.	As at 31-03-2001 Rs.
<b>SCHEDULE - 9</b>		
<b>Miscellaneous Expenses</b>		
Preliminary Expenses	15,336	23,004
Public Issue Expenses	13,37,938	17,83,918
<b>TOTAL</b>	<b>13,53,274</b>	<b>18,06,922</b>

<b>SCHEDULE - 10</b>		
<b>Interest &amp; Financial Charges</b>		
Interest on Term Loan	19,63,248	16,50,671
Interest on Vehicle Loans	1,38,521	1,77,236
Bank Charges	57,079	2,30,553
<b>TOTAL</b>	<b>21,58,948</b>	<b>20,58,460</b>

<b>SCHEDULE - 11</b>		
<b>Operational &amp; Administrative Expenses</b>		
Communication Expenses	6,16,682	8,84,792
Repairs and Office Maintenance	6,63,554	14,91,973
Rent	33,00,108	17,01,609
Rates, Taxes & Insurance	2,24,668	4,74,045
Business Development Exp.	6,66,605	8,08,088
Electricity Charges	9,75,594	6,50,818
Travelling & Conveyance	20,00,663	11,07,935
Printing & Stationery	2,57,827	3,00,259
Loss on Sale of Assets	4,87,611	-
Miscellaneous Expenses	3,22,162	2,07,857
Audit Fee	40,000	25,000
<b>TOTAL</b>	<b>95,55,473</b>	<b>76,52,376</b>





**SCHEDULE - 12**

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS ON 31ST MARCH, 2002**

1. Significant Accounting Policies

- (a) The financial Statements are prepared under the historical cost convention in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.
- (b) Fixed Assets are stated at cost less depreciation. Cost of acquisition is inclusive of freight, duties, installation expenses and other incidental expenses.
- (c) Depreciation on Fixed Assets is provided on pro-rata basis at Straight Line Method at the rates specified in the schedule XIV of the Companies Act 1956.
- (d) Investments are valued at cost.
- (e) Preliminary Expenses and Public Issue Expenses are 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.
- (g) Capital work in progress of Rs. 404.07 lakhs (Previous year Rs. 304.28 lakhs) is in respect of product development and advances made to suppliers towards capital goods. This will be capitalised on completion of the project.
- (h) Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of the transaction. Current assets and liabilities denominated in foreign currency are translated at the rate of exchange as at balance sheet date.
- (i) **Taxation:** - The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognized for future tax consequences

attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liabilities are measured as per the tax rates/laws that have been enacted or substantively enacted to the Balance Sheet date.

- 2. Earnings in foreign exchange during the year (FOB Value) on account of software development services including US and UK Branches are Rs. 592.57 lakhs (Previous year Rs. 214.47 lakhs).
- 3. The Company does not have any outstanding liability for a period of more than 30 days for sum or rupees exceeding one lakh in respect of Small Scale Industrial under takings.
- 4. C.I.F. value of imports on account of Capital Goods in Rs. NIL (Previous year Rs. 117.56 Lakhs).
- 5. Expenditure in foreign currency :

	Rs. In lakhs	
	year Ended 31st March	
	2002	2001

Travelling Expenses	5.06	26.53
---------------------	------	-------

- 6. In accordance with Accounting Standard 22 "Accounting for Taxes on Income" (AS 22) issued by the ICAI, the Company has accounted for deferred taxes during the year. Accumulated deferred tax liability of Rs. 8.45 Lakhs as on April 1, 2001 has been charged to revenue in accordance with the transitional provisions of AS 22. The deferred tax provision for the current year amounts to Rs. 25.01 Lakhs towards deferred tax liability.
- 7. **EARNING PER SHARE:**  
The earnings considered in ascertaining the company's Earnings Per share comprise net profit after tax. The number of shares used in computing Basic Earnings per share is the weighted average number of shares outstanding during the year.
- 8. Figures for the corresponding year ended March 31, 2001 wherever necessary have been regrouped, recast, rearranged to conform to those of the current year.

As per our report attached  
**For Mogili Sridhar & Co.,**  
Chartered Accountants

Signatures to Schedules 1 to 12

For and on behalf of the Board

for **LANCO GLOBAL SYSTEMS LIMITED**

**P. Murali Mohana Rao**  
Partner

**Suresh Chukkapalli**  
Vice Chairman

**M.N. Nambiar**  
Director

Place : Hyderabad,  
Date : 23-08- 2002.

**Y. Srinivasa Rao**  
Dy. G.M. (Finance & Accounts)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2002	Current Year Rs.	Previous Year Rs.
<b>A. Cash Flow from operating activities</b>		
<b>Net Profit Before Tax and extraordinary items</b>	66.64	0.95
Adjustments for:		
Depreciation	50.64	25.67
Interest Income	-	(16.08)
Profit on Sale of Investments (Net)	-	(0.29)
Interest expenses	21.59	16.51
Written off Expenses	4.54	4.54
Operating Profit before working capital charges	143.41	39.96
Trade and other receivables	-39.71	33.44
Inventories	-	-
Trade Payables	58.34	21.94
Cash generated from operations	162.03	95.34
Interest paid	21.59	(11.25)
Prior Period Adjustment for expenses	-	-
<b>NET CASH FLOW OPERATING ACTIVITIES</b>	<b>140.44</b>	<b>84.09</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets including Capital Work-in progress	-93.10	(688.62)
Pre-operative & Project Expenses	-	-
Purchase of Investments	-	(200.00)
Interest Received	-	16.08
Cost of investments	-	(30.00)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-93.10</b>	<b>(902.54)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	0.19	344.03
Public Issue Expenses	-	(19.35)
Proceeds from Sale of Investments	-	30.29
Unsecured Loan	-	-
Proceeds from Term Loans	-41.92	120.00
Net Proceedings from HP Loans	-	11.81
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-41.73</b>	<b>486.78</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>5.61</b>	<b>(331.67)</b>
Cash and Cash equivalents as at (Opening Balance)	10.63	342.30
Cash and Cash equivalents as at (Closing Balance)	16.24	10.63

For and on behalf of the Board

Place : Hyderabad,  
Date : 23-08-2002.

**Suresh Chukkapalli**  
Vice Chairman

**M.N. Nambiar**  
Director





SCHEDULE - VI  
PART - IV

To

The Board of Directors

**Lanco Global Systems Limited**

We have examined the attached Cash Flow Statement of Lanco Global Systems Limited for the year ended 31st March, 2002. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of Listing Agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 23rd August, 2002 to the members of the company.

for **MOGILI SRIDHAR & CO.,**  
CHARTERED ACCOUNTANTS

(**P. MURALI MOHANA RAO**)  
PARTNER

PLACE : HYDERABAD,

DATE : 23-08-2002.



**SCHEDULE - VI  
PART - IV**

**BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE**

I. Registration Details :

Registration No. 

3	0	9	9	6
---	---	---	---	---

State Code : 

0	1
---	---

Balance Sheet Date 

3	1
---	---

 Date

0	3
---	---

 Month

2	0	0	2
---	---	---	---

 Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue  

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

Right Issue  

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

Bonus Issue  

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

Private Placement  

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

III. Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)

Total Liabilities  

						1	2	3	4	9	1
--	--	--	--	--	--	---	---	---	---	---	---

Total Assets  

						1	2	3	4	9	1
--	--	--	--	--	--	---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid-up Capital  

						1	0	6	4	9	1
--	--	--	--	--	--	---	---	---	---	---	---

Reserves & Surplus  

								4	3	1	6
--	--	--	--	--	--	--	--	---	---	---	---

Secured Loans  

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

Unsecured Loans / Deffered Tax Lia.  

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

**APPLICATION OF FUNDS**

Net Fixed Assets  
\* 

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

Investments  

						2	0	0	0	0
--	--	--	--	--	--	---	---	---	---	---

Net Current Assets  

						2	1	1	2	7
--	--	--	--	--	--	---	---	---	---	---

Misc. Expenditure  

								1	3	5	3
--	--	--	--	--	--	--	--	---	---	---	---

Accumulated Losses  

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

\* Net Fixed Assets includes capital work-in-progress.

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover  

						6	0	8	2	3
--	--	--	--	--	--	---	---	---	---	---

Total Expenditure  

						5	4	1	5	9
--	--	--	--	--	--	---	---	---	---	---

Profit/Loss before Tax (+/-)  

						6	6	6	4
--	--	--	--	--	--	---	---	---	---

Profit/Loss after Tax (+/-)  

						6	6	0	3
--	--	--	--	--	--	---	---	---	---

Earning per share in Rs.  

						0	.	6	2
--	--	--	--	--	--	---	---	---	---

Dividends Rate %  

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

V. Generic Name of Three Principal Product/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
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---



BOOK - POST

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